



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.70.10

MAY 29, 2025

EFFECTIVE DATE

(05-29-2025)

PURPOSE

- (1) This transmits new IRM 4.70.10, TE/GE Compliance Checks.

MATERIAL CHANGES

- (1) The TE/GE Compliance Check Process was created to provide a consistent and streamlined compliance check process across TE/GE.
- (2) This IRM was extracted from the Internal Guidance Memos (IGMs) and IRM sections tabled here:

IGM	IRM Section
TEGE-04-0125-0001 Tax Exempt and Government Entities Title 26 Compliance Check Process, dated January 3, 2025	4.71.22, Employee Plans Examination of Returns, Employee Plans Compliance Unit (EPCU), dated October 20, 2021
TEGE-04-1223-0014, TE/GE Title 26 Compliance Check Letter Consolidation, dated December 14, 2023	4.88.1.9, Bank Secrecy Act (BSA) Title 31, dated December 10, 2021
TEGE-04-0124-0005, TE BOD Codes on Account	

EFFECT ON OTHER DOCUMENTS

This IRM obsoletes IRM 4.71.22, Employee Plans Examination of Returns, Employee Plans Compliance Unit (EPCU), dated October 10, 2021, and IRM 4.88.1.9, Bank Secrecy Act (BSA) Title 31, dated December 10, 2021. This section incorporates Interim Guidance Memoranda TEGE-04-0125-0001, Tax Exempt and Government Entities Title 26 Compliance Check Process, dated January 3, 2025, TEGE-04-1223-0014, TE/GE Title 26 Compliance Check Letter Consolidation, dated December 14, 2023, and TEGE-04-0124-0005, TE BOD Code on Accounts, dated January 24, 2024.

AUDIENCE

Tax Exempt and Government Entities (TE/GE) Employees and Managers

Robert S. Choi
Deputy Commissioner
Tax Exempt and Government Entities

4.70.10

TE/GE Compliance Checks

Table of Contents

4.70.10.1 Program Scope and Objectives

4.70.10.1.1 Background

4.70.10.1.2 Authority

4.70.10.1.3 Roles and Responsibilities

4.70.10.1.4 Program Management and Review

4.70.10.1.5 Program Controls

4.70.10.1.6 Terms and Acronyms

4.70.10.1.7 Related Resources

4.70.10.2 Title 26 Compliance Check Defined

4.70.10.2.1 Inventory Control and Assignment Process

4.70.10.2.2 General Timeframes for Title 26 Compliance Check Cases

4.70.10.2.3 General Letter Guidelines for Title 26 Compliance Check Cases

4.70.10.2.4 Title 26 Compliance Check Process - 3 Phases

4.70.10.2.4.1 Planning/Preparation Phase

4.70.10.2.4.1.1 Opening a Compliance Check

4.70.10.2.4.1.2 IDRS Research

4.70.10.2.4.1.3 Employment Tax Reconciliation Sheet

4.70.10.2.4.1.4 RCCMS Issue Code Data Grid

4.70.10.2.4.1.4.1 Accessing and Completing the RCCMS Issue Code Data Grid

4.70.10.2.4.1.5 Taxpayer Representative and Power of Attorney

4.70.10.2.4.1.6 Case Chronology

4.70.10.2.4.2 Execution Phase

4.70.10.2.4.2.1 No Response to Initial Letter

4.70.10.2.4.2.2 No Response to Second Contact Follow-up

4.70.10.2.4.2.3 Delinquent Returns Secured

4.70.10.2.4.2.4 Amended Returns Secured

4.70.10.2.4.2.5 Current Year Returns Secured

4.70.10.2.4.2.6 Delinquent Information Return Procedures

4.70.10.2.4.2.6.1 Delinquent Forms 1099/1096

4.70.10.2.4.2.6.2 Delinquent Forms W-2/W-2c and W-3/W-3c

4.70.10.2.4.2.7 Reasonable Cause Determination

4.70.10.2.4.3 Resolution Phase

4.70.10.2.4.3.1 No Response Case

4.70.10.2.4.3.2 Closing Procedures & Closing Letters

4.70.10.2.4.3.2.1 Full Compliance Case – Fully Agreed Closure or No Change Closure

-
- 4.70.10.2.4.3.2.2 No Response Case Closure
 - 4.70.10.2.4.3.2.3 Partial Response Case Closure
 - 4.70.10.2.4.3.2.4 Returns Posted After Issuance of the Initial Contact Letter
 - 4.70.10.2.4.3.3 Disposal Codes
 - 4.70.10.2.4.3.4 Paper Documents
 - 4.70.10.2.4.3.5 RCCMS 3198-A Checksheet
 - 4.70.10.2.4.3.6 Payment or Remittance Processing
 - 4.70.10.2.4.3.6.1 Electronic Payment Processing
 - 4.70.10.2.4.4 Communication with the Taxpayer or Representative
 - 4.70.10.2.4.4.1 Employee Contact – RRA Section 3705
 - 4.70.10.2.4.4.2 Oral Communication
 - 4.70.10.2.4.4.3 Written Communication
 - 4.70.10.2.4.4.4 Certified Mail
 - 4.70.10.2.4.4.5 Returned or Undeliverable Mail
 - 4.70.10.2.4.4.6 Digital Communication
 - 4.70.10.2.4.4.6.1 Taxpayer Digital Communication Secure Messaging (TDC SM)
 - 4.70.10.2.5 Case Assembly
 - 4.70.10.2.6 Field Agent Support Team (FAST)
 - 4.70.10.2.7 Educational (Soft) Letter Campaigns
 - 4.70.10.3 Bank Secrecy Act (BSA) Title 31
 - 4.70.10.3.1 Authorities
 - 4.70.10.3.2 Reporting Requirements
 - 4.70.10.3.3 Recordkeeping Requirements
 - 4.70.10.3.4 Compliance Programs
 - 4.70.10.3.5 Currency Transaction Reports
 - 4.70.10.3.6 Suspicious Transactions
 - 4.70.10.3.7 Other Requirements
 - 4.70.10.3.8 Indian Tribal Governments Title 31 Compliance Check Procedures
 - 4.70.10.3.8.1 Case Assignment
 - 4.70.10.3.8.2 Compliance Check Execution
 - 4.70.10.3.8.3 Compliance Check Resolution
 - 4.70.10.3.8.4 BSA Compliance Check RCCMS Issue Codes and Disposal Codes
 - 4.70.10.3.8.5 Group Manager Closing Responsibilities
 - 4.70.10.3.9 Disclosure
 - 4.70.10.3.9.1 Access to Title 26 Returns and Return Information

Exhibits

- 4.70.10-1 Employment Codes
- 4.70.10-2 Freeze Codes

-
- 4.70.10-3 RCCMS Embedded Case Chronology
 - 4.70.10-4 RCCMS Naming Convention for Title 26 Compliance Checks

4.70.10.1
(05-29-2025)
**Program Scope and
Objectives**

- (1) **Purpose:** This IRM section provides procedures and instructions that apply to all Title 26 and Title 31 compliance check strategies worked in TE/GE. Procedures for a specific strategy may differ from the general procedures for all Title 26 or Title 31 compliance checks. In which case, it is imperative that the strategy specific procedures are followed, in addition to the general procedures within this IRM. One of the primary motivations for Title 26 compliance checks is to educate taxpayers and bring them into compliance with their federal filing, reporting, and payment requirements. To facilitate that goal, we will determine if the taxpayer is in full compliance and, if not, solicit all applicable delinquent, amended, and/or current period returns and any payment(s) due for that taxpayer related to any discrepancies found during research.
- (2) **Audience:** The procedures are directed towards TE/GE employees authorized to conduct compliance checks under either U.S. Code Title 26 or Title 31. This IRM is also a key reference for their managers and reviewers, as well as other TE/GE employees functioning in supporting roles. The employees are:
 - Tax Examining Technicians (TEs)
 - Revenue Agents (RAs)
 - Tax Law Specialists (TLS) and reviewers
 - Managers
- (3) **Policy Owner:** The Director, Exempt Organizations and Government Entities
- (4) **Program Owner:** The Director, Government Entities
- (5) **Primary Stakeholders:** TE/GE Leadership who oversee employees who conduct Title 26 or Title 31 compliance checks

4.70.10.1.1
(05-29-2025)
Background

- (1) This IRM provides an overview of the responsibilities that examiners should understand and apply in the performance of their duties in executing compliance check activities under either U.S. Code Title 26 or Title 31.
 - (2) The TE/GE Division serves charities and non- profits, small local community organizations, major universities, large pension funds, small business retirement plans, federal, state, and local governments, participants in complex tax-advantaged bond transactions, and Indian tribal governments and their entities. The overall TE/GE compliance enforcement program's goal is to promote the highest degree of voluntary compliance with:
 - The statutes governing qualification of plans and exemption of certain types of organizations.
 - The federal return filing requirements of certain types of organizations/entities within TE/GE's jurisdiction.
 - Reporting the **substantially correct** tax liability.
- Note:** For purposes of this IRM, any reference to tax advantaged bonds includes tax exempt bonds, tax credit bonds, and direct pay bonds, unless otherwise specified.
- (3) TE/GE established the Title 26 and Title 31 compliance check programs to efficiently use the limited number of employees.

- (4) Title 26 compliance check program's primary objective is to identify and resolve non-compliance issues pertaining to the filing, reporting, and payment requirements of a TE/GE entity or organization and fully resolve via compliance check strategies.
- (5) The procedures contained in this IRM are not intended to be all inclusive. Examiners must use their professional judgment in completing their Title 26 or Title 31 compliance check cases and other educational activities.

4.70.10.1.2
(05-29-2025)

Authority

- (1) The authority to conduct Title 26 compliance checks to determine whether an entity or organization is adhering to record keeping and information reporting requirements is stated in Rev. Proc. 2005-322, 2005-34 I.R.B.1206: The revenue procedure provides the Service's procedures with respect to the reopening of examination under IRC 7605(b) and describes a non-exclusive list of contacts with taxpayers and other action by the Service that are not examinations, inspections, or reopening of closed cases. The non-exclusive list includes taxpayer contacts to verify a discrepancy between the taxpayer's tax return and an information return, or between a tax return and information otherwise in the Service's possession.
- (2) The examiner may question the taxpayer concerning items on the return to understand how or why they occurred (see *Patterson v. C.I.R.*, T.C. Memo. 1984-58, Rev. Proc. 2005-32, and *Benjamin v. Commissioner*, 66 T.C. 1084, 1097)
- (3) In 1970, Congress enacted the Bank Secrecy Act (BSA). As of August 1996, Indian tribal casinos were subject to the regulations of 31 CFR Chapter X.
- (4) The authority to support the IRS BSA Program is in IRM 4.26.1, Bank Secrecy Act. The SB/SE business unit is responsible for this administration of this program. A Memorandum of Understanding (MOU) between the TE/GE Office of Indian Tribal Governments (ITG) and the SB/SE Division provides guidance for personnel in those functions with regard to identification, notification, education, and examination activities relating to the Bank Secrecy Act and IRC 6050I responsibilities of tribal governments.
- (5) Due to the case intensive nature of gaming activity and the huge volume of wagering throughout the United States, casinos deal with large numbers of individuals and massive amounts of currency. The information in the section of this IRM on Title 31 compliance checks offers a basic understanding of the BSA and how to comply with its provisions.
- (6) Casinos and card rooms are designated as financial institutions subject to the requirements of the BSA if the property:
 - a. Is licensed as a casino by state, local, or tribal governments, and
 - b. Has gross annual gaming revenues in excess of \$1,000,000.
- (7) All compliance checks are done per IRM 1.2.1.2.36, Policy Statement 1-236, Fairness and Integrity in Enforcement Selection.
- (8) **Policy Statements:** TE/GE is governed by policy statements and other internal guidance that apply to all IRS employees regardless of operating division. The policy statements in IRM 1.2.1, Servicewide Policy Statements, apply to all bondholder related issues and examinations.

4.70.10.1.3
(05-29-2025)
**Roles and
Responsibilities**

- (9) **Delegations of Authority:** Servicewide delegation of authority can be found in IRM 1.2.2, Servicewide Delegations of Authority.
- (1) TE/GE leverages resources to substantially increase voluntary compliance of their taxpayers through conducting Title 26 and Title 31 compliance checks and soft letter campaigns. Title 26 compliance checks help educate TE/GE taxpayers about their applicable filing, reporting and payment requirements per the Internal Revenue Code (IRC). We expand the IRS's ability to proactively help taxpayers remain in compliance with the nation's tax laws and/or bring them back into compliance.
- (2) The Director, Government Entities 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 1.1.23.6.3, Government Entities, for additional information.
- (3) The Program Manager, ITG, reports to the Director, GE, oversees federal tax administration as it applies to Indian tribal governments, is responsible for maintaining a functional and interactive government-to-government relationship between the IRS and Indian tribal governments and coordinates an effective TE/GE Title 31 compliance program. See IRM 1.1.23.6.3.4, Indian Tribal Governments, for additional information.
- (4) The Program Manager, TECU, reports to the Director, GE and is responsible for maintaining the functional operations of the TE/GE Compliance Units by providing policy and guidance to employees and ensuring consistent application of policy, procedures and tax law to effect administration while protecting taxpayers' rights. See IRM 1.1.23.6.3.2, Tax Exempt Compliance Unit (TECU), for more information.
- (5) All examiners must perform their professional responsibilities in a way that supports the IRS Mission. This requires examiners to provide top quality service and to apply the law with integrity and fairness to all.
- (6) IRS employees working tax related matters must identify themselves per The Restructuring and Reform Act of 1998 (RRA 98) Section 3705(a). They're required to:
- Give their name and unique identification number during taxpayer telephone, face-to-face, and written contact.
 - Put a telephone number on all taxpayer correspondence. This gives taxpayers enough information to identify an employee who has previously assisted with a tax related matter.
- Note:** As TE/GE employee, you must provide this information to each individual you have contact with during a Title 26 or Title 31 compliance check or other work. Document that you have done so on Form 9984, Activity Record, or the RCCMS Case Chronology functionality. See IRM 3.11.25.2.2.
- (7) Examiners and their managers should thoroughly acquaint themselves with the procedures and information contained in this IRM, as well as other resources, such as those listed in IRM 4.70.10.1.7, Related Resources, below.

4.70.10.1.4
(05-29-2025)

**Program Management
and Review**

- (1) Reports to monitor the current year's work plan, as well as specific programs, are derived from RCCMS and Information Factory (IF) databases. These reports provide leadership and the various functions with timely and reliable information. There are a variety of reports designed to meet the needs of the groups or function. Many of the reports used to monitor compliance check process are listed within IRM 4.5.5, TE/GE Reports. Additional reporting needs may be met by developing ad-hoc queries via the IF database on an as-needed basis.
- (2) Periodic operational reviews are completed to make sure examiners conduct compliance checks per technical, procedural and administrative requirements:
 - a. Technical/procedural reviews conducted by lead TE and management for Title 26 compliance checks or ITG Technical for Title 31 compliance checks.
 - b. Special Review, see IRM 4.70.7, Special Review (SR) and Tax Exempt Quality Measurement System (TEQMS) Procedures.

4.70.10.1.5
(05-29-2025)

Program Controls

- (1) CP&C administers compliance check workload selection and inventory control.
- (2) The FAC coordinates the assignment of compliance check inventory.
- (3) Two review groups make sure examiners conduct compliance checks per technical, procedural and administrative requirements:
 - a. Mandatory Review/Technical
 - b. Special Review, see IRM 4.70.7, Special Review (SR) and Tax Exempt Quality Measurement System (TEQMS) Procedures.
- (4) In order to ensure a consistent level of managerial engagement in the process of making key strategic decisions during a compliance check, the examiner submits requests for approval by their manager through RCCMS.
- (5) The manager approves or rejects any request through RCCMS.
- (6) The IRS is fully committed to protecting the privacy rights of taxpayers and employees. Privacy laws are included in the IRC, the Privacy Act of 1974, the Freedom of Information Act, and IRS policies and practices. For more information about these laws, visit the *IRS Freedom of Information Act Reading Room*.
 - a. For questions about privacy, email **Privacy*.
 - b. For question about disclosure, email **Disclosure*.
- (7) **Taxpayer Bill of Rights:** All compliance checks are conducted per the Taxpayer Bill of Rights as listed in IRC 7803(a)(3). 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, see *Taxpayer Bill of Rights*.

4.70.10.1.6
(05-29-2025)

Terms and Acronyms

- (1) The following table provides definitions for the key terms related to the Title 26 compliance check process:

Key Term	Definition
----------	------------

No Change	A case selected for Title 26 compliance check should be considered as “No Change” if after contact with taxpayer or representative, it was determined that there were no issues that warrant further action.
Survey	A case selected for Title 26 compliance check should be closed as a “survey” if no contact has been made with taxpayer or representative, and it was determined that there were no issues that warrant further action.
No Response	A no response case is when the requested information has not been received from the taxpayer and taxpayer receipt of our initial Title 26 compliance check letter has been confirmed.
Unable to Locate	A taxpayer is considered unable to locate when they have not received any of the letters we have sent, and we have been unable to contact them by mail or phone.

- (2) The following table lists acronyms, abbreviations used in this manual along with their definition:

Acronyms	Definition
BSA	Bank Secrecy Act
CAF	Centralized Authorization File
CCIR	Compliance Check Information Request (Form 13837)
CCR	Case Chronology Record
C&CA	Classification & Case Assignment
CP&C	Compliance Planning & Classification
CSIS	Compliance Strategy Information Sheet
DOL	Department of Labor
EFAST2	ERISA Filing Acceptance System
EO	Exempt Organization
EP	Employee Plans
ERISA	Employee Retirement Income Security Act
FAC	Functional Assignment Coordinator
FIRE	Filing Information Returns Electronically
FMV	Fair Market Value
FSL/ET	Federal, State and Local – Employment Tax

IDRS	Integrated Data Retrieval System
IF	Information Factory
IRC	Internal Revenue Code
ITG	Indian Tribal Governments
LUQ	Large, Unusual, Questionable
MSB	Money Services Business
POA	Power of Attorney
RA	Revenue Agent
RCCMS	Reporting Compliance Case Management System
SEIN	Statistics of Income Exempt Organizations Return Image Net
TCO	Tax Compliance Officer
TDC	Taxpayer Digital Communication
TE	Tax Examining Technician
TEB	Tax Exempt Bonds
TECU	Tax Exempt and Government Entities Compliance Unit
TE/GE	Tax Exempt and Government Entities
TP	Taxpayer
WebETS	Web-based Employee Technical Time System

4.70.10.1.7
(05-29-2025)

Related Resources

- (1) This table lists the forms used in this manual along with their name:

Form	Name
Form 56	Notice Concerning Fiduciary Relationship
Form 720	Quarterly Federal Excise Tax Return
Form 940	Employer's Annual Federal Unemployment (FUTA) Tax Return
Form 941	Employer's Quarterly Federal Tax Return
Form 944	Employer's ANNUAL Federal Tax Return
Form 945	Annual Return of Withheld Federal Income Tax
Form 990	Return of Organization Exempt From Income Tax
Form 990-EZ	Short Form Return of Organization Exempt From Income Tax

Form 990-N	Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or Form 990-EZ
Form 990-PF	Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation
Form 990-T	Exempt Organization Business Income Tax Return
Form 1099 series	Various
Form 2363-A	Request for IDRS Input for BMF-EO Entity Change
Form 2848	Power of Attorney and Declaration of Representative
Form 3177	Notice of Action for Entry on Master File
Form 3210	Document Transmittal
Form 3244-A	Payment Posting Voucher
Form 4442	Inquiry Referral
Form 4632	Employee Plans Referral
Form 4720	Return of Certain Excise Taxes on Charities and Other Persons Under Chapters 41 and 42 of the IRC
Form 4759	Address Information Request – Postal Tracer
Form 5500	Annual Return/Report of Employee Benefit Plan
Form 5500-EZ	Annual Return of A One-Participant (Owners/Partners and Their Spouses) Retirement Plan or A Foreign Plan
Form 5500-SF	Annual Return/Report of Employee Benefit Plan—Short Form
Form 5666	TE/GE Referral Information Report
Form 8038	Information Return for Tax-Exempt Private Activity Bond Issues
Form 8038-G	Information Return for Government purpose Tax-Exempt Bond Issues
Form 8038-GC	Information Return for Small Tax-Exempt Governmental Bond Issues, Leases, and Installment Sales
Form 8821	Tax information Authorization
Form 9308	EPMF Plan Data Change Request

(2) This table lists the publications used in this manual along with their name:

Publication	Name
Pub 1	Your Rights as a Taxpayer

Notice 609	Privacy Act Notice
Pub 947	Practice before the IRS and Power of Attorney
Pub 4245	Power of Attorney Preparation Guide
Pub 5295	Secure Messaging for Tax Exempt and Government Entities

- (3) Examiners should consult the Knowledge Management *Virtual Library* to ensure proper issue development and consistent application of the law.
- (4) To ensure that the IRM is always current, future revisions of the IRM will refer you to Document 11308, Information Systems Codes, for the correct codes to use in lieu of specifying an activity code, disposal code, source or status code. The IRM will specify the section of the document to reference and the type of activity, disposition, source, and status code to look up.

Note: You can also get the current version of this document at our *Business Systems Planning* page.

- (5) Helpful information sources regarding Title 31 compliance checks include:
- The *BSA Policy SharePoint* site.
 - A list of SB/SE BSA Policy Analysts, their contact information and program assignments, are found on the *BSA Policy Staff SharePoint* site.
 - *FinCEN - Financial Crimes Enforcement Network*.
 - *31 USC 5311*, Declaration of Purpose, et seq (Title 31).
 - IRC 6050I, Returns relating to cash received in trade or business, etc. (Title 26 and Title 31).
 - IRC 6721, Failure to file correct information returns.
 - IRC 6722, Failure to furnish correct payee statements.
 - IRM 4.26, Bank Secrecy Act.

4.70.10.2
(05-29-2025)
**Title 26 Compliance
Check Defined**

- (1) A compliance check is a review conducted under Title 26 of the IRC to determine whether a TE/GE entity or organization is adhering to their federal tax and information return filing, reporting, and payment requirements. A compliance check is NOT an examination, and the taxpayer may legally choose not to participate. A compliance check does not directly relate to determining a tax liability for any period. The compliance check is a tool to help educate TE/GE entities, organizations, practitioners, plan sponsors and participants and encourage voluntary compliance.
- (2) The compliance check is not an inspection, or a request of books and records, nor does it include questioning whether a worker is an employee or independent contractor, nor does it ask how the taxpayer determined that a Form W-2 or 1099 should be filed.
- (3) During a compliance check **do not**:
- Inspect books and records.
 - Discuss books and records.
 - Question whether a worker is an employee or independent contractor.
 - Ask how the taxpayer determined whether a Form W-2 or Form 1099 should be filed.

- (4) During a compliance check, **do** inspect filed information returns for indications that the amounts and information reported are complete and correct. This includes, but is not limited to, analysis of the following:
 - Form(s) W-2 to see whether withholding appears appropriate.
 - Form(s) W-2 and Form(s) 1099 for missing information, TIN, name, address, etc.
 - Duplicate filings (Form 1099 and W-2 to same payee) that may indicate fringe benefits are reported on Form 1099 or that a part of the wages is incorrectly characterized as non-employee compensation or rent. Whether the total number of Forms 1099 and amount paid is in line with the size and type of the entity (payer), i.e., should there be more or less.
- (5) A compliance check should include the review of the following filed tax returns and information returns as applicable (list should not be considered all inclusive):
 - Form 94X series.
 - Forms W-3, W-2, including Forms W-3c and W-2c, if applicable.
 - Form 1099 and Form 1096.
 - Form 1042.
 - Form 1042-S.
 - Form 990 or Form 990-EZ.
 - Form 990-PF.
 - Form 990-T.
 - Form 990-N.
 - Form 5500 series.
 - Form 4720.
 - Form 720.
 - Form 8038 series.
 - Other forms as applicable.

4.70.10.2.1
(05-29-2025)
**Inventory Control and
Assignment Process**

- (1) CP&C will establish compliance checks on the RCCMS using activity code 590 for all TE/GE Title 26 Compliance Checks, or activity code 591 for all TE/GE Title 31 Compliance Checks.
- (2) Compliance checks selected will be assigned electronically via RCCMS in status 10 to the ITG or TECU groups.
- (3) New cases are requested by management based on inventory needs. TECU or ITG Program Managers will coordinate with GE FAC when more cases are needed.
- (4) Cases are assigned to appropriate group by the FAC based on reported need.
- (5) Examiners will enter a line item for each compliance check project (TECU) or for each taxpayer (ITG). The hours for all compliance checks strategies will be tracked by activity code 590 for TECU or activity code 591 for ITG and project code assigned to each strategy in WebETS.
- (6) Hours reported in WebETS must match hours reported in the Examiner's Time field on the RCCMS closing record Details tab and total hours reported on the RCCMS embedded CCR completed for each case.

Note: For TECU, do not establish a separate line item on WebETS for each compliance check case assigned for each taxpayer/TIN.

4.70.10.2.2
(05-29-2025)

**General Timeframes for
Title 26 Compliance
Check Cases**

- (1) Case assigned to employee in status 10 can remain in status 10 for no more than 20 calendar days without management approval.
- (2) As soon as casework has started (i.e., time charged to the case), it must be updated to status 12 with the appropriate action code (A/C). See Document 11308, Information Systems Codes, for the listing of valid and active action codes.
- (3) Employee should complete the pre-contact analysis, including IDRS research, and prepare and send the initial contact letter within five business days of case assignment.
- (4) Follow-up date is 45 calendar days to the first letter - 30 days response plus 15 days for mailing.

Reminder: If the follow-up date lands on a holiday or weekend, then follow-up on the next workday.

- (5) If no response is received from the taxpayer, conduct research to identify the taxpayer's telephone number and attempt to contact the taxpayer via telephone. Tax examiner is required to make two attempts to contact the TP by phone, if the first attempt is unsuccessful. This should be done **within the next seven calendar days** (approximately between the 46th day – 52nd day). This could be a phone number identified on ENMOD or identified by researching other sources, (i.e., Statistics of Income Exempt Organizations Return Image Net (SEIN), internet research of the entity's/organization's webpage, Accurant, Google, etc.).

Note: This does not mean that you make the first phone call and then wait seven days before making the second phone call. This means if you do not get in contact with the taxpayer on the first call, make sure it's a valid phone number through research, and then attempt to call the taxpayer a second time, all within the seven calendar day window.

- (6) If contact by phone is made, ask the taxpayer if they received the initial contact letter (i.e., Letter 4204) and explain why they received the letter, the information requested on the Form 13837, Compliance Check Information Request form attached, review Pub 1, Your Rights as a Taxpayer, Notice 609, Privacy Act Notice and Pub 5295, Secure Messaging for Tax Exempt and Government Entities, by providing an overview of the content of each enclosure, and address any questions raised by the taxpayer/representative. Ensure the taxpayer is aware of the due date noted on the CCIR and methods available for submitting the information in response. If necessary, consider granting an extension to provide the information requested set based on reasonable time needed to gather the information (i.e., 10 calendar days). Document the revised due date granted in your CCR.
- (7) If telephone contact is not made with the taxpayer, send the Letter 3854, No Response Received on First Letter – Follow Up, to the taxpayer via certified mail procedures. Follow-up date for the certified letter is 30 calendar days -15 days response on the letter plus 15 days for mailing.

- (8) If telephone contact with the taxpayer is made, but then receive no response or only a partial response to the information request, send Letter 3854, No Response Received on First Letter – Follow Up, via certified mail procedures. If a partial response is received in response to Letter 3854, send a second Letter 3854, No Response Received on First Letter – Follow Up, with a revised Letter 13837, Compliance Check Information Request, identifying the information still needed. Follow-up date for the certified letter is 30 calendar days -15 days response on the letter plus 15 days for mailing.
- (9) If on the follow-up date, you have not received all requested information and you have a valid phone number for the taxpayer, you must make a final courtesy call to the taxpayer within three calendar days.
- (10) If tax examiner receives correspondence from TP, review, process, and respond within seven business days.
- (11) After case is sent for review, the manager has three days to review and final close the case in Status 90.

Note: Remember to use the correct action code each time you make a CCR entry. See Document 11308, Information Systems Codes.

4.70.10.2.3
(05-29-2025)
**General Letter
Guidelines for Title 26
Compliance Check
Cases**

- (1) Analyze the research that has been completed and prepare the Initial contact letter.
 - Letter 4204 is initial opening letter used to open all compliance checks.
 - Letter 3854 is the certified letter, often referred to as the second letter. It must be sent via certified mail.
 - Letter 4220 is the closing letter used when closing the compliance check with disposal code(s) 773 (No Response) or 213 (Partial Response).
 - Letter 4140 is the closing letter when all compliance issues have been resolved.
 - Letter 3948 is used when the letter(s) are returned as undeliverable.
 - Letter 937-A is sent with other letters to notify Powers of Attorney.

Note: Refer to timeframes listed in IRM 4.70.10.2.2, General Timeframes for Title 26 Compliance Check Cases.

 - Initial Letter 4204 should be sent with a response due date of 30 calendar days and a follow-up date of 45 days.
 - If the first 45 days have passed with no response, two calls are to be made within seven days. If the taxpayer states they did not receive the first letter, the examiner should confirm the address and send a copy of the initial Letter 4204.
 - Follow-up letter, Letter 3854 is sent out either via regular or certified mail and should be sent with a response due date of 15 calendar days and a follow-up date of 15 days.
 - Notate action on CCR, including the follow-up date for all correspondence sent to the taxpayer.
 - If taxpayer requests an extension of time, allow 10 additional business days. More time may be allowed with lead/manager approval.

Note: The due date and follow-up date must always occur on a **workday**.

4.70.10.2.4
(05-29-2025)
**Title 26 Compliance
Check Process - 3
Phases**

- (1) The TE/GE Title 26 Compliance Check process is conducted in three phases. Within each phase are separate and distinct steps.
- (2) The first phase is the planning/preparation phase which includes these steps:
 1. Assignment of the compliance check case to the group
 2. Assignment of the compliance check case to the examiner
 3. Examiner completes the pre-contact analysis (research)
- (3) The next phase is the execution phase.
 1. Examiner initiates contact with the taxpayer.
 2. Examiner will evaluate taxpayer response for compliance.
 3. Examiner will determine case conclusion.
- (4) The third phase is the resolution phase.
 1. Examiner will prepare and issue the appropriate closing letter.
 2. Examiner will take the steps to close the compliance check administratively.
 3. Examiner will submit the compliance to their manager for review and closure approval.

4.70.10.2.4.1
(05-29-2025)
**Planning/Preparation
Phase**

- (1) This phase of the process sets the scope of the compliance check. Issues selected should have the broadest impact on compliance regardless of the size and type of entity or organization.
- (2) The compliance check plan is issue focused and contains the following:
 - Actions/activities to be taken to work case i.e., IDRS research and risk analysis.
 - Verify all appropriate returns were filed, and payment requirements followed. Issues of potential noncompliance identified (i.e., Large, Unusual, Questionable (LUQ)).
 - Develop compliance check plan and receive managerial approval.
 - Timeline(s).

Note: TEB only has jurisdiction over the bond issue and does not conduct an examination of the issuer's books and records in their entirety. TEB does not have jurisdiction over these types of entities, or any other tax returns they may have filed that do not pertain to tax-advantaged bond issues.

- (3) The compliance check plan is nimble, agile, and adjusted throughout the compliance check, if/when warranted. You must obtain managerial approval upon development and/or later modification of the compliance check plan.
- (4) Once you identify the issues, develop the compliance check plan, and obtain managerial approval of the compliance check plan take steps to complete the compliance check in a timely manner.
- (5) Establishment of and managerial approval of the compliance check plan is achieved by completion of the issue code data grid in RCCMS.

4.70.10.2.4.1.1
(05-29-2025)
Opening a Compliance Check

- (1) RCCMS is used to oversee inventory of compliance check cases. Cases are assigned to each tax examiner in RCCMS, as determined by management in status 10.
- (2) The tax examiner will select the case in RCCMS inventory under the project code (PC).
- (3) Each compliance strategy will use the same initial contact letter, Letter 4204, TE/GE Compliance Check with Information Request, which will be issued to the taxpayer along with Pub 1, Your Rights as a Taxpayer, Notice 609, Privacy Act Notice, and Pub 5295, Secure Messaging for Tax Exempt and Government Entities.

4.70.10.2.4.1.2
(05-29-2025)
IDRS Research

- (1) The following command codes can be used to identify issues of potential non-compliance.
- (2) Refer to IRM 2.3.1, IDRS Terminal Responses, Section Titles and Command Codes for IDRS Terminal Responses for further details.
- (3) Perform initial IDRS research as required by strategy specific procedures.
- (4) The following table of command codes, and their description, are examples of those used when completing the initial IDRS research for each case as is appropriate for each strategy.

Note: In performing IDRS research, you may identify that there are freeze codes present on the module. See Exhibit 4.70.10-2, Freeze Codes, for a listing and descriptions of common freeze codes and potential actions to take if present.

Command Code	Description
AMDIS	Identifies all returns/tax periods currently under examination and the assigned group (organization code).
AMDISA	Gives all general pertinent information about the taxpayer's account for the requested period and identifies whether the issuer has other filed returns under exam. Note: Using a "P" after the EIN lists all Forms 5500 under examination. If you do not use a file source code after the EIN, it will list other returns (e.g., Forms 5330 and 1120) under examination.
BMFOL	Lists business returns filed for identified tax periods, plan numbers, and report numbers for MFT 46, overpayments on the module, and any freeze codes. A review of the returns under MFT 46, 85, and 86 will provide some indication the issuer's activity in the tax-advantaged market.

BMFOLE	Provides compatibility information for filing Form 944 (page 2).
BMFOLI	Will list the business returns filed by the taxpayer (e.g., Forms 940, 941, 1120 and 5330), the years for which you can request a transcript and the years for which you can view the return through IDRS using command code BRTVU.
BMFOLL	Shows if a final return has been filed.
BMFOLR	The "R" definer code is for Return Posted and provides Return DLN, cycle posted, transaction date, some schedules, codes, exemptions, amounts. For TEB returns, BMFOLR (Borrower) provides a transcript of a borrower's filed tax return for a specific period; and (Issuer) shows CUSIP numbers, issue price, issue date, maturity date, yield reduction payments, total and unused volume cap, bond issuance costs, and rebate amounts. Gives a transcript of a borrower's filed tax return for a specific period.
BMFOLT	Summary of specific tax module. Shows the return filing date and any amounts assessed and paid. (For Forms 5330, 990-T, 1120 and 1065, etc.) or IMFOLT (for Form 1040) shows the date that the employer's taxable return was filed and whether any extensions of time to file were granted. It also reflects assessments of tax, penalties and interest.
BMFOLU	Provides wages, FITW, and FICA information for filed Forms 941/944. Provides wages, FITW, and FICA information for filed Form W-2 and W-3. Provides total count of Forms W-2 filed.
BMFOLZ	Shows if the return was previously examined.
BRTVU	Lists specific line item amounts for a business return. BRTVU (for Forms 990-T, 5330, 1120 and 1065, etc.) or RTVUE (for Form 1040) shows line items on a specific return including the pension deduction claimed for a specific tax period.
CFINK	Power of Attorney information.
EMFOLD	Shows the plan administrator information from Form 5500.
EMFOLI	Provides a list of plans maintained by the employer along with the years for which a transcript can be requested.
EMFOLL	Shows information about the plan sponsor such as business code and telephone number. It also includes information on the plan's determination letter, the plan effective date and termination date.

EMFOLT	A transcript of the Form 5500 filing for a particular tax period. The TC 150 posting date shows when the return was filed and you can use it to determine the statute date. A TC 154 posting indicates that a Form 5330 was filed for that period. The TC 154 posting will also show the IRC section and amount of the tax assessed on the Form 5330.
ENMOD	Pending transactions and rejected returns.
ERINV	If ENMOD indicates a rejected return, rejected return status.
ERTVU	Shows the Form 5500 line items for a particular plan and tax period. You can review the Form 5500 series returns for the prior and/or subsequent year or for other plans maintained by the employer.
INOLES	Gives the most current name, address, and filing requirements for the entity and may also indicate the EINs of related entities. It may also indicate the EINs of subsidiaries.
INOLEP	Provides a list of all plans maintained by the employer.
INOLET	Provides both BMF and EPMF information of a particular EIN.
INOLEX	Produces cross referenced EINs that may lead to related entities.
IRPTR	Gives details of Form W-2 (wages and salary deferrals), Form 1099-R (distributions) and Form 5498 (FMV and rollover contributions of IRA) information reports issued to a recipient.
NAMEE	Gives an EIN for business entities when the business name and address are known.
PMFOLS	Shows the number of Form W-2 filed by the taxpayer and related entities for each year.
TRDBV	Tax return database view (ERS deleted).
TXMODA	Pending transactions.
UPTIN	Unpostable returns.

- (5) The taxpayers included in an EP sourced project may not have a BOD Code of TE. If the BOD Code is not TE, work the EP related issue(s) identified by CP&C. Prepare a referral for the other identified LUQs not related to the EP related issue(s) to be sent to the appropriate BOD that has jurisdiction over that taxpayer.
- (6) Where there are other LUQs identified for issues that are not related to the EP related issue(s):

- Prepare a Form 5666, providing a summary of the other LUQ issues to be referred to another BOD.
- Post the Form 5666, with supporting documents and or IDRS prints to the RCCMS Case File Documents folder.
- Complete the RCCMS 3198-A Checksheet, check "Yes" in the SH-S6.0 Referral field on Page 3 of 6 to indicate that a referral is included in the compliance check case file.
- Follow existing procedures to complete the compliance check and prepare the case file for closure to the manager for final approval. See IRM 4.70.10.2.4.3, Resolution Phase.

- (7) The manager completes the managerial review, reviewing/approving the referral package (i.e., Form 5666 with all supporting documents and/or applicable IDRS prints). If approved, the manager digitally signs the Form 5666 and sends the referral package as attachments via secure encrypted email to CP&C at **Manager EO Classification*. The subject line of the email should state: "Referral to [Insert BOD label of SB/SE, LB&I, or TS]." Identify the BOD that holds jurisdiction.

4.70.10.2.4.1.3
(05-29-2025)
**Employment Tax
Reconciliation Sheet**

- (1) To have a clear understanding of the taxpayer's liability, the tax examiner must research IDRS to determine the proper amount of withholding and tax liability using the required Employment Tax Reconciliation Sheet, located in the TECU folder of the common shared drive. Compare the amount of employment tax reported on the information returns with the amount of the credit (or the amount of the tax if a return was received), if available. For MFT 01, if BMFOLU is not available, compare the total amount of tax reported on the Forms 941 filed for the year (if any) with the total tax liability for the year per the Forms W-2/W-3. The tax examiner will research as follows if the taxpayer responds that they are not liable for the tax in question and PMFOLS/BMFOLU or other IDRS research indicates that they may be, or if a return was filed and preliminary research indicates that they may be liable for a different amount than reported.

4.70.10.2.4.1.4
(05-29-2025)
**RCCMS Issue Code Data
Grid**

- (1) Get your manager's concurrence of compliance check plan through the RCCMS Issue Code Data Grid. The Issue Data Grid:
- a. Helps TE/GE track the development of the compliance check and specific compliance issues from when the case is selected in CP&C through the entire compliance check process.
 - b. Ensures a consistent level of manager involvement in the process of making key decisions during our compliance checks. Those decisions include, but are not limited to, establishment and/or revision of the compliance check plan and modifications to the scope.
- (2) Review issue codes entered by CP&C as a classified (i.e. pre-identified) issue, if any.
- a. If you determine there's no proposed change for the classified issues during the planning phase, then input a **zero** in the percentage of overall impact column and check the issue closed box.
- (3) If you identify additional/new issues, input the new issue code(s), and request manager approval as soon as the issue is identified. The issue code list is published annually in Document 11308, TE/GE Information Systems Codes.

IRM 4.70.10.2.4.1.4.1 describes the columns, steps for accessing the data grid and entering an issue in the RCCMS data grid.

- (4) For additional guidance, refer to the *RCCMS Comprehensive Course Guide* available on the Business Systems Planning page of TE/GE Connect Share-Point site.

4.70.10.2.4.1.4.1
(05-29-2025)

**Accessing and
Completing the RCCMS
Issue Code Data Grid**

- (1) The issue code data grid is accessed by selecting the new folder (or “node”) called Issues under the Inventory or Folder list view in the RCCMS left-hand navigation pane under Activities, Research, Closing Records, Check Sheets, etc.
- (2) When a user selects this node, it displays the Issue Sheet for that case in the right-side. The Issue Sheet is the display of the issue code data grid. The significant change is that this is controlled at the case level instead of the activity (or return) level. Therefore, data for all issues addressed in all compliance activities controlled within the same case file are entered in one location under the Issues node.
- (3) To access the Issue Sheet (data grid), you must open it first. You open by clicking on the Issues node on the specific case. Then, open the Issue Sheet by one of ways below:
- Go to File - New - Issue
 - In the toolbar, click New - Issue

Note: You must have the Issue Sheet (data grid) open to make any changes to the data grid. Changes would include adding or removing issues, modifying data entries in the percentage of overall impact column, or checking or unchecking the issue closed check box.

- (4) Open the Issue Sheet, select, via a dropdown list, the activity/return for which you’re entering an Issue Code(s). If an activity has multiple issues identified, a new row identifies each issue for that activity.
- (5) Access the issue code list via the drop-down selection which shows the numerical code and narrative code description. Scroll to the appropriate issue code and click enter. The issue code column will populate with the issue code selected.

Note: RCCMS requires a 70-character limit. Document 11308, TE/GE Information Systems Codes, book may include a more detailed narrative description.

- (6) CP&C enters the issue code(s) corresponding to the classified issue(s) identified by Issue ID and/or Classification when the compliance activity is established. The **activity** and **issue code** cells that CP&C enters are locked once the case is assigned to the TECU group. To maintain data integrity, only the specific classifier can modify the initial codes for the classified issues.
- (7) If you determine new material issues exist at any point during the compliance process, you will add the new issue code(s) to new row(s) in the issue code data grid; and complete the **Request Issue Approval** action to request managerial concurrence.

Note: Refer to Document 11308, TE/GE Information Systems Codes, for a complete listing of the issue codes used by TECU.

- (8) To complete **Request Issue Approval** action: enter your issues on the data grid. Complete the **Activity** and **Issue Code** column(s). Click **Save/Close**. Select **Request Issue Approval** from the **Actions** menu. A **Request Code Approval** dialog box appears. In the **Comments** field, you will type in comments about your proposed compliance check plan. Click **OK** and **Send/Receive**. Your comments should include:
- Any other pertinent comments required to obtain managerial concurrence.
 - Example: "Request approval for additional issues identified during planning and preparation phase."
- (9) **The Request Issue Approval** messaging workflow will generate a message that will go directly to the manager's RCCMS inbox for action (Action Required Type).
- (10) The manager will open the message by double clicking on the message. The message will have the details of the requested issue codes and the examiner's comments they entered in the **Request Code Approval** dialog box.
- (11) The manager will review and check the box under the **Approval** column for each issue code listed and enter comments in the Manager Comments box, if appropriate. Click **Save/Close** to process the approval or rejection of the requested issue code(s)/compliance check plan.
- Note:** If the Approval box is not checked, then the manager is not approving the requested Issue Code(s) to be included in the compliance check plan (i.e., within the scope of the compliance check).
- (12) Both the examiner submission of the **Request Issue Approval** message and manager's response is recorded automatically via system-generated entry in the embedded CCR for documentation. New chronology action codes are generated for the approval or rejection of the issue codes as follows:
- 94400 - Request issue approval
 - 94401 - FM approve issues
 - 94402 - FM reject issues
- (13) If you need to delete a row in the **Issue Sheet** (data grid), you must first open the **Issue Sheet** (data grid), then identify the row that you want to delete. Remove the entries for each cell in that row, then click **Save/Close**. The row will be removed and will no longer be included in the list view display of the **Issues** node.
- (14) Please note that you are only able to delete rows that you have initiated. If the activity and issue code column was entered by CP&C as a classified (i.e., pre-identified) issue, you will not be able to delete that row.
- If you are proposing a change for that issue, you should complete the **percentage of overall impact** column and check the **issue closed** check box once the issue is fully developed. For compliance check work, the dollar amount column is grayed out, therefore, only the percentage of overall impact column will be completed.
 - If there is no proposed change for that issue, then ensure a **zero** is present in the **percentage of overall impact** column and check the **issue closed** check box.

- If you identify an error in the information entered by CP&C, then complete that row as a no-change as described above.

4.70.10.2.4.1.5
(05-29-2025)

**Taxpayer Representative
and Power of Attorney**

- (1) Power of Attorney verification must be documented in the chronology. Before contacting the taxpayer, research IDRS to determine if a Power of Attorney (POA) is on file. This must show authorization is in effect for the MFT and tax period relating to the case. If authorization to receive notices has been granted, Letter 937-A, Transmittal of Information to Power of Attorney, with a copy of all correspondence being sent to the taxpayer must also be sent to the representative. For more information refer to IRM 2.3.31.2 and IRM 4.70.11.10.
- (2) Also determine if authorization has been granted before disclosing any information over the phone. If authorization is not indicated on IRS records, suggest that the third party send a completed Form 2848, Power of Attorney, or Form 8821, Tax Information Authorization. These forms can be directly faxed to you or sent through Secure Messaging, and then sent to the CAF Unit, referring to form instructions.

Note: Refer to Exhibit 4.70.11-1 for additional instruction regarding completion of Form 2848 or Form 8821 for EP sourced compliance checks.

- (3) When speaking with others, such as an executive director, director, or executive administrator, ask the individual whether they are authorized to legally bind the organization. If the person represents that they have authority, we can rely on such person's apparent authority unless we have reason to believe otherwise (such as a known dispute about control over the organization).
- (4) The taxpayer may designate a representative at any point of completing the compliance check. Therefore, the examiner may receive a Form 2848, Power of Attorney, or Form 8821, Tax Information Authorization, during all phases of the compliance check.
- (5) For specific instructions and example on TE/GE matters, see IRM Exhibit 4.70.11-1, TE/GE Form 2848 and Form 8821 Specific Elements by Function.
- (6) Care must be taken to perfect an EP POA because the plan and trust are the taxpayer, not the business or employer who sponsors the retirement plan. Review the following exhibits in the list of Employee Plans Example Exhibits:
 - *Form 2848 for Plan Sponsor Example*
 - *Form 2848 for Trust Example*
 - *Form 56 Example*
- (7) For more information, refer to the *Power of Attorney Tool Kit*.

4.70.10.2.4.1.6
(05-29-2025)

Case Chronology

- (1) The chronology tab in RCCMS must be used on all cases. It is used for the following purposes:
 - Track all actions taken on a case, including the appropriate follow-up date for the next action to be taken (mandatory).
 - As a reference for tax examiner when a case has been transferred, for example, from one tax examiner to another due to unexpected leave, etc.

- Case review such as completed by lead or manager for closing or feedback purposes. Example: "Closing review completed."
 - Document time spent on the case.
 - As a record of the case.
 - Document the certified mail tracking number, if applicable.
- (2) It is essential that the chronology be completed accurately and concurrently as case is worked. All pertinent information must be included and as detailed as necessary to show the path that was taken in processing. Examiners should take steps to ensure their use of grammar and spelling are correct before saving your CCR. Do not include unnecessary details in the chronology. Acronyms may only be used if they are first defined. Requirements for the chronology are included in Exhibit 4.70.10-3, RCCMS Embedded Case Chronology.
- (3) Compliance check cases should be worked as follows. See chart below for further guidance on appropriate action code use.

Note: Please see Document 11308, Information Systems Codes, for the listing of action codes.

If	And	Then
Initial contact is made,		Use AC 101, Initial contact-Letter 4204.
Initial contact is made,	Phone contact is made by the organization,	Use AC 192.
Initial contact is made,	Phone contact from the organization results in an extension of time to comply with our request,	Use AC 104, Extension granted. Note: TE can grant one 10-day extension and, any subsequent extension needs approval from the lead or manager.
The initial response due date or extended response due date has passed,	Additional contact is made, two phone calls should be made within seven days.	Use AC 103, Follow-up contact.
The initial response due date or extended response due date has passed,	Phone contact is made by the organization,	Use AC 192, Phone call initiated by taxpayer. (Not follow-up calls)
The initial response due date or extended response due date has passed,	Phone contact from the organization results in an extension of time to comply with our request,	Use AC 104, Extension granted. Note: TE can grant one 10-day extension, any subsequent extension needs approval from the lead or manager.
The follow-up response due date or extended response due date has passed,	Additional contact is made,	Use AC 102, Additional Follow-up-Letter 3854.

The follow-up response due date or extended response due date has passed,	Phone contact is made by the organization,	Use AC 192, Phone call initiated by taxpayer. (Not follow-up calls)
The follow-up response due date or extended response due date has passed,	Phone contact from the organization results in an extension of time to comply with our request,	Use AC 104, Extension granted. Note: TE can grant one 10-day extension, any subsequent extension needs approval from the lead or manager.
Flagging a case/Priority work	Priority work first - need more time to complete research	Use AC 120 and use only a maximum of two days.
Flagging a case/Priority work	Need lead/technical guidance or letter approval	Use AC 121.
Closing procedures	Full compliance	Use AC 138, DC 102, send Letter 4140.
Closing procedures	Partial response	Use AC 138, DC 213, send Letter 4220.
Closing procedures	No response - certified letter delivered	Use AC 138, DC 773, send Letter 4220.
Closing procedures	Unable to locate	Use AC 138, DC 907, no closing letter sent

4.70.10.2.4.2
(05-29-2025)
Execution Phase

- (1) At initial contact, explain TE/GE processes and procedures for conducting a compliance check, along with an overview of taxpayer rights.
- (2) Stages of issue development include:
 1. Determining the facts.
 2. Applying the applicable law to those facts.
 3. Understanding the various tax or compliance implications of the issue.
 4. Send out correspondence explaining the facts and tax laws to the taxpayer.
 5. Call taxpayer if no response is received to initial letter.
 6. Discuss filing deadlines and associated penalties with the taxpayer.
 7. Send certified letter if applicable.
 8. Secure delinquent returns, if appropriate, and submit for processing.
- (3) Starting with issue development and continuing through issue resolution, early and frequent discussions are crucial for a complete understanding of the respective merits of the issue(s).
- (4) Make every effort to resolve any factual differences. The entity or organization's response to the compliance check letter(s) and/or verbal contact will allow you to gain an understanding of the entity or organization's position and to obtain issue resolution at the earliest appropriate point.

4.70.10.2.4.2.1
(05-29-2025)

No Response to Initial Letter

- (1) Research IDRS to determine if the taxpayer is now in compliance or if there has been an address change. Using all approved research tools, such as IDRS, SEIN, Google, Accurant, etc., search for either a different address or a phone number. Follow the instructions in the chart below unless strategy specific procedures indicate otherwise.

If...	And...	Then...
IDRS indicates the taxpayer is now in compliance		Use AC 138, DC 102, Send Letter 4140.
IDRS indicates the taxpayer is now in compliance	The returns were received prior to the date of our initial contact letter and no other issues need to be addressed	Close No Action in Compliance, DC 107, Send Letter 4140.
A phone number is found, call the taxpayer to determine if the letter was received	The letter was not received,	<ol style="list-style-type: none"> 1. Verify the mailing address. 2. Fax or mail the original Letter 4204 with Letter 3854. 3. Allow 30 days to respond (set the 45-day follow-up date in CCR).
A phone number is found, call the taxpayer to determine if the letter was received	The Letter 4204 was received and additional time to respond is required,	TE can grant a 10-day extension to respond. Any subsequent extension needs approval from the lead or manager.
A phone number is not found,	The mailing address has not been changed on IDRS	<ol style="list-style-type: none"> 1. Send certified Letter 3854. 2. Allow 15 days to respond (set the 15-day follow-up date in CCR).
A phone number is not found,	The mailing address has been changed on IDRS	<ol style="list-style-type: none"> 1. Mail a new Letter 4204 initial letter (dated with the current date) to the new address. 2. Allow 30 days to respond (set the 45-day follow-up date in CCR).

4.70.10.2.4.2.2
(05-29-2025)

No Response to Second Contact Follow-up

- (1) If a reply is not received by the second contact follow-up date:
1. Determine if certified letters were received through the CMS (Certified Mailing Solutions) system or USPS.
 2. Research IDRS to determine if the taxpayer is now in compliance or if there has been a subsequent address change.
 3. Research IDRS, SEIN, Google, Accurant, etc., to determine if the taxpayer is still operating.

If...	And...	Then...
IDRS indicates the taxpayer is now in compliance,		Use AC 138, DC 102, send Letter 4140.

IDRS indicates the taxpayer is now in compliance,	The returns were received prior to the date of our initial contact letter and no other issues need to be addressed,	Close No Action in Compliance, DC 107, send Letter 4140.
The certified letter was received,	A phone number is available,	Call the taxpayer and ask if they received the Letter 3854, explain what information is needed and try to secure the missing information, and if you're leaving a voice mail then use the following script: "We will need to receive your reply before (applicable date). If you fail to reply by that date, we will be required to forward your case for examination consideration. If you have questions or problems, please call me before that date."
The certified letter was received,	A phone number cannot be found, and research does not indicate the taxpayer has terminated,	Send Letter 4220, close the case using DC 773.
The certified letter was not received,	IDRS research does not show any changes,	Trace on the CMS system or through USPS. If it's not located then it's considered unable to locate-Use AC 138 and close case with DC 907.
The certified letter was refused/unclaimed (not picked up),	IDRS research does not show any changes,	Send Letter 4220.
The case issue has been discussed with the taxpayer and the certified letter (Letter 3854) received	The taxpayer has not responded,	Send Letter 4220, use selectable paragraph A and close using DC 773.
Multiple messages have been left and the certified letter (Letter 3854) was received,	The taxpayer has not responded,	Send Letter 4220, close using DC 773.

4.70.10.2.4.2.3
(05-29-2025)
**Delinquent Returns
Secured**

- (1) A delinquent return is a return which the entity/organization is required to file and has not been submitted in a timely manner. The examiner will contact the entity/organization to solicit the return. Secured returns must be perfected before being sent for processing.
- (2) Delinquent returns can be in the form of income tax, employment tax, excise tax, or annual information returns (i.e., Form 990 series, Form 5500 series, or Form 8038 series) returns per the taxpayers' established filing requirements.
- (3) Refer to IRM 4.70.13.9, Delinquent, Amended and Substitute for Returns.

Note: EP follow steps in IRM 4.70.13.9.4.1, to solicit Form 5500 series returns to be filed on the Department of Labor EFAST2 site.

Note: EO follow steps in IRM 4.70.13.9.4.2 to address organizations with specific circumstances.

- (4) When paper delinquent returns are secured, ensure the following items are on the return and follow steps 5 through 17 below.

Return Field	Entry
Name of the Taxpayer	Type or print legibly, with no strikeovers, the taxpayer's name. When possible, it must duplicate the name used on a previously filed return with the same Taxpayer Identification Number (TIN). You can check this by searching INOLES in IDRS. The name used with a recently acquired EIN should duplicate the taxpayer's Form SS-4, Application for EIN. If the name is not correct, prepare or secure a corrected return and solicit the taxpayer's signature on the corrected delinquent return. Mark an "X" across the face of the incorrect return. Write the word "Invalidated", sign and date below the notation.
Address of the Taxpayer	Verify with the taxpayer that the address shown on the return is the taxpayer's current address.
Taxpayer Identification Number	Verify the TIN shown on the return is correct by researching AIMS, EPMF or BMF. If the taxpayer does not have an TIN, follow IRM 4.70.13.9.5.5.1, Employer Identification Number Issues.
Required Forms and Schedules	Verify that all forms and schedules are present, and the computations are correct. TE/GE is responsible for the accuracy of the return and no further verification is done.
Signature and Date	The taxpayer's original signature and the date the return was signed.
Taxable Period	Use the current or appropriate year's tax form depending on local Campus Center preference.

- (5) Date stamp the delinquent returns when they are accepted. If a date stamp is not available, the examiner should annotate in the middle of the return over the wording, but not over the numbers, the date received and the examiner's name and title.
- (6) In the top margin write or stamp the following statement in red ink: "DELINQUENT RETURN SECURED BY TECU."

Reminder: Room in the upper right corner must be left for the DLN to be entered by the Campus Center.

- (7) Write in red on the bottom margin of the original delinquent return, "TC 599-CC 096, TC 599-CC 094" (EO, FSL, ITG, TEB or EP Form 5330) or "TC 599-CC 097" (EP Form 5500).
 - 094 - Taxable return secured
 - 096 - Non-Taxable return secured
 - 097 - Return secured
- (8) For any TECU returns follow IRM 3.11.12, Exempt Organization Returns, for return perfection procedures.
- (9) Verify the EIN on the return with the information on INOLES.
- (10) The return must be reviewed for a valid signature and all required information and schedules. If there is no signature, attempt to contact the taxpayer for correction within five days. If the taxpayer fails to make the correction, proceed as usual and submit the return for processing.
- (11) Review the return for any potential issues as defined in strategy specific procedures. If issues are identified discuss with the lead.
- (12) Scan the delinquent returns received in paper. Validate that the scan copy is a complete copy of the return including all pages/schedules. Upload the scanned return to the RCCMS Office Documents folder. Once the scanned copy is validated as complete, the paper documents may be destroyed by placing in a grey classified burn bin.
- (13) Indicate in the chronology that the return(s) have been sent for processing.
- (14) Prepare Form 4844, Request for Terminal Action, to suppress notices to the taxpayer.
 - Write "TC 599 CC096" or "TC599 CC 094" or "TC 599 CC 097" in the Remarks section of the form, with an explanation of why the action is requested.
 - Digitally sign *Form 4844*.
- (15) Prepare *Form 13133* for each delinquent return.
 - Attach a separate Form 13133 to the front of each return. IF multiple tax periods exist, indicate on the first Form 13133 **BLOCK TOGETHER-Related tax periods/do not separate.**
 - Check the box for **delinquent return**.
 - Contact Name will be the examiner's name.
 - If penalties are to be assessed: make NO notations in the penalty area.
 - If penalties are NOT to be assessed: put an "X" in the box to the left of the applicable Computer Condition Codes/Return Processing Code. (See IRM 4.4.9.4.11.1(2), Penalties, and IRM Exhibit 4.70.13-2, EO Computer Condition Code Locations.)
- (16) Prepare *Form 3198-A* for each original return:
 - Write "Assess Failure to File and/or Failure to Pay Penalty" or "Do not assess Failure to File and/or Failure to Pay Penalty Reasonable Cause Established", as applicable.
 - If penalties are not to be assessed, the reason must be stated on the 3198-A; simply stating "Reasonable Cause" is not sufficient.
 - If a *Form 941*, note if adjustment is interest-free.

- If the normal ASED has expired or is within three months of expiration, enter an “X” in the box to the left of “W” Bypass Submissions Processing Statute List.
 - To prevent tax deposits, withholding, or payments from refunding when the TC 150 posts, place an “X” in the BMF or IMF box to the left of **Hold Credits on Module-Generates TC 570**
- (17) If a payment is secured, prepare a *Form 3244-A*, Payment Posting Voucher-Examination, for each delinquent return. Post the payment as TC 610, Remittance with Return. Attach the copy of *Form 3244-A* to the delinquent return. The original *Form 3244-A* is sent with the payment for processing. Submit original delinquent return packages to the Campus indicated below. See, Payment or Remittance Processing.
- (18) Delinquent Return Package Assembly (top to bottom):
- a. Form 3210, Document Transmittal
 - b. Form 4844, Request for Terminal Action
 - c. Form 13133, Expedite Processing Cycle
 - d. Form 3198-A, TE/GE Special Handling Notice
 - e. Form 3244-A, Payment Posting Voucher, if applicable, using TC 610 to record the remittance received with the return (if any)
 - f. BMFOLT or BMFOLI current, showing no return posted (no TC 150)
- (19) Complete the Returns Secured field in the RCCMS 3198-A Checksheet. See IRM 4.70.10.2.4.3.5, RCCMS 3198-A Checksheet, for additional instruction.
- (20) ALL original delinquent return packages, with or without payment, will be submitted via traceable delivery, usually UPS, directly to the Submission Processing Programs (SPP) at the appropriate campus. Prepare the 3210 and double envelopes address to:

Scenario	Mailing Address
Send Returns secured without remittance to:	Internal Revenue Service 1973 North Rulon White Blvd. Mail Stop 6052 Ogden, UT 84404
Send returns secured with remittance to:	Internal Revenue Service 1973 North Rulon White Blvd. Mail Stop 1999 Ogden, UT 84404
Send excise tax returns to:	Internal Revenue Service 201 West Second Street Mail Stop 281 Covington, KY 41019
Send foreign tax returns to:	Internal Revenue Service 2970 Market Street Philadelphia, PA 19104

- (21) Close using with disposal code 102, Agreed Change, if all returns required to be filed by the taxpayer are secured as solicited.

4.70.10.2.4.2.4
(05-29-2025)
**Amended Returns
Secured**

- (1) To resolve an issue of noncompliance in a compliance check, the taxpayer may be required to file an amended return. To have an amended paper return processed:
1. Write "Amended return secured by TEGE:TECU" in red ink/font across the top of the first page of the return. Also include IRS received date MM/DD/YYYY.
 2. Forms 5500, 5500-SP and 5500-EZ must be e-filed with DOL on their EFAST2 System using an *EFAST2-approved third-party software* or *IFILE* on the Department of Labor (DOL) website *EFAST*. Taxpayers can seek filing support by emailing DOL at *support@efast.dol.gov*. Refer to IRM 4.70.13.9.4.1, EP Form 5500 Considerations.
 3. Check the statute date of the return. If the statute date is within 90 days of expiration, follow IRM 25.6.1, Statute of Limitations Processes and Procedures.
 4. Scan a copy of the return. Name the electronic file following the TE/GE naming convention and post the electronic file to the Office Documents folder in RCCMS. See IRM 4.70.10.2.5, Case Assembly, and Exhibit 4.70.10-4, TE/GE Naming Convention for Title 26 Compliance Checks for additional guidance.
 5. Refer to IRM 4.70.10.2.4.2.3, Delinquent Returns Secured, above to generate the amended return package as applicable and send for processing.
 6. Prepare a separate Form 3198-A for each amended return. Enter the following on the form:

Step	Description
1.	Complete the heading of the form.
2.	Enter the correct ASED in the earliest statute date field.
3.	If there is a POA for the return, check box for "Send all communications for POA."
4.	Notate in the other Instructions section: "Amended Return for Processing."
5.	For annual EO information returns, notate at other instructions section, "Do Not Assess Inaccurate Return Penalty Under IRC 6652(c)(1)(A)(ii), Reasonable Cause Established."
6.	For tax returns, notate at other instructions section, "Assess Delinquency Penalty" or "Not Assess Delinquency Penalty - Reasonable Cause Established."

Note: See IRM 4.70.10.2.4.2.7, Reasonable Cause Determination.

7. An amended return doesn't extend the ASED unless it is an income tax return that meets the requirements of IRC 6501(c)(7). See IRM 25.6.1.9.4.2, Amended Return.

4.70.10.2.4.2.5
(05-29-2025)
**Current Year Returns
Secured**

- (1) When returns are secured that are timely filed:

1. Write "Return secured by TECU" in red across the top of the first page of the return. Also include the IRS received date MM/DD/YYYY.
2. Scan a copy of the return for the Office Documents file.
3. Refer to IRM 4.70.10.2.4.2.3 above to generate the current year return secured package as applicable and send for processing.

4.70.10.2.4.2.6
(05-29-2025)
**Delinquent Information
Return Procedures**

- (1) During the compliance checks, examiners frequently identify information returns that were not furnished or filed. This subsection provides various procedures to be followed.

4.70.10.2.4.2.6.1
(05-29-2025)
**Delinquent Forms
1099/1096**

- (1) When conducting a compliance check, if the examiner determines that the taxpayer failed to file required Forms 1099/1096, they should secure the delinquent Forms 1099/1096. The examiner should require the payer to furnish the delinquent returns to payees and file them with the examiner. In the alternative, the taxpayer should submit substantiation that the returns have been filed electronically through the Filing Information Returns Electronically (FIRE) system. If a payer refuses to file the delinquent returns, information return penalties should be considered using the rates for intentional disregard. Refer to IRM 20.1.7.5.1, Field Examination Delinquent Information Return Procedures.
- (2) The payer should be given a reasonable time, e.g. 30 days, to prepare the delinquent information returns, furnish them to the payees, and file the information returns with the examiner or through the FIRE system.
- (3) Examiners securing delinquent paper Forms 1096/1099 will send them to the appropriate Campus as indicated in IRM 20.1.7.5.1, Field Examination Delinquent Information Return Procedures, via Form 3210. A copy of the Form 1096 and Forms 1099 must be uploaded to RCCMS and the file name set using the standard naming convention. See IRM 4.70.10.2.5, Case Assembly, and Exhibit 4.70.10-4, RCCMS Naming Convention for Title 26 Compliance Checks.
- (4) The Form 1096, Annual Summary and Transmittal of U.S. Information Returns, should be date stamped and the delinquent Forms 1099/1096 should be sent to the following address:

If principal business, office or agency, or legal residence in the case of an individual, is in:	Use the following address:
Alabama, Arizona, Arkansas, Connecticut, Delaware, Florida, Georgia, Kentucky, Louisiana, Maine, Massachusetts, Mississippi, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Texas, Vermont, Virginia, West Virginia	Internal Revenue Center 3651 South I-H 35, Stop 6153 Austin, TX 78741
Alaska, California, Colorado, District of Columbia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Maryland, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Utah, Washington, Wisconsin, Wyoming	Internal Revenue Center 333 W. Pershing Road, Stop 6052 Kansas City, MO 64108

- (5) If the taxpayer files the delinquent returns electronically through the FIRE system, the examiner should secure substantiation of the transmission to include in the workpapers. The FIRE system sends an e-mail to the filer that contains the FILE STATUS and count of payees included in the file. A FILE STATUS of either **good, not released** or **good, released** indicates that the file is, or will be, released for mainline processing. Files uploaded to FIRE are held for ten days to afford the taxpayer an opportunity to correct them, if necessary. A copy of this e-mail verification may serve as sufficient substantiation to be included in the workpapers.
- (6) High dollar delinquent Forms 1099 should be considered by the examiner for potential income tax underreporting. The examiner should prepare Form 5666, TE/GE Referral Information Report, and attach a copy of the delinquent Form 1099/1096 for referral to CP&C. (Follow the guidance of Step 3 included in IRM 4.70.10.2.4.3.2.3(1)).
- (7) Copies of all delinquent Forms 1096 and 1099 are not needed in the compliance check case file; however, they are needed when information return penalties are being proposed. Scanned or electronic copies of Form(s) 1096 and 1099 secured should be named "CIVPEN.33.3.Delinquent.1096&1099.YYYY" (where "YYYY" represents the year of the returns submitted).

4.70.10.2.4.2.6.2

(05-29-2025)

Delinquent Forms**W-2/W-2c and W-3/W-3c**

- (1) Examiners are expected to secure delinquent Forms W-2/W-2c, Wage and Tax Statement, and Form W-3/W-3c, Transmittal of Wage and Tax Statements, prior to closing a compliance check.
- (2) If the taxpayer files the delinquent Forms W-2, W-3, W-2c, or W-3c electronically through the SSA Electronic Wage Reporting (EWR) system, then the examiner should secure documentation from the taxpayer verifying the transmission. After submitting the file, the taxpayer can print the **Confirmation Receipt-Your File was Received** page and submit this to the examiner as documentation of the transmission. The confirmation receipt includes the Wage File Identifier (WFID) and should be included in the workpapers as sufficient filing substantiation.
- (3) If delinquent Forms W-2, W-2c, W-3, or W-3c are secured by the examiner during a compliance check, it is the responsibility of the examiner to date stamp the Form W-3 or W-3c and forward copies of these items to SSA at the following address:
Social Security Administration
Data Operations Center
1150 E. Mountain Dr.
Wilkes-Barre, PA 18767-3333

4.70.10.2.4.2.7

(05-29-2025)

**Reasonable Cause
Determination**

- (1) Refer to the following guidelines for reasonable cause determinations:
 - For Servicewide reasonable cause criteria, refer to IRM 20.1.1.3.2.
 - For EO reasonable cause criteria, refer to IRM Exhibit 4.70.13-4, EO Reasonable Cause Criteria, IRM Exhibit 20.1.8-3, EO and EP Reasonable Cause Guidelines, and IRM 21.7.7.6.24, Reasonable Cause Background.

- (2) Review the taxpayer's filing history with command codes BMFOLI and BMFOLT (or IMFOLI and EMFOLT or EMFOLI and EMFOLT as appropriate). Determine if the taxpayer has filed returns timely for prior and subsequent tax years.
 - (3) In addition to the **reasonable cause** category for penalty relief, refer to IRM 20.1.1.3, Criteria for Relief from Penalties, for in-depth discussions of other categories of relief, such as:
 - Statutory and regulatory exceptions (see IRM 20.1.1.3.3.1, Statutory and Regulatory Exceptions).
 - Administrative waivers (see IRM 20.1.1.3.3.2, Administrative Waivers).
 - Corrections of Service errors (see IRM 20.1.1.3.4, Correction of Service Error).
 - (4) Taxpayers who seek relief from penalties generally must submit a written statement requesting a waiver of penalties. Include in the statement:
 - Taxpayer's name.
 - Taxpayer's address.
 - Taxpayer's identification number.
 - Type of tax.
 - Tax periods.
 - Explanation of failure to file, pay or make deposits.
 - The statement: "Under penalties of perjury, I declare that the above statement, to the best of my knowledge and belief, is true, complete, and correct."
 - An original signature.
 - Date signed.
 - (5) You can only consider oral or written but unsigned requests for penalty relief for certain penalties or situations. See IRM 20.1.1.3.1, Unsigned or Oral Requests for Penalty Relief, for guidance.
 - (6) A penalty relief statement is acceptable if it:
 - Appears to a person of ordinary prudence and intelligence there is reasonable cause for delay in filing a return.
 - Clearly indicates no willful intent to disobey the taxing statutes.
 - (7) Don't presume reasonable cause in cases where the taxpayer claims:
 - Ignorance of the law. See IRM 20.1.1.3.2.2.6, Ignorance of the Law.
 - Reliance on a professional agent, such as an attorney or accountant. See *U.S. v Boyle*, 469 U.S. 241 (1985).
- Note:** Determine each case on its own merit.
- (8) Determine whether the taxpayer's explanation establishes reasonable cause.
 - a. If the relief criteria aren't clearly established, go to IRM 4.70.13.9.9.2, Penalties to be Assessed.
 - b. If the relief criteria are clearly established, go to IRM 4.70.13.9.9.3, Penalties to be Waived.

4.70.10.2.4.3
(05-29-2025)
Resolution Phase

- (1) The goals of the resolution phase are to:
- Reach agreement and achieve full compliance with the taxpayer's current filing, reporting and payment requirements by fully resolving all the identified issues of noncompliance included within the compliance check plan.
 - Close case using the appropriate disposal codes and closing codes based on whether all identified issues of noncompliance (i.e., all applicable delinquent/amended returns secured, balance due accounts fully resolved, etc.) are resolved so that the taxpayer is now in compliance with all filing, reporting and payment requirements.
 - When needed, refer the case for a potential examination based on the work in the execution phase and if a partial response is received.

4.70.10.2.4.3.1
(05-29-2025)
No Response Case

- (1) A case is considered a no response when the taxpayer does not to respond to our correspondence and therefore chooses to not participate in the compliance check process, which is voluntary. The certified letter **MUST** be sent to the taxpayer, which will provide proof that the letter was delivered/received by the taxpayer, and the taxpayer chose not to respond and/or participate in the compliance check request. See IRM 4.70.10.2.4.2.1, No Response to Initial Letter.

4.70.10.2.4.3.2
(05-29-2025)
Closing Procedures & Closing Letters

- (1) If contact (i.e., correspondence sent to and received by the taxpayer) has been made with a taxpayer a closing letter must be sent. This includes cases that are closed with a Form 5666, Referral to CP&C (Classification), for potential examination consideration.

4.70.10.2.4.3.2.1
(05-29-2025)
Full Compliance Case – Fully Agreed Closure or No Change Closure

- (1) Letter 4140, TE/GE Compliance Check, Educational and Notification of Recent Correspondence Closing Letter, is used to close all cases where a complete response has been received and account is in full compliance or to close all cases where assessment of the taxpayer's response supports that no change is warranted and no further action is necessary.

- (2) Use Disposal Codes:

Disposal Code	When to Use
102 - Agreed Change	<ul style="list-style-type: none"> • If you have received all returns required to be filed, or • If you determine through IDRS research that the taxpayer is now compliant, but after you mailed the initial contact letter to the taxpayer.
107 - No Change	<ul style="list-style-type: none"> • If the taxpayer states and provides sufficient supporting documentation that they are not liable to file.

908 - Survey After Assignment	<ul style="list-style-type: none"> If you determine through research that the taxpayer is fully compliant when you initially receive the case and have not yet mailed the initial contact letter to the taxpayer. No closing letter is required in this circumstance because no initial contact letter has been issued.
-------------------------------	--

- 4.70.10.2.4.3.2.2
(05-29-2025)
No Response Case Closure
- (1) Letter 4220, Compliance Check Case Closed as a Referral to Classification, is used with DC 773 when no response is received from TP and there is proof that certified letter has been delivered and received by the taxpayer.
- 4.70.10.2.4.3.2.3
(05-29-2025)
Partial Response Case Closure
- (1) If the organization provides some but not all delinquent returns and/or information requested, and you have worked diligently with the taxpayer to obtain the additional info but have not succeeded, then:
1. Indicate in the chronology additional returns and/or information that were not secured.
 2. Prepare Letter 4220, Compliance Check Case Closed as a Referral to Classification, use the appropriate selectable paragraph.
 3. Complete Form 5666, TE/GE Referral Information Report, with any applicable attachments, and send the package to Lead/Manager for approval via encrypted email. Send the approved package to the CP&C referral mailbox (**Manager EO Classification*)
 4. Close case using DC 213, Correction of Operations/Written Advisory (Form 5666).
- 4.70.10.2.4.3.2.4
(05-29-2025)
Returns Posted After Issuance of the Initial Contact Letter
- (1) If the return was received **prior** to the date of our initial contact and no other issues need to be addressed, close the case with DC 908, Survey After Assignment.
- (2) If the return was received **after** the date of our initial contact, work the case as though the return had been received in TECU. If a copy of the return is available (i.e., via SEIN, faxed copy, etc.) include it in the case folder. If not, include a print of CC BRTVU for the posted return. Use DC 102, Agreed Change.
- 4.70.10.2.4.3.3
(05-29-2025)
Disposal Codes
- (1) The Disposal Codes (DC) are included in reports to determine strategy accomplishments. Refer to Document 11308, TE/GE Information Systems Codes, for a listing and description of each applicable for compliance check cases.
- 4.70.10.2.4.3.4
(05-29-2025)
Paper Documents
- (1) Any paper documents received must be scanned and uploaded into the electronic case file in RCCMS within the Office Documents folder within 7 days. The scanned electronic files should be named following the TE/GE naming convention. See IRM 4.70.10.2.5, Case Assembly, and IRM Exhibit 4.70.10-4, TE/GE Naming Convention for Title 26 Compliance Checks.

- (2) Once the documents are scanned and the image has been verified as an accurate and complete representation of the paper documents scanned, the paper documents can be destroyed by placing within the grey classified burn bins.

4.70.10.2.4.3.5
(05-29-2025)
**RCCMS 3198-A
Checksheet**

- (1) The two primary fields that will be completed on the RCCMS 3198-A Checksheet are:
- Referral checkbox field - page 3 of 6, if applicable
 - Returns Secured field - page 4 of 6
- (2) Referral checkbox field is completed when you have determined (and your manager concurs) that a referral package (i.e., Form 5666 and applicable attachments) should be submitted to CP&C upon closure of the compliance check. By checking this box, you are indicating that your case file includes a referral package and that it was sent forward to CP&C upon closure of the compliance check.
- (3) Returns Secured field. All secured returns must be accounted for in RCCMS by completing page four of the RCCMS 3198-A Checksheet, in the Returns Secured feature.
- (4) General information regarding returns secured:

Form	Description
Form 990, 990-EZ, 990-PF	Before processing, determine if the organization meets the Mandatory e-file criteria. If yes, ensure the return is filed electronically. For organizations in jeopardy of automatic revocation: <ul style="list-style-type: none"> • If all the return(s) were received prior to the due date of the most current return, process the returns per IRM 4.70.10.2.4.2.3, Delinquent Returns Secured. • If any of the returns were received after the due date of the most current return or the organization is in status 97. Do not input a TC 599/94. Close the case using DC 102, Agreed Change, and in the Remarks and Comments field on the General tab of the RCCMS closing record, indicate status 97.
Form 5500, 5500-SF, 5500-EZ	All Form 5500, Annual Returns/Reports of Employee Benefit Plan, and all Form 5500-SF, Short Form Annual Returns/Reports of Small Employee Benefit Plan, and any required schedules and attachments must be completed and filed electronically using <i>EFAST2-approved third-party software</i> or using <i>IFILE</i> . For more information on completing and filing forms electronically through <i>EFAST2</i> , see the <i>EFAST2 FAQs</i> and <i>publications</i> . Beginning January 1, 2021, you can file the Form 5500-EZ electronically through <i>EFAST2</i> ; you can no longer use the Form 5500-SF to electronically file "one-participant" plan and foreign plan annual returns. One-participant plans or foreign plans must file the Form 5500-EZ. If you are not subject to the IRS e-filing requirements, however, you may file a Form 5500-EZ on paper with the IRS. See the Form 5500-EZ instructions for more information.
Rejected Returns	When it is determined that a delinquent return has rejected, do not solicit the rejected return.

Employment Tax Returns	<p>Prior to 2018, if an incorrect 941/944 return was filed, the incorrect return was deleted by ERS and the return was considered not filed. We will not pursue the correct return if there are possible statute issues. Example: In 2018, research indicates the 2015 941/944 return was ERS deleted. We will not pursue the correct 941/944 return for that year, there are possible statute issues with the 2015 return. Beginning January 1, 2018, the incorrect return may be processed. We will not correspond for the correct return.</p> <p>Note: Each Form 941 has their own due date. See IRM 3.30.123.7.4.2</p>
Satisfying Transaction	If a transaction to satisfy the filing requirement has posted to IDRS, and a delinquent return is secured, process the delinquent return.
Reasonable Cause	<ul style="list-style-type: none"> • If reasonable cause is being requested, and we are unable to determine from the taxpayers documented response that the reasonable cause criteria is not met, the taxpayer should complete Form 843, Claim for Refund and Request for Abatement, and submit to the address in the form instructions. • If reasonable cause is being requested, and we are able to determine from the taxpayers documented response that the reasonable cause criteria is met, the examiner will complete the Form 3870, Request for Adjustment, to abate the penalties (include interest if applicable). See IRM 4.70.10.2.6(4) for additional instructions. • Refer to the following guidelines for reasonable cause determinations: <ul style="list-style-type: none"> • For Service-wide reasonable cause criteria, refer to IRM 20.1.1.3.2. • For EO reasonable cause criteria, refer to IRM Exhibit 4.70.13-4, IRM Exhibit 20.1.8-3, and IRM 21.7.7.6.24.
W-2/W-3	Secured W-2/W-3 will be closed with the Delinquent Return Secured disposal code, DC102.

(5) Form 3210 is required to be sent with all documents listed below.

- In the remarks of the Form 3210, state what you need done, such as “process as delinquent return”, or “Amended secured return”, etc. as appropriate for the case. Include the details of each return being sent (form number, name control, EIN, etc.).
- Do **not** staple years together, keep years separate. They can be mailed in the same package but do not staple, paper clip, or fix multiple years together.
- Follow up with the receiver if you do not receive an acknowledgement copy within 15 days.

(6) Secured returns to be processed

- Send in **only** the return. Do not attach correspondence, envelopes, cover sheets, etc.
- In **RED** ink across the top, write “DELINQUENT RETURN SECURED BY TECU.” Note the important piece is across the top in **RED** ink.
- If needed, edit the return with any appropriate Computer Condition Codes, such as R (failure to file), D (failure to pay), J (failure to deposit).

Note: When you receive a reply, verify all requested information has been received. Review any returns. Verify the returns include all required fields, including a signature. If it does not contain a signature, then make one phone call to TP to obtain signature page. If you don’t

get a response from the TP within 5 days, proceed to send it on for processing.

4.70.10.2.4.3.6
(05-29-2025)

**Payment or Remittance
Processing**

- (1) During a TE/GE Title 26 Compliance Check, an examiner will sometimes receive a payment that must be processed. Although some payments can be made electronically, many payments are still made with a non-electronic payment method. Payments should be processed expeditiously. Generally, the examiner should prepare a Form 3244-A, Payment Posting Voucher - Examination. Most payments will need to be sent somewhere for processing, so the payment will also need to be tracked when it is sent to the other office.
- (2) Send all payments and original remittance documents directly to the Ogden Campus addresses:

Description:	Address:
Packages with remittance less than \$100,000 to:	IRS STOP 1999 1973 N. Rulon White Blvd. Ogden, UT 84201-1001 (801) 620-3972
Remittance is \$100,000 or more	Use Mail Stop 2003 instead of 1999. Also, send an email to the teller unit to <i>&CTR ODN Ogden Tellers</i> with the following information: <ul style="list-style-type: none"> • UPS tracking number. • Dollar amount of the remittance. • The city/state the package is being shipped from.
Remittance of \$1 million or more:	<ul style="list-style-type: none"> • Locate the designated OSC remittance liaison on the <i>Submission Processing Field Office Payment Processing</i> webpage to obtain the OSC liaison's e-mail address (provided in the Phone column). • Call, e-mail, or EEFax the liaison that you will be sending a single remittance of \$1 million or more and provide the tracking number for the overnight package containing the remittance, see IRM 5.1.2.7.1.1, Remittance Over \$1M. • When addressing the Express Service Routing slip (Form 9814): <ol style="list-style-type: none"> a. Use "Mail Supervisor" as the recipient's name and recipient phone number of (801) 620-3750 (with or without payment). b. The address listed on Form 9814 should match the address on Form 3210. Make sure proper mail stop is used.

- (3) Payments must be processed within 24 hours after receipt. If you are unavailable to process a check within 24 hours, inform the group manager or other designee:
 - To complete Form 3244-A and Form 3210. See (8) and (14) below..
 - How to apply the check against any liability.
- (4) When a payment is received, verify the following:
 - The ACH check, certified check, cashier's check, or similar instrument is payable to the **United States Treasury**.
 - If the payee line is blank or made out to the IRS, over-stamp the check with the **United States Treasury**.
- (5) A check dated in the future is referred to as a post-dated check. Do not solicit post-dated checks. If a taxpayer pays with a post-dated check, ask for a correctly dated check.
- (6) If a payment instrument must be held overnight, store in a secured locked container/cabinet.

Caution: Hanging credenzas are not secure for storing payments.

- (7) There should be a segregation of duties when performing a payment processing function.
- (8) Prepare Form 3244-A for each tax period and class of tax involved for which payment is received:
 - Enter the employer identification number. If there is no EIN on file, see IRM 4.70.13.9.5.4.1, EO Employer Identification Number Issues, for additional guidance.
 - Enter the form number and MFT.
 - Enter the tax period in YYYYMM format.
 - Enter the name and address of the taxpayer.
 - Enter the check number and the amount in the remarks field.
 - Enter the amount of the payment in the TC 610 field.
 - Enter the same amount in the total payment field.
 - Enter your name and office symbols.

Note: If a check applies to more than one tax return/period, type **Split Remittance** in the remarks field, along with a breakdown of how the check amount is to be allocated. Also, prepare a separate Form 3244-A for each tax return/period.

Note: See Exhibit 4.70.13-8 for a sample of a completed Form 3244-A for a payment made with a delinquent return.

- (9) For the payment received date, use the date the payment is received by the IRS. Prior to submitting the payment for processing, check that the transaction date on the Form 3244-A matches the received date on the remittance.
- (10) Scan the paper copy of the check and Form 3244-A:
 - Save the scanned documents as PDF files and upload to RCCMS Office Documents folder.

- (11) A logbook of all checks sent for processing should be maintained, including all appropriate signatures. The logbook can include copies of the checks and forms sent for processing and should be stored in a secure locked cabinet.
 - (12) Paperclip the payment to the original Form 3244-A. Don't staple or damage. If there is a split remittance, paperclip the check to Form 3244-A for the earliest tax period.
 - (13) For payments hand-carried to a remittance processor, use a receipted copy of Form 3244-A in lieu of Form 3210.
 - (14) Prepare Form 3210 as follows:
 - Prepare in triplicate.
 - Address Form 3210 to the appropriate address.
 - Indicate the return address.
 - List each check or other payment instrument.
 - List each Form 3244-A separately, indicating which payment is associated.
 - (15) Examiner will e-mail documents to group manager or delegate for review. The group manager or delegate must:
 - Review Form 3210.
 - Compare the information on Form 3210 to Form 3244-A.
 - Ensure the person who prepares Form 3244-A is not the same person who signs Form 3210.
 - Sign Form 3210 concurring with the package.
 - (16) Place the following items in opaque double envelopes addressed to the appropriate address:
 - Payment paper clipped to the original Form 3244-A.
 - The recipient and acknowledgement copies of Form 3210.
 - (17) Mail the package overnight using a traceable method.
 - Refer to IRM 10.5.1.6.9.3, Shipping through Private Delivery Carrier, for instructions for shipping, preparing and following up on Form 3210.
 - For additional information on shipping procedures and PII, refer to Document 13056, Shipping Procedures for Personally Identifiable Information (PII).
- 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.
- (18) If the acknowledgment copy isn't received within 3 business days:
 - Follow-up with the appropriate Ogden Submission Processing Center for overnight shipments.
 - Associate follow-up letters with Part 4 of the original Form 3210.
 - Document these actions in the group logbook and your CCR.

Note: If the acknowledgment copy isn't received within 10 days, issue a follow-up letter to the campus.

- (19) If you don't receive the acknowledgment copy of the Form 3210 after issuing a follow-letter:
- Use IDRS to ensure the remittance was properly posted to the taxpayer's account.
 - Check other tax modules for the taxpayer in case of misapplication of payments.
 - If not found, request a payment tracer by sending an email to the FAST at **TEGE FAST*.
- (20) If Ogden Campus acknowledges receipt of the payment package, follow group procedures for filing the acknowledgment copy of the Form 3210.

4.70.10.2.4.3.6.1
(05-29-2025)

Electronic Payment Processing

- (1) Publications provide the taxpayers a choice in form of payment of tax. Generally, they can choose from:
- IRS.gov options including Direct Pay, Digital Wallet, and EFTPS.
 - IRS2Go mobile app.
- (2) When a taxpayer indicates they have used an electronic form of payment, request documentation such as a confirmation page of the payment transmission from the taxpayer to document your case file.
- (3) Complete IDRS research of IMF or BMF as applicable, to confirm posting of the transaction. Document your CCR and workpapers covering assessment of the tax.

4.70.10.2.4.4
(05-29-2025)

Communication with the Taxpayer or Representative

- (1) Communication with the taxpayer or representative on an on-going and continuous basis is a critical part of the compliance check process. Examiners must use effective and persuasive oral and written communication skills to ensure their message is easily understood. Communication is important because it establishes a working rapport with the taxpayer, which will facilitate information sharing, and avoid misunderstandings.

Note: All federal tax information transmitted from one location to another (either externally or internally) must be properly safeguarded and transmitted through secure means following all the IRS protocols. For guidance on Privacy policy see IRM 10.5.1, Privacy Policy.

- (2) Disclosure, privacy and security rules must be followed when transmitting federal tax information to a taxpayer or their authorized designee. Related resources regarding privacy and security rules include:
- Cell phones and cordless devices: See IRM 10.8, Information Technology (IT) Security.
 - Electronic mail (Email): See IRM 1.10.3, Standards for Using Email, and IRM 10.5.1.6.8, Email and Other Electronic Communications.
 - Facsimile (FAX) and the IRS Internal Enterprise Electronic Facsimile (EEFAX): See IRM 10.8, Information Technology (IT) Security, and IRM 10.5.1.6.9.4, Faxing.
 - Mail and shipping: See IRM 10.5.1.6.9.2, Mail through USPS, and IRM 10.5.1.6.9.3, Shipping through Private Delivery Carrier.

- (3) The IRS employees must confirm an individual has legal access under IRC 6103 and must authenticate that individual's identity before providing any federal tax information. See IRM 4.70.11.10, Power of Attorney (POA) and Tax Information Authorization (TIA).
- (4) The ITG function of TE/GE provides a single point of contact for assistance and tax help for Indian tribal governments and tribal entities. ITG uses partnership opportunities with Indian tribal governments, tribal associations, and other federal agencies to meet the needs of both governments respectfully and cooperatively and to simplify the tax administration process. All IRS employees are required to contact the Indian Tribal Governments within TE/GE before making initial contact on Indian tribal government cases.

Caution: The examiner should secure the tribe's specific protocol and/or policies from ITG on how to interact with and contact the tribal intergovernmental agency and its entities to conduct a compliance check. Note this in the CCR and add a copy of the protocol to the RCCMS file.

4.70.10.2.4.4.1
(05-29-2025)
**Employee Contact –
RRA Section 3705**

- (1) Employees working tax related inquiries must provide taxpayers with information to identify the appropriate employee who can address any further questions (Section 3705 the Restructuring and Reform Act of 1998 (RRA '98)).
- (2) For telephone contacts, all the IRS employees will provide the following information:
 - Name (first and last)
 - Unique identification number (Smart ID badge number)
 - Group manager's name and phone number during the initial conversation
 - Purpose of the call

Caution: When disclosing the purpose of the call, remember that only authorized individuals are entitled to receive notice of a compliance check.

- (3) For all manually generated correspondence sent to a taxpayer, all IRS employees will provide the following contact information:
 - Name (first and last)
 - Unique identification number (Smart ID badge number)
 - Telephone number
 - Group manager's name and phone number during the initial conversation
- (4) Employees must repeat their name and unique identification number (Smart ID card badge number) to each new and subsequent contact made during the work assignment.
- (5) Examiners should document their CCR with the person's name, title and date when the contact information was provided.

4.70.10.2.4.4.2
(05-29-2025)
Oral Communication

- (1) Examiners should ensure verbal communication is firm, courteous, and professional by:
 - Using effective communication skills (i.e., listening, responding and clarifying), to secure the taxpayer/representative's cooperation.

- Using tact to explain findings and conclusions to ensure tax law and accounting principles and practices are clearly communicated.
- Ensuring the communication methods used are appropriate to the taxpayer.
- Always considering the taxpayer's/representative's point of view.

- (2) Answering machines and voicemail are frequently used when communicating with taxpayers, representatives, and other IRS employees. These systems are not secure and may not be used to transmit sensitive information, including tax information, except under the provisions of IRC 6103. Guidelines for leaving information on answering machines/voicemail are located in IRM 10.5.1.6.7.2, Answering Machine or Voicemail.

4.70.10.2.4.4.3
(05-29-2025)

Written Communication

- (1) Written communication to the taxpayer or representative must:
- Be complete, clear, and professional without jargon or IRS acronyms.
 - Communicate the message in a concise and professional tone using correct grammar, spelling, and punctuation.
- (2) All correspondence must contain the name of the person to contact (examiner or group manager depending on the type of letter), telephone number, unique identification number, and a signature.

Note: The Smart Identification (Smart ID) card is a standardized identification card for federal employees and contractors. This new ID card is required by Homeland Security as per Presidential Directive-12. The Smart ID has a 10-digit number string called a Personal Identification (PID) number that is printed on the front of the card. You must use the entire 10-digit Smart ID card badge number (including no spaces or dashes, example, 10000XXXXX) when communicating verbally or in writing, with taxpayers).

- (3) When possible, all correspondence with taxpayers should be prepared using approved form letters, since the specific language in these documents has been approved for general public use.

Note: If examiners must modify an approved letter, or create a letter, the correspondence must be approved by the group manager and the approval must be documented in the case file.

- (4) All correspondence generated by examiners is considered manually generated correspondence.
- Examiners must provide the taxpayer with their group manager's name and phone number during the initial conversation.
 - Examiners should document on the CCR when their name and unique identification number was provided.
- (5) If mail is returned as undeliverable after the case is closed, follow the procedures in IRM 4.70.10.2.4.4.5, Returned or Undeliverable Mail.

4.70.10.2.4.4.4
(05-29-2025)

Certified Mail

- (1) The tax examiner may be required to send correspondence to the taxpayer via certified mail. Examples include, but are not limited to, when no response is received to the initial contact letter and follow-up contact by phone is not successful.

- (2) The tax examiner will access the certified mailing portal to generate certified manifest, including the mailing label and tracking number assigned.

Note: Only one taxpayer should be input per manifest.

- (3) Use the following link to verify addresses and zip codes. *U.S. Postal Service*.
- (4) Once printed, fold the cover page and your accompanying correspondence (i.e., letter and any applicable attachments) so that all the printing of the cover letter shows in the envelope window. Insert into the 6 X 9 certified mailing solutions envelope.
- (5) Seal and mail through your internal process. For questions on your internal mail process, consult you lead or manager.
- (6) Document the mailing, including the tracking number for the certified mail in the CCR.
- (7) Refer to the **Certified Mail** job aide stored in the TECU shared drive for additional instructions. See IRM 1.22.5.12, Processing Outgoing Mail, for more details on accessing the Certified Automated Mailing System (CAMS).

4.70.10.2.4.4.5
(05-29-2025)

**Returned or
Undeliverable Mail**

- (1) Research IDRS and other available tools (including but not limited to INOLE, ENMOD, NAMEE, ACCURINT, GOOGLE, SEIN, *U.S. Postal Service*) for possible updates to the address, and document the applicable research on the chronology.

If	Then
The address has been updated on IDRS,	a. Send the original letter, Letter 4204 to the current address. b. Update the action code (AC) to 105, Undel-Resent Initial Letter.
The address has not been updated on IDRS,	Use any one of the following sources to locate a new address and determine if there is reasonable proof that it belongs to the taxpayer or an authorized individual: <ul style="list-style-type: none"> • Review the case file for contact information (yellow sticker provided by U.S. Postal Service on the original undeliverable envelope, etc.). • Research the taxpayers' filed returns to find current names and addresses for authorized individuals. • Research IDRS for finding names and addresses of authorized individuals using command code NAMEE/NAMES. • For EO strategies, if the organization is a subordinate under a group ruling, contact the parent or research their website to obtain a current address of the organization or the name and address of the current officers. • Research internet resources for a possible address or phone number for the taxpayer and the authorized person (entity's/ organization's website, Accurint, 411.com, etc.).

- (2) After completing the above research:

If	Then
----	------

If a different mailing address is located	<ul style="list-style-type: none"> a. Send Letter 3948. b. Enclose Form 8822-B, Change of Address or Responsible Party - Business, (30-day response date and 45-day follow-up date). c. Do not update IDRS. We must have a written request from an authorized person. d. Use AC 106 - Undel - Letter 3948.
If a different mailing address cannot be located and you are unable to contact the taxpayer by phone	Close the case Unable to Locate - Use DC 907.

4.70.10.2.4.4.6
(05-29-2025)

Digital Communication

- (1) IRC 6103 provides details on the confidentiality and disclosure rules that must be followed when working with taxpayer returns or taxpayer return information. Examiners must remember to protect tax information when using the fax machine or EEFax, which provides the ability to send, receive, route and deliver fax documents electronically using Microsoft Outlook.
- (2) See IRM 4.10.1.3.6, Use of Fax Machine or Enterprise e-Fax (EEFax) for Outgoing Taxpayer Communications. See IRM 4.10.1.3.7, Policy for Use of Fax in Taxpayer Submissions.
- (3) Examiners may send and receive emails from the taxpayers or POA; however, the procedures found in IRM 10.5.1.6.8, Email and Other Electronic Communications, and IRM 10.5.1.6.9, Other Forms of Transmission, must be followed.

4.70.10.2.4.4.6.1
(05-29-2025)

Taxpayer Digital Communication Secure Messaging (TDC SM)

- (1) All employees with taxpayer contact must:
 - Introduce TDC SM to the taxpayer and their representative during initial contact and invite them to use it during the case.
 - Use TDC SM if an eligible taxpayer and their representative accepts the invitation by submitting a completed agreement form (Form 15314, TE/GE Secure Messaging Taxpayer Agreement Authorization of Disclosure to Designated Users).
 - Document the invitation to use TDC SM and the taxpayer's and their representative's response in the CCR.
 - As permitted by law, use TDC SM for interacting with the taxpayer and their representative during the case until closure.
- (2) To gain access to TDC SM:
 - Complete mandatory training for TDC SM. Refer to *TE/GE Secure Messaging* on TE/GE Connect. During completion of mandatory training, submit a BEARS request to access TDC SM.
 - Upon managerial approval in BEARS, BSP will establish a profile for you on the TDC SM system. You will then have access to the secure platform. The eGain platform is a web-based application. No additional software is needed. TDC SM is separate from Outlook email.

(3) Case processing procedures to use TDC SM:

- TE/GE has revised many initial contact letters to include language that advises taxpayers and their representatives of the availability of TDC SM to communicate securely with you. The revised letters use selectable paragraphs that you must choose. Use the TDC SM paragraph and include a copy of Pub 5295 with the letter on all new contacts.
- If the initial contact letter does not include language that advises taxpayers and their representatives of the availability of TDC SM to communicate securely, include the following language with the request for information (e.g., Information Document Request): “While you can always reach me via the telephone number, fax number, and mailing address shown above, the IRS now has an easier method of communicating with taxpayers: IRS Secure Messaging. With this service, you (and your authorized representative, if applicable) will be able to quickly and easily communicate with me about your case. Please see the enclosed Publication 5295, Secure Messaging for Tax Exempt and Government Entities, for more information about secure messaging.”
- Taxpayers/representatives participating in the TDC SM must consent to receive and send information and documents via the TDC SM platform. Secure from taxpayer and their representatives electing to participate with the TDC SM platform a signed Form 15314, TE/GE Secure Messaging Taxpayer Agreement Authorization of Disclosure to Designated Users. When returned, submit the signed form to the BSP shared mailbox (**TEGE TDC TP Provisioning*) for taxpayer and representative account creation.
- Once established, the system will notify the taxpayer and their representative through email with instructions on how to access their TDC SM account. You will send a welcome message to the taxpayer and their representative.
- Document your invitation to use TDC SM during the case and the response of the taxpayer and their representative in your CCR.
- Upon closure of your case, send a message to the taxpayer that you are closing your case and future communications within TDC will not be possible for this case and follow procedures to close the case within TDC SM.

Note: You can reopen the TDC SM case as needed. To do so, conduct a search for the closed TDC case in closed case folder and change the case setting from closed to open. This ensures the same message thread continues for this case.

4.70.10.2.5
(05-29-2025)
Case Assembly

- (1) Because further technical, administrative and procedural action is required on a case after you close it, it's important that the case file be properly organized.
- (2) Proper assembly of the compliance check case file is the responsibility of the examiner.
- (3) All compliance checks are closed fully electronic. All documents are required to be saved in the RCCMS Office Documents folder using the TE/GE RCCMS naming convention. See IRM Exhibit 4.70.10-4, RCCMS Naming Convention for Title 26 Compliance Check.

- (4) All TE/GE functions now index all electronic case file documents with a file name that starts with the numbers 1-7, as applicable for their case. For compliance checks: 1, 2, 3, 4, 5, and 6 would be applicable as described below.

File name starts with...	Description
1	<p><u>Cover Documents</u> as 1.FILE NAME.</p> <p>a. This includes transmittal documents (i.e., Form 3198-A, Special Handling Notice, if applicable.)</p>
2	<p><u>Non-Disclosure/Administrative Documents</u> as 2.FILE NAME.</p> <p>a. This includes copies of non-disclosure and administrative documents. (i.e., Issue Cover Classification Sheet for the compliance strategy/project code, reviewer's memos, Form 2363-A, Form 2424, Form 4442, Form 4844, and Form 5666).</p>
3	<p><u>Closing Letter and Attachments</u> as 3.FILE NAME.</p> <p>a. This includes copies of the closing letter with included attachments (e.g., Form 886-A) issued to the taxpayer.</p>
4	<p><u>Working Return, POA, Remittances, and Related Documents</u> as 4.FILE NAME.</p> <p>a. This includes copies of returns (TP/RICS/SEIN/EUP), Forms 2848/8821, Form 3244-A with a copy of remittance (i.e., check), current IDRS prints (within 30 days of closure), etc.</p>
5.	<p><u>Case File Workpapers</u> as 5.FILE NAME.</p> <p>a. This includes copies of certified mail green/orange card, FAST confirmation email, FAST Request Form, TECU Compliance Check Lead Sheet, Reconciliation F941/W2/W3, and correspondence/emails with manager.</p>
6	<p><u>Correspondence with Taxpayer/Representative</u> as 6.FILE NAME.</p> <p>a. This includes your correspondence to and from the taxpayer/representative, CCIRs, taxpayer documents and responses, etc.</p> <p>b. The correspondence files named in chronological order (e.g., 6.01, 6.02, 6.03, etc.). For example, name an initial contact letter with initial Form 13837, Compliance Check Information Request, file 6.01.L4204 (date issued), and name your follow up letter and /or CCIR 6.02.File Name. If the taxpayer/representative provides a response to the letter or CCIR, save their response and any attachments as 6.03.File Name. If the taxpayer provides correspondence that is not tied to a specific CCIR, then name the file with the next chronological number (e.g., 6.04.File Name, 6.05.File Name, etc.).</p>

4.70.10.2.6
(05-29-2025)
**Field Agent Support
Team (FAST)**

- (1) Field Agent Support Team (FAST) is available to all areas in TE/GE which includes all functions of EO/GE and EP. FAST provides assistance to revenue agents (R/As), tax examiners (TEs) and field support personnel. FAST answers processing questions and will monitor the posting of returns, adjustments, and entity updates. TEs will be sent an assignment e-mail notifying them of who is assigned to their request. If FAST identifies missing information, TEs will be notified by e-mail of the information needed. Once the action has posted to the taxpayer's account, and the issue is resolved, FAST will send a closing email to the TE for case file documentation. Send any questions to **TEGE FAST* or fax to 877-814-2236.

(2) FAST provides processing and account adjustments for the following:

- a. Employment code change requests
- b. Subsection and foundation code change requests
- c. Entity module changes including name and address changes
- d. Tax module adjustments including movement of payments
- e. Reasonable cause penalty adjustments

(3) The table below describes different scenarios and actions taken by a TE when a request to the FAST team is required.

If...	And...	Then...
-------	--------	---------

<p>A response from a taxpayer says they are a government entity or part of a government entity or instrumentality and are not required to file Form 940</p>	<p>Their employment code is not a G (State or Local Government) or T (State or Local Government covered under a SSA Section 218 Agreement)</p>	<ul style="list-style-type: none"> • Send the taxpayer's reply along with current IDRS prints (INOLES, BMFOLI & BMFOLO), a completed Form 2363-A, Request for IDRS Input for BMF/EO Entity Change, and FAST request form to the lead. • The lead will review for completeness and send the above package to the FSL/ET Section 218 coordinator to determine the appropriate employment code. • If FSL/ET determines the taxpayer is a government entity or instrumentality, and whether or not the entity has a Section 218 agreement, they will complete item #34 of the Form 2363-A and send the updated package to FAST to have the employment code updated appropriately. <p>Note: The Section 218 group champion must carbon copy the FSL/ET Section 218 coordinator on their findings and, if a G code, include the link to the website which indicates the TP to be a government, and if a T code, state the Section 218 modification number.</p> <ul style="list-style-type: none"> • FAST will send the TE notification of the update completion. • Wait for email confirmation from FAST, then hold the case open for 3 days before closing the case. • Save a copy of the email to post to the RCCMS office documents folder for your case. <p>Note: TEs do not send these requests to FAST themselves as they will be rejected pending FSL/ET determination. This must go through the lead TE. The lead will forward the information to FSL/ET. If the change is warranted, FSL/ET will send to the FAST for processing and the TE will receive an email so they can document and close the case.</p> <p>Note: FAST will complete items 3-5 on the Form 2363-A, Request for IDRS Input for BMF/EO Entity Change, for the requester which is the doc code, transaction codes and definer codes.</p>
---	---	---

A response is received from the taxpayer that supports an update such as EO subsection, foundation, and employment codes		<ul style="list-style-type: none"> • Complete Form 2363-A, Request for IDRS Input for BMF/EO Entity Change, and include IDRS prints (INOLES, BMFOLT or TXMODA) and Form XXXX, FAST Request Form to <i>*TEGE FAST</i> for updates. • Wait for email confirmation from FAST, then hold the case open for 3 days before closing the case. • Save a copy of the email to add to the RCCMS office documents folder for your case. <p>Note: FAST will complete items 3-5 on the Form 2363-A, Request for IDRS Input for BMF/EO Entity Change, for the requester which is the doc code, transaction codes and definer codes.</p>
A response is received from the taxpayer asking payments to be moved that were misapplied		<ul style="list-style-type: none"> • Complete Form 3870, Request for Adjustment, FAST request form, and a written statement from the taxpayer requesting such transfer. • Send information to lead/manager for approval before sending to the FAST team. • Wait for email confirmation from the FAST, then hold the case open for 3 days before closing the case. • Save a copy of the email to add to the office documents in RCCMS.
Reasonable cause request for penalty abatement	Taxpayer has provided a signed written statement to support for penalty abatement. See IRM 20.1.8, Penalty Handbook, Employee Plans and Exempt Organization Miscellaneous Civil Penalties.	<ul style="list-style-type: none"> • Complete Form 3870, Request for Adjustment, and FAST request form, and send to manager for approval and signature. • If approved, the manager will return to TE. • Send signed Form 3870, a signed statement from taxpayer requesting penalty abatement and the FAST request form to <i>*TEGE FAST</i>. • Wait for email confirmation from FAST, then hold the case open for 3 days before closing the case. • Save a copy of the email to add to the office documents in RCCMS.

Entity updates such as name changes and address updates		<ul style="list-style-type: none"> • Complete Form 2363-A, Request for IDRS Input for BMF/EO Entity Change, attach supporting documentation such as correspondence from the taxpayer and IDRS print (ENMOD) and send to <i>*TEGE FAST</i>. • Wait for email confirmation from FAST, then hold the case open for 3 days before closing the case. • Save a copy of the email to add to the office documents in RCCMS. See IRM 4.10.2.11, Taxpayer Change of Address or Name. <p>Note: All name and address changes need to be in writing from the taxpayer. This can be in the form of a letter signed by an officer of the entity/ organization, or by the taxpayer submitting the request on a Form 8822-B, Change of Address or Responsible Party - Business.</p> <p>Note: FAST will complete items 3-5 on the Form 2363-A, Request for IDRS Input for BMF/EO Entity Change, for the requester which is the doc code, transaction codes and definer codes.</p>
Reverse and Input TC 59X's		<ul style="list-style-type: none"> • Complete Form 3870, Request for Adjustment, to indicate what transaction code(s) need to be input/reversed and attach supporting documentation along with the FAST Request Form and send to <i>*TEGE FAST</i>. • Wait for email confirmation from FAST, then hold the case open for 3 days before closing the case. • Save a copy of the email to add to the office documents in RCCMS.

4.70.10.2.7
(05-29-2025)

Educational (Soft) Letter Campaigns

- (1) Educational (i.e., soft letter) campaigns are approved by the Compliance Governance Board. They are used to provide the taxpayer with existing educational resources commonly specific to a technical issue that has been identified as having a higher risk of noncompliance within a specific exempt sector taxpayer group.
- (2) A population of exempt sector taxpayers that are at risk of noncompliance are identified through data analytics by CP&C and a letter is developed to provide this taxpayer group with educational resources available to complete a self-assessment of their own compliance level.
- (3) An educational letter campaign may also be developed when new tax law is implemented, to increase the taxpayer's awareness of potential impact appli-

cable to them as exempt sector taxpayers. The letter will provide reference to educational resources available to ensure they remain compliant with their respective filing, and reporting requirements.

- (4) In an educational letter campaign, the assigned examiner will generate the letters to be issued to the identified taxpayer group using the Microsoft Word Mail Merge feature to print the letters and mail to the identified taxpayers.
- (5) When an educational letter is returned as undeliverable, follow the soft letter specific procedures provided in the Strategy Information Sheet. However, if specific procedures are not provided, work the issue of the undeliverable mail. See IRM 4.70.10.2.4.4.5, Returned or Undeliverable Mail.

4.70.10.3
(05-29-2025)
**Bank Secrecy Act (BSA)
Title 31**

- (1) ITG must identify, notify, educate, and issue assistance on Title 31 including:
 - Recording outreach events with each gaming entity on Bank Secrecy Act (BSA) outreach activities for Title 31 and IRC 6050I.
 - Identifying entities subject to the BSA and IRC 6050I that are owned by Indian tribal governments.
 - Issuing notification (Letter 1052) to newly identified entities such as casinos or MSBs.
 - Coordinating education activities with the BSA program.

Note: The Memorandum of Understanding (MOU) with SB/SE BSA addresses the shared responsibilities for BSA and IRC 6050I notification and education activities for entities that are owned by Indian tribal governments.

- (2) ITG employees are responsible for answering technical inquiries from tribal entities on Title 31 CFR Chapter X. See IRM 4.26, Bank Secrecy Act.
- (3) ITG can't make any oral or written statements on the quality or accuracy of a tribe's BSA program.
 - a. This applies to any informal discussions, BSA outreach events, or BSA compliance checks.
 - b. ITG's role is simply to provide BSA information to the tribal entity and recommend possible improvements in their BSA program.
 - c. ITG communications, including the closing letter for a BSA compliance check, can't indicate that IRS found no problems with the tribe's BSA compliance program. Only the SB/SE BSA exam can make that finding.
- (4) Find authority to conduct the BSA program in IRM 4.26, Bank Secrecy Act. The MOU addresses operating procedures between both functions. When you conduct a Title 31 Bank Secrecy Act educational visit, notify the ITG BSA coordinator. When you complete a Title 31 compliance check, the completed BSA compliance check template must be sent to the ITG BSA Coordinator.
- (5) ITG and the SB/SE BSA field employees:
 - a. Assume joint responsibility for all BSA and IRC 6050I notification and education activities relating to entities owned by Indian tribal governments.
 - b. Coordinate all education, identification, and BSA examination efforts with the local SB/SE program staff, ITG group manager, the ITG BSA coordinator, and the SB/SE BSA casino technical advisor.

- c. Share responsibilities for BSA and IRC 6050I notification and education activities for entities owned by Indian tribal governments.

- (6) ITG BSA coordinator notifies BSA Examination Case Selection (ECS) staff and BSA Policy staff of updates to tribal gaming entities, key contacts, and other information.
- (7) SB/SE BSA field examiners conduct BSA examinations at tribal gaming entities.

4.70.10.3.1
(05-29-2025)
Authorities

- (1) In 1970, Congress enacted the Bank Secrecy Act. As of August 1996, Indian tribal casinos were subject to the regulations of 31 CFR Chapter X.
- (2) Due to the cash intensive nature of gaming activity and the huge volume of wagering throughout the United States, casinos deal with large numbers of individuals and massive amounts of currency. The information in this section offers a basic understanding of the BSA and how to comply with its provisions.
- (3) Casinos and card rooms are designated as financial institutions subject to the requirements of the BSA if the property:
 - a. Is licensed as a casino by state, local, or tribal governments, and
 - b. Has gross annual gaming revenues in excess of \$1,000,000.

4.70.10.3.2
(05-29-2025)
Reporting Requirements

- (1) Casinos:
 - a. Are required to obtain and retain information about certain financial transactions.
 - b. Must file some of this information in reports electronically transmitted to the United States Treasury via FinCEN's BSA E-Filing System.
 - c. Reports must be retained for five years.
- (2) Reporting requirements depend on the type of entity, the type of transaction, and amount of the transaction. In some cases, the casino must:
 - a. Verify the information.
 - b. Describe on the report the document they used to verify the information.
 - c. Use the FinCEN reports, which are only available electronically through the BSA E-Filing System.

4.70.10.3.3
(05-29-2025)
Recordkeeping Requirements

- (1) Financial institutions have extensive recordkeeping requirements. See *31 CFR 1010.410*. In addition to the general recordkeeping requirements, casinos have additional specific requirements found in *31 CFR 1021.410*. See also IRM 4.26.9.3.3.2, Recordkeeping Requirements.

4.70.10.3.4
(05-29-2025)
Compliance Programs

- (1) Casinos are required to develop and implement a reasonably designed, written program to monitor compliance with the BSA. See *31 CFR 1010.410* and IRM 4.26.9.3.3, AML Program Requirements. At a minimum, the plan must include:
 - a. A system of internal controls to assure ongoing compliance.
 - b. Internal and/or external, independent testing of compliance.
 - c. Training of casino personnel in BSA requirements.
 - d. An individual or individuals to ensure day-to-day compliance.

- e. Procedures for using all available information to determine (when required) accurate customer identity, suspicious or unusual activity, and whether recordkeeping requirements are met.
- f. Casinos that have automated systems must use the programs to help ensure compliance.

- (2) Don't make any oral or written statements on the quality or accuracy of a tribe's BSA program; see IRM 4.70.10.3(3).

4.70.10.3.5
(05-29-2025)
**Currency Transaction
Reports**

- (1) FinCEN mandated the use of the single reporting Form 112, Currency Transaction Report (CTR). The report replaced FinCEN Form 103, Currency Transaction Reports by Casinos. The CTR form did not create any new obligations or otherwise change existing statutory and regulatory expectations of casinos.
- (2) Casinos electronically file the CTR to report currency (cash or coin) transactions over \$10,000 conducted by, or on behalf of, one person, as well as multiple currency transactions, which in aggregate, are over \$10,000 in a single day. Casinos must follow these reporting rules:
 - a. File a report of each deposit, withdrawal, exchange of currency, or other transactions that, if alone or when aggregated, exceed \$10,000 on the CTR.
 - b. Don't offset transactions against one another. If there are both **cash in** and **cash out** transactions, consider the amounts separately and don't aggregate them. However, you may report them on a single CTR.
 - c. Aggregate currency exchanges separately with each of the **cash in** and **cash out** totals.
- (3) The casino must have knowledge that multiple transactions exceeded \$10,000 in a gaming day and are by, or on behalf of, one individual. The casino:
 - a. Is deemed to have knowledge if any employee, proprietor, officer, director or partner knows the transaction occurred.
 - b. Doesn't need to have personally observed the transactions; they can learn it from examining books records, logs, computer files, etc.
- (4) Before concluding any transaction when a CTR is required, the casino must verify and record the name and address of the individual conducting the transaction and record the identity, account number, and the social security or taxpayer identification number, if any, of any person or entity on whose behalf such transaction is affected. See *31 CFR 1010.312*, Identification required.
- (5) Casinos should complete the CTR, as with any FinCEN report, for those items for which they have relevant information, regardless of whether or not individual items are deemed critical for technical filing purposes.
 - a. Critical items (denoted with an asterisk) - either provide the requested information or affirmatively check the **unknown** (Unk.) box on the report.
 - b. Non-critical items (without and asterisk) - provide the most complete filing information available consistent with existing regulatory expectations.

4.70.10.3.6
(05-29-2025)

Suspicious Transactions

- (1) Casinos have a certain vulnerability to potential money laundering schemes caused by the cash intensive nature of the games. The BSA was designed to create an audit trail to help minimize illicit financial transactions. Suspicious activities often involve structuring to avoid recordkeeping and reporting thresholds.
- (2) Structuring is when a person, alone or in conjunction with, or on behalf of others, conducts or attempts to conduct one or more transactions in currency in any amount, at one or more financial institutions, on one or more days, in any manner, for the purpose of evading the reporting requirements of the BSA. See *31 CFR 1010.100*

Note: Casinos should be aware that both customers and employees may be involved.

- (3) A transaction requires reporting if it is conducted or attempted by, at, or through a casino, involves or aggregates funds or other assets of at least \$5,000 and the casino knows, suspects, or has reason to suspect that the transaction (or pattern of transactions):
 1. Involves funds derived from illegal activity
 2. Is designed to evade any recordkeeping or reporting requirements of the BSA
 3. Serves no business or apparent lawful purpose and/or
 4. The person is trying to use the casino to facilitate criminal activity, including terrorist activity.
- (4) Casinos:
 - a. Use FinCEN Suspicious Activity Report (SAR) to report suspicious transactions.
 - b. File this report electronically through the BSA E-Filing System by the 30th calendar day after they detect the transaction.

Note: FinCEN has issued guidance on reporting suspicious activity and preparing this report, including SAR narrative examples.

4.70.10.3.7
(05-29-2025)

Other Requirements

- (1) Currency transactions in a casino's other operational aspects may be subject to other reporting requirements, such as:
 - a. Independent check cashiers, money remitters, wire transfer companies, etc., operating inside or outside of the casino use a CTR. The independent entity must file this report electronically through the BSA E-Filing System by 15 calendar days after the day of the transaction.
 - b. Casino non-gaming activities such as hotels, retail outlets, and other establishments use Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business. The company is encouraged to file this form electronically but can currently submit a paper file. Consider coin, currency and cashier's checks, bank drafts, traveler's checks, and money orders as cash payments received during a 12-month period for Form 8300 reporting purposes.

4.70.10.3.8
(05-29-2025)
**Indian Tribal
Governments Title 31
Compliance Check
Procedures**

- (1) ITG conducts Bank Secrecy Act (BSA) Title 31 (T31) compliance checks (CC) in coordination with SB/SE BSA staff, to ensure there is no duplication between SB/SE BSA examinations and ITG BSA compliance checks.
- (2) A BSA Title 31 compliance check is:
 - Conducted to assist the taxpayer with adhering to their title 31 requirements.
 - A tool to help educate taxpayers and encourage voluntary compliance.
- (3) A compliance check is not an inspection or request of books and records. **Do not review any books or records of the taxpayer.**
- (4) The examiner's role is to provide BSA information to the tribal entity and recommend possible improvements in their BSA program.
- (5) Since a compliance check is not an examination and is voluntary, the taxpayer may choose to decline participation.
- (6) When examiners are conducting a BSA compliance check they should not conduct any Title 26 activities, including accessing IDRS.

4.70.10.3.8.1
(05-29-2025)
Case Assignment

- (1) Cases are built by Compliance, Planning, and Classification (CP&C) and placed on the virtual shelf.
- (2) Group Manager (GM) and Program Manager coordinate with Functional Assignment Coordinator (FAC) when more cases are needed. Cases are assigned to appropriate group by FAC based on GM grade request.
- (3) GM assigns BSA T31 CC in RCCMS in status 10 to examiners based upon need, skill set and manager discretion.
- (4) The examiner is responsible for reviewing new inventory assigned to them in RCCMS and will prioritize assigned work, as needed.

4.70.10.3.8.2
(05-29-2025)
**Compliance Check
Execution**

- (1) Examiner updates the case in status 12 when case is started and time is applied.
- (2) Examiner reviews documents in case file and conducts any additional research to assist in sending out appointment letter and completing the compliance check

Reminder: Don't access Title 26 information on IDRS or other systems during a BSA CC. See IRM 4.70.10.3.9, Disclosure. .

- (3) Examiner prepares and sends the BSA CC appointment letter (Letter 5659) to taxpayer and tribal official.
- (4) Taxpayer is to respond within 15 calendar days, if no response the examiner will call the taxpayer to discuss the BSA CC and schedule a time. If the tribe or entity declines to participate, see Compliance Check Resolution.
- (5) BSA CCs can be scheduled to be conducted either as a face-to-face meeting or via conference call. A face-to-face meeting is the preferred method.

- (6) The BSA CC template in RCCMS is used to document the compliance check. **Do not review any books or records of the taxpayers.** Don't make any oral or written statements on the quality or accuracy of a tribe's BSA program.
- 4.70.10.3.8.3
(05-29-2025)
Compliance Check Resolution
- (1) Ensure the BSA CC template is complete and uploaded into RCCMS.
- (2) Prepare and mail BSA CC closing letter (Letter 5650) to the taxpayer and tribal official.
- (3) If the taxpayer doesn't wish to participate in the BSA CC, prepare and mail BSA CC declination letter (Letter 5651) to the taxpayer and tribal official.
- (4) Have group manager approve all BSA issue codes in RCCMS.
- (5) When case is complete, close to GM in RCCMS.
- 4.70.10.3.8.4
(05-29-2025)
BSA Compliance Check RCCMS Issue Codes and Disposal Codes
- (1) Use the following BSA issue codes:
- 44040.000 – Title 31
 - 44040.001 – T31-No Risk Found or No Follow-up Needed
 - 44040.002 – T31-BSA Review Declined
 - 44040.003 – T31-BSA Risk Factors Present
 - 44040.004 – T31-BSA Follow-up Activities Needed
 - 44040.005 – T31-Other Follow-up Activities Needed
- (2) Use the following BSA compliance check disposal codes:
- 107 - No Change: Nothing found requiring any action of any type by IRS or the entity.
 - 210 - No Change with Adjustment: Any issue surfaced requiring an action (i.e. filing requirement change, change of address, need for outreach, need for change in Casino BSA procedures, etc.)
 - 805 - TP Declination
- 4.70.10.3.8.5
(05-29-2025)
Group Manager Closing Responsibilities
- (1) Upon receipt of closure from examiner, the GM will complete the following BSA CC closing requirements:
- Sign BSA CC template.
 - E-Mail a copy of the completed BSA CC template and Letter 1052, Bank Secrecy Act Requirements Notification Letter, if issued, to ITG BSA coordinator.
 - Close case to status 90 in RCCMS.
- 4.70.10.3.9
(05-29-2025)
Disclosure
- (1) The rules governing access to and disclosure of returns and return information under Title 26, Internal Revenue Code (IRC), are different from the rules governing access and disclosure of information collected under Title 31, Bank Secrecy Act (BSA).
- (2) IRS examiners are only allowed to access information that is necessary and relevant to a case. For a Title 31 compliance check, examiners are not allowed to access any Title 26 information, such as returns or information returns. Title 31 and Title 26 must be kept separate.

- (3) IRS examiners must limit their access to information per the Taxpayer Browsing Protection Act of 1997 and the disclosure rules under Title 26 and Title 31.
- (4) See Bank Secrecy Act IRM 4.26.14, Disclosure, for additional disclosure information.

4.70.10.3.9.1
(05-29-2025)

**Access to Title 26
Returns and Return
Information**

- (1) Returns and return information are confidential and may not be disclosed except as authorized by IRC 6103, Confidentiality and Disclosure of Returns and Return Information.
- (2) Access to Title 26 returns and related return information is available to IRS employees who need this information for their tax administration work through the various databases maintained by IRS, such as the Integrated Data Retrieval System (IDRS). IDRS contains return information and generally may not be accessed for Title 31 purposes. ITG specialists should not access IDRS while pre-planning or conducting Title 31 compliance checks.
- (3) See Bank Secrecy Act IRM 4.26.14.2.1, Access to Title 26 Returns and Return Information, for additional information.

This Page Intentionally Left Blank

Exhibit 4.70.10-1 (05-29-2025)**Employment Codes**

Employment Code	Definition
A	Government entity for government fiscal agents
C	Form 8274 filed by church or church-controlled organization to elect not to pay FICA tax for their employees
F	Federal employer
G	State or local government agency
I	Indian tribal governments. The entity is either the tribe itself or one of its subdivisions, instrumentalities, or wholly owned subsidiaries.
N	Non-profit organization subject to FICA
S	Foreign subsidiary having filed Form 2032 to extend SS coverage to certain employees of the subsidiary.
T	State or local agency entered into section 218 agreement
W	IRC 501(c)(3) non-profit organization (not subject to FUTA)

Note: See IRM 3.13.12.6.28, Employment Code, for more information.

Exhibit 4.70.10-2 (05-29-2025)**Freeze Codes**

In addition to the details provided below, examiners should also refer to Section 8A, Master File Codes of Document 6209, IRS Processing Codes and Information.

Freeze Code	Description
-L	This means there is an open exam. Notify your lead TE and or manager to coordinate with the manager and/or examiner (i.e., RA or TCO) assigned the exam to determine whether the compliance check should proceed, or if the issues of the compliance check should be worked by the examiner. If not working the case, after discussing with the examiner, close the compliance check DC 107, No Change, and indicate in Remarks and Comments section of the closing record, "Case transferred to open exam." Since this issue has been identified, send a copy of the compliance check issue strategy to the assigned examiner.
-Z	This indicates an open Criminal Investigation (CI) case. Make a print of INOLE, BMFOLI and TXMOD and give the case to the lead TE or manager. The lead or manager will review the case, contact CI if needed, and give guidance on how to proceed.
-O	<p>This indicates a national disaster. This freeze code is set systematically at the request of the Disaster Program Office by a TC 971. It causes unique penalty and interest processing, suppresses notices, TDA and TDI. It is released when the current date is beyond the disaster end date in the TC 971. Official memos will be released that will include the specific compliance relief for the disaster area. Review memo for instructions. When the release date has passed, normal compliance processes are resumed. Be sure to check the disaster declaration for extensions of the due date. IDRS may not always update immediately. Research BMFOLI and ENMOD to determine disaster relief status. When an area is classified as an official national disaster area and compliance relief is granted, we will suspend the case and update the status code in RCCMS to status 38, Suspense, and use action code 122, Disaster Suspense, with a follow-up date for when the disaster relief expires.</p> <p>Note: We don't contact taxpayer with this freeze code. If the compliance check has already been started and taxpayer contact initiated, follow the guidance in IRM 25.16.9.4, Guidance for Examination, and read by replacing Examination with Compliance Check.</p>
-S	<p>This indicates a presidential declared disaster area. This freeze code is automatically input and removed based on the mailing address by a TC 971 with AC 688. It will not provide compliance relief but will provide relief from penalties and interest. Organizations/entities cannot self-identify by writing a disaster designation at the top of a return. Follow the soft contact procedures described in IRM 25.16.9.2.2, Soft Contact Procedures.</p> <p>Note: The case must be worked; however, penalties and interest should not be assessed. In addition, send Notice 1462, Important! You Have More Time to File and Pay Your Taxes Due to a Disaster (English & Spanish).</p>
-V	Bankruptcy freeze is set by TC 520. Discuss with the manager.

Exhibit 4.70.10-3 (05-29-2025)**RCCMS Embedded Case Chronology**

A new chronology should be established each time an action is taken on the case, regardless of whether the action code has changed. The following fields must be completed with the information indicated:

RCCMS Field	Data Entry
Date	Each entry must include the last date work was performed (action date), as well as the follow-up date.
Individual Contacted	Document the name of the contacted individual, their authorization, phone number and if applicable, whether a Power of Attorney is on file or was received. For subsequent references for the same person, it is not necessary to include the phone number and authorization.
Action Code	Click the appropriate code on the dropdown list.
Time	Each entry must include the time spent and it must be accurately reported.
Action Taken	<p>This field should contain the following information:</p> <ul style="list-style-type: none"> • Define the compliance strategy or case issue. • Document the work and research performed (reviewing returns, reading procedures, IDRS, Google, IRMs, etc.). • Document which letters were sent, if it was sent certified, etc., and specific information received with a reply. • Give a summary of any conversations, including who you spoke with (name and title) and the phone number you used to reach them. • If the follow-up date cannot be met (sick, vacation special assignments), explain why the date was not met. If the taxpayer cannot meet the due dates, explain why. • Explain your findings (taxpayer in compliance, not liable, etc.) and the final disposition of the case (closed, transferred, etc.). • This should be documented on the chronology by anyone reviewing the case for closure, feedback, etc. The entry should explain whether the case needed to be returned for any corrections.
Follow-up Date	This is the date the next action is expected (a reply, a return phone call, documents from files, etc.). This is required input for each chronology entry unless the case is being closed.

Exhibit 4.70.10-4 (05-29-2025)**RCCMS Naming Convention for Title 26 Compliance Checks**

Workpaper	Description
COVER DOCUMENTS	
1.F3198A	TE/GE Special Handling Notice
NON-DISCLOSURE/ADMINISTRATIVE DOCUMENTS	
2.CSIS-DDIS - ICN 218010	Must be included with F5666
2.F2363-A XXXX	Request for IDRS BMF-EO Entity Change + Last 4 digits of EIN
2.F2424 XXXX	Account adjustment Voucher + Last 4 digits of EIN
2.F4442	Inquiry Referral
2.F4844	Request for terminal action
2.F5666 XXXX	Signed exam consideration + last 4 digits of EIN
CLOSING LETTER & ATTACHMENTS	
3.F886-A	Explanation of items
3.L4140 XXXX	Compliance check closing letter + Last 4 digits of EIN
3.L4220 XXXX	Referral or No response closing letter + Last 4 digits of EIN
WORKING RETURN, POA & RELATED DOCUMENTS	
4.IDRS MM-DD-YYYY	IDRS Prints Including date of prints
4.F2848 XXXX	Power of Attorney + Last 4 digits of EIN
4.F3244A XXXX	Payment posting voucher + Last 4 digits of EIN
4.F8821 XXXX	Authorization + Last 4 digits of EIN
4.F13133 XXXX	Expedite processing cycle + Last 4 digits of EIN
4.Miscellaneous Documents MM-DD-YYYY	Miscellaneous Documents + year
CASE FILE WORKPAPERS	
5.Certified mail Green/Orange card	Certified mail Green/Orange card
5.FAST Conf Email XXXX	FAST Confirmation Email
5.FAST Req Form XXXX	FAST Request Form
5.Lead Sheet	TECU Compliance Check Lead Sheet

Exhibit 4.70.10-4 (Cont. 1) (05-29-2025)**RCCMS Naming Convention for Title 26 Compliance Checks**

5.Manifest	CMS Manifest
5.Reconciliation F941/W2/W3 (Full compliance only)	Reconcile F941 and W2/W3
5.Manager Approval	Correspondence/Emails with manager
CORRESPONDENCE WITH TAXPAYER/REPRESENTATIVE	
6.L937-A XXXX	POA letter + Last 4 digits of EIN
6.F94X YYYYMM XXXX	Secured F940/941/945 + year and Last 4 digits of EIN
6.FW-2_W-3 YYYYMM XXXX (Full Compliance Only)	Secured W-3 & W-2s + year and Last 4 digits of EIN
6.1096_1099s YYYYMM XXXX (Full Compliance Only)	Secured 1096 & 1099's+ year and Last 4 digits of EIN
6.F3210	Document transmittal
6.01.L3854 XXXX	First Follow-Up Letter + Last 4 digits of EIN
6.02.L3854 XXXX	Second Follow-Up Letter + Last 4 digits of EIN
6.L3948 XXXX	Undeliverable letter + Last 4 digits of EIN
6.L4204 XXXX	Initial Contact Letter + Last 4 digits of EIN
6.01.TP Reply MM-DD-YYYY	Reply from Taxpayer-First response
6.02.TP Reply MM-DD-YYYY	Reply from Taxpayer-Second response
6.Undeliverable XXXX	Undeliverable letter + Last 4 digits of EIN

Note: When you receive a reply, verify all requested information has been received. Verify that the returns include all required fields, including a signature. If return doesn't contain the signature, make one phone call to taxpayer to obtain signature page. If you do not get a response from the taxpayer within five days, proceed to send for processing.

Note: Any EP forms that are uploaded into the Office Documents should have the plan number with EIN. A plan number for an EP account is basically an extension of the EIN. (Current date is required on amended returns. Previously filed returns should include the original date of filing.)

