



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

5.9.1

FEBRUARY 3, 2025

EFFECTIVE DATE

(02-03-2025)

PURPOSE

- (1) This transmits a revised IRM 5.9.1, Bankruptcy and Other Insolvencies, Overview of Bankruptcy.

MATERIAL CHANGES

- (1) IRM 5.9.1, Bankruptcy and Other Insolvencies, Overview of Bankruptcy, has been updated to provide clarification and expansion of existing material. The following table illustrates changes within this IRM revision.

Number	IRM	Description of Change
1.	5.9.1.1.3	Updated title from Responsibilities to Roles and Responsibilities.
2.	5.9.1.1.4(3)	Removed IRM 1.4.51.17.2 and 1.4.51.17.5 as the concept of program reviews was removed from IRM 1.4.51. Replaced with IRM 1.4.51.17, Operation Review and Employee Engagement.
3.	5.9.1.1.6(3)	Updated website address to ReferenceNet Legal and Tax Research Service.
4.	5.9.1.1.7(4)	Updated website address to Insolvency Knowledge Base SharePoint.
5.	5.9.1.3.1(1)	Wage and Investment (W&I) was changed to Taxpayer Services (TS).
6.	5.9.1.3.1(1) & (2) & (3)	Changed the name of SB/SE Division Counsel to Division Counsel, Litigation & Advisory (L&A).
7.	5.9.1.3.2(1)	Reworded sentence to read, Under federal law, the Department of Justice (DOJ) represents the IRS in bankruptcy court.
8.	5.9.1.4(2) a, b, c	Added Taxpayer Advocate Service (TAS) and their functions.

Number	IRM	Description of Change
9.	5.9.4.1(7)16	Added language to include escrow payoff requests for all chapters except Chapter 7 cases assigned to the CIO. CIO will be responsible for preparing escrow payoff requests for all Chapter 7 cases assigned to CIO. See IRM 5.9.4.6.2, Escrow Payoff Requests during a Bankruptcy, for more information
10.	Exhibit 5.9.1-1 Abandonment	Expanded on definition of Abandonment to state, Property of the estate that is not abandoned by affirmative act or administrative abandonment remains property of the estate.
11.	Exhibit 5.9.1-1 BLARE	Changed number of bankruptcy courts from 284 to 94.
12.	Exhibit 5.9.1-1 Chapter 7	Expanded on definition of Chapter 7 to read A case filed under Chapter 7 of the bankruptcy code by an individual, business, or other entity except a railroad, certain banks, and savings institutions where creditors are paid by liquidation and distribution of the debtor's available assets.
13.	Exhibit 5.9.1-1 Debtor-in-Possession	Expanded on definition of Debtor-in-Possession to include Chapter 12 and now reads The debtor in a Chapter 11 or Chapter 12 bankruptcy is known as a debtor-in-possession (DIP) of the assets of the estate unless a trustee is appointed.
14.	Exhibit 5.9.1-1 Trustee	Updated definition of trustee depending on chapter involved.
15.	Exhibit 5.9.1-2	Updated website address to ReferenceNet Legal and Tax Research Service.

Number	IRM	Description of Change
16.	Exhibit 5.9.1-2	Removed TCFMrTp. Replaced with TCFTP1. Added abbreviation TCFTP1 meaning telephone call from the principal taxpayer on the tax return.
17.	Exhibit 5.9.1-2	Removed TCFMrsTP. Replaced with TCFTP2. Added abbreviation TCFTP2 meaning telephone call from the person acting as the spouse on the tax return.
18.	Throughout	Editorial changes were made throughout this section to add clarity and to update, correct, or add citations.

EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 5.9.1, dated November 24, 2023.

AUDIENCE

All Operating Divisions.

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5.9.1

Overview of Bankruptcy

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5.9.1.1
(02-03-2025)
Program Scope and Objectives

- (1) **Purpose:** IRM 5.9.1 is the introductory insolvency IRM for insolvency case processing.
- (2) **Audience:** Insolvency caseworkers and management in Specialty Collection Insolvency (SCI), which consists of Field Insolvency (FI) and the Centralized Insolvency Operations (CIO), are the primary users of this IRM section. Advisors, revenue officers, and other Small Business/Self-Employed (SB/SE) employees may also refer to these procedures. Employees in functions other than SB/SE may refer to this section when working with a taxpayer that has filed an insolvency proceeding.
- (3) **Policy Owner:** The Director of Collection Policy is responsible for issuing policy for the insolvency program.
- (4) **Program Owner:** The program owner is Collection Policy, Insolvency, an organization within the SB/SE division.
- (5) **Primary Stakeholders:** The primary stakeholders are SCI and SB/SE Collection.
- (6) **Program Goals:** The goal of this IRM is to provide fundamental knowledge and procedural guidance for working insolvency cases. Following the guidance in this IRM will ensure cases are worked in accordance with bankruptcy laws and regulations.

5.9.1.1.1
(02-03-2025)
Background

- (1) IRM 5.9.1, Bankruptcy and Other Insolvencies - Overview of Bankruptcy, contains the IRS's position, procedures, information, instructions, guidance, and references concerning bankruptcy cases, stockbroker insolvencies, receiverships, assignments for the benefit of creditors, corporate dissolutions, and bulk sales.

Note: Due to the rarity of Chapter 9 bankruptcies and the complexity of Chapter 15 bankruptcies, only minimal information is provided in IRM 5.9 on governmental and cross-border bankruptcy filings.

- (2) **Overall Responsibilities:** Overall, Insolvency's responsibilities extend to a commitment of the following:
 - Prevention and correction of violations of the Bankruptcy Code
 - Timely case freezes and resolution of pre-petition issues
 - Quality preparation and timely filing of proofs of claim
 - Entering into meaningful negotiations to avoid litigation
 - Timely reviews and objections to plans
 - Monitoring debtor tax compliance, including trust fund taxes and the pyramiding of business taxes
 - Overall protection of the government's interests

5.9.1.1.2
(06-06-2017)
Authority

- (1) The Insolvency program operates within the guidelines of the US Bankruptcy Code (11 USC) and the Federal Rules of Bankruptcy Procedure.

5.9.1.1.3
(02-03-2025)
Roles and Responsibilities

- (1) IRM 5.9.1.4, The Role of Insolvency, contains a detailed explanation of the roles and responsibilities of Insolvency.

5.9.1.1.4
(11-24-2023)
**Program Management
and Review**

- (1) IRM 1.4.51.8.3, Case Management Tools, IRM 5.9.12, Insolvency Automated Processes, and IRM 5.9.16, Insolvency Case Monitoring, contain a list of required reports for caseworkers and managers to utilize for inventory management and review of case inventories. These sections also include the frequency and purpose of each report.
- (2) National quality reviews and consistency reviews are conducted on a regular basis. See IRM 1.4.51.16.1, NQRS, and IRM 1.4.51.16.2, EQ Consistency Reviews, for more information.
- (3) Operational reviews are conducted on a yearly basis. See IRM 1.4.51.17, Operational Review and Employee Engagement.

5.9.1.1.5
(11-24-2023)
Program Controls

- (1) Managers are required to follow program management procedures and controls addressed in IRM 1.4.51.5.2, Reviews (Overview), IRM 1.4.51.15, Controls, and IRM 1.4.51.16, Quality.
- (2) Caseworkers and managers utilize the Automated Insolvency System (AIS) for case management, assignment and documentation of all insolvency/non-bankruptcy insolvency cases. See IRM 5.9.3.2, Automated Insolvency System (AIS).

5.9.1.1.6
(02-03-2025)
Terms and Acronyms

- (1) A glossary of terms used by Insolvency can be found in Exhibit 5.9.1-1, Glossary of Common Insolvency Terms.
- (2) Common acronyms acceptable for use in the AIS history are listed in Exhibit 5.9.1-2, Acronyms and Abbreviations.
- (3) Additional acceptable acronyms and abbreviations are found in the ReferenceNet Acronyms Database, which may be viewed at: *ReferenceNet Legal and Tax Research Services*.
- (4) Acronyms used specifically in this IRM section are listed below:

Acronym Table

Acronyms	Definitions
AIS	Automated Insolvency System
APOC	Automated Proof of Claim
BAPCPA	The Bankruptcy Abuse Prevention and Consumer Protection Act
CIO	Centralized Insolvency Operations
FI	Field Insolvency
NFTL	Notice of Federal Tax Lien
SB/SE	Small Business/Self-Employed
SCI	Specialty Collection Insolvency
SIPA	Securities Investor Protection Act

Acronyms	Definitions
TBOR	Taxpayer Bill of Rights

5.9.1.1.7
(02-03-2025)

Related Resources

- (1) Procedural guidance on insolvencies can be found throughout IRM 5.9, Bankruptcy and Other Insolvencies.
- (2) The US Bankruptcy Code and Rules.
- (3) AIS User Guide, Document 13219.
- (4) The Insolvency Knowledge Base SharePoint site *Insolvency Knowledge Base Homepage*.
- (5) The sections of IRM 5.9 listed below may apply in varying degrees to IRS employees having contact with taxpayers who have filed bankruptcy or whose cases have insolvency issues.

IRM Section and Title

IRM Section	Section Title
IRM 5.9.1	Overview of Bankruptcy
IRM 5.9.2	The Bankruptcy Code and Collection
IRM 5.9.3	Debtors' Delinquent Accounts
IRM 5.9.4	Common Bankruptcy Issues
IRM 5.9.5	Opening a Bankruptcy Case
IRM 5.9.6	Processing Chapter 7 Bankruptcy Cases
IRM 5.9.7	Processing Chapter 9 and Chapter 15 Bankruptcy Cases
IRM 5.9.8	Processing Chapter 11 Bankruptcy Cases
IRM 5.9.9	Processing Chapter 12 Bankruptcy Cases
IRM 5.9.10	Processing Chapter 13 Bankruptcy Cases
IRM 5.9.11	Insolvency Mail Processing
IRM 5.9.12	Insolvency Automated Processes
IRM 5.9.13	Manual Proofs of Claim and Common Claim Issues
IRM 5.9.14	Automated Proofs of Claim (APOC)
IRM 5.9.15	Payments in Bankruptcy

IRM Section	Section Title
IRM 5.9.16	Insolvency Case Monitoring
IRM 5.9.17	Closing a Bankruptcy Case
IRM 5.9.18	Automated Discharge System (ADS)
IRM 5.9.19	Insolvency Disclosure and Telephone Procedures
IRM 5.9.20	Non-Bankruptcy Insolvencies
IRM 5.9.21	Electronic Proofs of Claim (EPOC)

5.9.1.2
(08-11-2014)

Federal Bankruptcy Law

- (1) **Authority:** The U.S. Constitution grants Congress authority to enact federal bankruptcy laws. The Bankruptcy Act of 1898 formed the basis of federal bankruptcy law until 1979, when enactment of the Bankruptcy Code (11 USC) repealed the old law and codified procedures making the bankruptcy process less burdensome for the debtor. The Bankruptcy Reform Act of 1994 (BRA 94) brought about a major amendment to the Bankruptcy Code affecting the government's treatment of debtors, notably granting permission to assess taxes while the debtor is under the protection of the automatic stay.
- (2) **The Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA):** On April 20, 2005, the Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA) was signed into law. Most of the provisions of this act became effective October 17, 2005, although some provisions, such as those dealing with Chapter 12 bankruptcies, were effective upon the date of enactment.
- (3) **Principle of Bankruptcy:** The general underlying principle of bankruptcy is to give a debtor a **fresh start** by providing the debtor an avenue to pay what the debtor can afford while receiving forgiveness for certain debts that cannot be satisfied.
- (4) **Automatic Stay:** Prior to October 17, 2005, when a debtor filed a petition in bankruptcy court, a stay of collection actions went into effect in every case and immediately stopped ongoing and future (during the pendency of the bankruptcy) attempts by creditors to collect pre-petition debts owed by the debtor or otherwise exercise control over property of the estate or the debtor (11 USC 362). This essential feature of bankruptcy law created what is known as the "automatic stay." For most debtors, the automatic stay remains in effect during the pendency of the bankruptcy. But, for debtors who file bankruptcy on or after October 17, 2005 and have had one or more bankruptcy cases dismissed within the preceding twelve month period, the automatic stay may either terminate within 30 days with respect to the debtor and the debtor's property that is not property of the bankruptcy estate, or not go into effect at all. (See IRM 5.9.5.7, Serial Filers.)
- (5) **Debtor:** Most bankruptcy proceedings begin when the debtor files a petition in bankruptcy court seeking financial relief from creditors. Individuals, corporations, partnerships, limited liability companies (LLCs), railroads, municipalities,

and other forms of government have the right to file bankruptcy. Exhibit 5.9.1-1, Glossary of Common Insolvency Terms, defines “person” as it relates to bankruptcy.

Note: Throughout this IRM chapter, a taxpayer in an insolvency proceeding is generally referred to as a “debtor.”

- (6) **Advantages to Debtors:** When negotiations with creditors to pay debts fail, debtors may be faced with immediate garnishment of their salaries and repossession of their assets. Business debtors may have their businesses closed through repossession or foreclosure. Bankruptcy is attractive to debtors because it can offer:
 - a. Immediate temporary relief from creditor pressure by staying all creditor actions against the debtor;
 - b. Long-term relief by allowing a debtor to extend the time for payment of a debt; and
 - c. Permanent relief by discharging debts. The relief provisions of the Bankruptcy Code can give the debtor a “fresh start.”
- (7) **Creditor:** Creditors include people and entities who have claims against the debtor, usually for debts incurred before the bankruptcy was filed (pre-petition debts). Because bankruptcy estates may continue to incur debts after the bankruptcy petition date, entities can also hold post-petition administrative expense claims against the bankruptcy estate. In certain circumstances, creditors can force debtors into bankruptcy by involuntary means.
- (8) **Advantages to Creditors:** Bankruptcy offers advantages to creditors, such as the following:
 - a. A greater recovery on creditors’ claims. Traditional debtor/creditor remedies may lead to piecemeal dismantling of the debtor’s business through repossession and sale of the debtor’s assets. Such actions by creditors may cause a business to fail.
 - b. The potential to preserve the going-concern value of a business which can exceed its liquidation value.
 - c. Allowing the sale of a business as an operating enterprise and restraining creditors from precipitous actions.
 - d. Distributing an equitable share of the available funds to each creditor.
- (9) **Bankruptcy Code:** The Bankruptcy Code provides an orderly method for the debtor’s financial rehabilitation (Chapters 11, 12, and 13) or the liquidation and distribution of a debtor’s assets (Chapter 7). This federal law is intended to be applied uniformly among all states and possessions.

5.9.1.3
(09-10-2010)
The Bankruptcy Court

- (1) **Jurisdiction:** Bankruptcy courts generally have jurisdiction over all matters concerning payment of a debtor’s financial obligations under the Bankruptcy Code and administration of the bankruptcy estate. Bankruptcy court jurisdiction includes the authority to determine the amount of tax due by the debtor or estate and what taxes will be discharged, meaning the debtor no longer will be personally liable. The bankruptcy court also has jurisdiction over any matters concerning collection of tax debts at issue in the bankruptcy case or collection from any property of the estate.

- (2) **Bankruptcy Judges:** Bankruptcy judges are appointed by the appellate circuit courts for a term of 14 years, as provided under Article I of the U.S. Constitution.

5.9.1.3.1
(02-03-2025)

Associate Area Counsel

- (1) **Office of Division Counsel:** The Office of Division Counsel, Litigation & Advisory (L&A), provides primary legal services on a local basis to the SB/SE and Taxpayer Services (TS) Operating Divisions. It holds responsibility for collection and bankruptcy work, regardless of the type of taxpayer entity involved.
- (2) **Area Counsels/Associate Area Counsels:** The Office of Division Counsel, Litigation and Advisory (L&A), headquartered in New Carrollton, Maryland, is divided into nine SB/SE Area Counsels with 49 local offices. Associate Area Counsels report to the Area Counsel for their geographic area.
- (3) **Local Associate Area Counsel:** FI offices should deal directly with attorneys in their local Associate Area Counsel (L&A) offices on issues requiring case-specific legal advice and guidance. The CIO is assigned an Associate Area Counsel attorney in Philadelphia to deal with general bankruptcy questions. CIO questions dealing with complex issues or requiring Counsel action are transferred to the appropriate FI group for referral to local Associate Area Counsel. Throughout IRM 5.9, Bankruptcy and Other Insolvencies, the term "Counsel" refers to Associate Area Counsel (SB/SE).
- (4) **Communication – Counsel and Insolvency:** While all bankruptcies are filed under the Bankruptcy Code, the interpretation and application of that law varies from one judicial district to another. As a result, IRM 5.9 cannot be all-inclusive. A good working relationship between Insolvency and Counsel fosters quality bankruptcy programs. Ongoing communication between Insolvency and Counsel should be maintained to ensure proper actions are taken by Insolvency. Caseworkers should seek guidance from Counsel when necessary, research other sources and become familiar with local rules and standing orders. Counsel can apprise Insolvency of current court decisions and litigation issues that affect case processing, particularly at the local level.

Note: Advice from local Counsel is restricted to case-specific issues. Questions concerning IRM procedures and policy decisions surrounding case processing must be directed to Collection Policy, Insolvency, in SB/SE Headquarters.

- (5) **Outreach:** Insolvency and Counsel are encouraged to interact with trustees and members of the bar association and work cooperatively at the local level to resolve matters of mutual concern. Outreach efforts afford an informal venue to resolve recurring bankruptcy issues and concerns with stakeholders.

5.9.1.3.2
(02-03-2025)

**Department of Justice -
Tax Division**

- (1) **The IRS's Lawyer:** Under federal law, the Department of Justice (DOJ) represents the IRS in bankruptcy court.
- (2) **Delegation of Authority:** Although the assistant attorney general (Tax Division) has the authority to handle most bankruptcy referrals, normally that authority is delegated to the United States attorney in routine proceedings.
- (3) **Direct Referrals:** Pursuant to guidelines established by the Department of Justice, the United States attorneys, and the IRS Office of Chief Counsel, Insolvency has the authority to refer some types of cases directly to the U. S. Attorney's Office (USAO) (See Delegation Order 25-9). All other cases must be

referred to Area Counsel who will make the referral to the USAO or to the assistant attorney general (Tax Division). See IRM 5.9.4.15.1, Direct Referrals, for detailed information.

5.9.1.3.3
(08-11-2014)
United States Attorney

- (1) **IRS Representative for Bankruptcy Court:** In its capacity as the IRS representative for bankruptcy proceedings, the USAO is served with all legal bankruptcy documents. Although primary litigation responsibility rests with the Department of Justice Tax Division, it may be delegated to the local USAO depending on the judicial district, the legal issues inherent in the case, and the type of proceeding involved in the specific case. Assistant United States Attorneys (AUSAs) frequently represent the government in bankruptcy court proceedings for formal court appearances.

Note: In addition to representing the IRS in bankruptcy proceedings, AUSAs serve as legal representatives for other governmental agencies.

5.9.1.4
(02-03-2025)
The Role of Insolvency

- (1) **The Taxpayer Bill of Rights (TBOR)** lists rights that already existed in the tax code, putting them in simple language and grouping them into 10 fundamental rights. Employees are responsible for 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*.
- (2) **Taxpayer Advocate Service (TAS):** Insolvency caseworkers should be familiar with the function of TAS and make referrals when appropriate. Some of the functions of TAS are listed below:
 - a. TAS is an independent organization within the IRS, led by the National Taxpayer Advocate. Its job is to protect taxpayers' rights by striving to ensure that every taxpayer is treated fairly and understands their rights under TBOR.
 - b. TAS offers free help to taxpayers, including those who face financial difficulties due to an IRS problem, when they are unable to resolve tax problems on their own, or when they need assistance to address an IRS system, process, or procedure that is not functioning as it should. TAS has at least one taxpayer advocate office located in every state, the District of Columbia, and Puerto Rico.
 - c. The National Taxpayer Advocate and the Commissioner, SB/SE reached an agreement (effective May 30, 2011) outlining the procedures and responsibilities for processing TAS casework when either the statutory or delegated authority to complete a case transaction rests within SB/SE. The agreement is known as a Service Level Agreement (SLA).
- (3) **Balancing the Interests of the Debtor and the Government:** Insolvency must follow established procedures to ensure debtors are afforded protections guaranteed to them under the Bankruptcy Code. Insolvency caseworkers are responsible for processing bankruptcy cases fairly and efficiently. Caseworkers must balance the interests of the debtor with the interests of the government while attempting to collect the proper amount of tax.
- (4) **Bankruptcy Law:** Bankruptcy law is the prevailing authority when a taxpayer files bankruptcy. Bankruptcy laws are separate from tax laws, and coordination

is necessary to comply with both. SCI, a part of the Collection function in the SB/SE Operating Division of the IRS, is responsible for administering that coordination.

- (5) **Insolvency Organization:** SCI is divided into field operations (FI), consisting of more than 80 posts of duty geographically distributed throughout the country, and a single campus operation (CIO) in Philadelphia.
 - a. **CIO Duties:** The CIO performs most clerical duties for all bankruptcy chapters, including loading cases on the Automated Insolvency System (AIS). CIO works Chapter 7 No Asset cases. However, responsibilities in certain large dollar Chapter 7 No Asset cases are shared by CIO and FI. CIO monitors Chapter 13 cases for confirmation of the plan after the case is transferred from FI to the CIO, and processes Chapter 13 trustee payments. Upon closure of a Chapter 13 case by the bankruptcy court, the CIO makes necessary account adjustments and closes the case on AIS. Generally, the CIO works Chapter 7 Asset business and individual cases transferred to them by FI after the initial case review has been completed, all proofs of claim have been acknowledged and there are no issues that require the case to remain in FI.
 - b. **FI Duties:** FI completes the initial case review in Chapter 13 cases and ensures that any required proofs of claim are completed and acknowledged. If there are no field issues, the case is generally transferred to CIO to monitor for confirmation. Similar to the Chapter 13 case, FI works Chapter 7 Asset cases and transfers most Chapter 7 Asset cases to the CIO once there are no issues that require the case to remain in FI. This includes completing all proofs of claim, ensuring all proofs of claim are acknowledged, and ensuring the Trust Fund Recovery Penalty (TFRP) investigation is completed when required. The Chapter 7 Asset case of a partnership is not transferred to CIO. The partnership case must remain in FI. FI takes all case actions in Chapter 11 and Chapter 12 cases, except for those actions taken at case closure by CIO. (See IRM 5.9.17.22.1, MFT 31 or MFT 65 Mirror Modules, and IRM 5.9.17.24(1), Addressing Prior Installment Agreements When Closing a Case, for additional information.) FI caseworkers review schedules and plans in Chapter 13, Chapter 11, and Chapter 12 cases. FI caseworkers also make referrals to Counsel in all chapters, appear in court as expert witnesses, attend first meeting of creditors (341 meetings), participate in outreach efforts, and negotiate with debtors or their representatives. FI makes collection determinations and pursues collection from exempt, abandoned or excluded property in certain large dollar Chapter 7 No Asset cases. Additionally, FI handles all aspects of Chapter 9 and Chapter 15 cases.
- (6) **Insolvency Telephone Contact:** Customers can contact SCI via telephone with questions. Both the CIO and FI functions handle customer contact.
 - a. **CIO Telephone Calls:** A toll-free number (1-800-973-0424) has been established at the CIO in Philadelphia to handle most Chapter 7 and Chapter 13 bankruptcy inquiries. (See IRM 5.9.19, Insolvency Disclosure and Telephone Procedures.)
 - b. **FI Telephone Calls:** When calls come into FI, the FI caseworkers should work the cases until all actions have been completed. This applies to Chapter 7 Asset cases in FI inventory, Chapter 9, 11, 12 and 15 cases, and Chapter 13 cases currently assigned to a FI group. FI will also

handle complex and non-complex cases identified in paragraph (6) below through completion. All other cases should be referred to the CIO.

Note: The CIO liaison may contact the FI liaison for assistance with technical questions unique to a court jurisdiction or a specific case.

- (7) **Complex and Non-Complex Issues Worked by FI:** Regardless of chapter or dollar amount, some cases must be handled by FI. Cases with the following criteria are required to be worked by FI:

Complex and Non-Complex Case Issues

Number	Case Issue Worked by FI
1.	Acting as an expert witness
2.	Preparing, amending or withdrawing proofs of claim
3.	Securities Investor Protection Act (SIPA) cases handled by Manhattan and St. Paul FI groups
4.	Commodity broker bankruptcies
5.	Negotiating plans including defaulted Chapter 13 plans and adequate protection agreements
6.	Cases with Abusive Tax Avoidance Transactions (ATAT), Bipartisan Budget Act of 2015 or Tax Equity and Fiscal Responsibility Act (TEFRA) issues
7.	Working cases with accepted offers in compromise
8.	Addressing Foreign Bank and Financial Account Reports (FBAR) or Trust Fund Recovery (TFRP) penalties
9.	Handling cases requiring action by the United States Attorney or Area Counsel including responding to or filing objections and adversary proceedings
10.	Trustee refund turnover splits allocating refund amounts between the non-debtor spouse's share and the debtor's share to be sent to the trustee
11.	Cases with a criminal restitution assessment
12.	Defaulted Chapter 13 plans
13.	Consolidated or jointly administered claims
14.	Requests for an agreement, conditional dismissal, or settlement of the tax
15.	Asset determinations in community property states
16.	Escrow payoff requests for all chapters except Chapter 7 cases assigned to the CIO. CIO will be responsible for preparing escrow payoff requests for all Chapter 7 cases assigned to CIO. See IRM 5.9.4.6.2, Escrow Payoff Requests during a Bankruptcy, for more information
17.	341 meeting attendance, if needed

Number	Case Issue Worked by FI
18.	Bankruptcy fraud referrals
19.	Post-petition liabilities with an aggregate amount due above the tolerance in IRM 5.9.4.15.4, Referral Tolerances, for which the debtor has not requested an installment agreement, or post-petition liabilities for which the debtor has requested an installment agreement but does not qualify for a guaranteed installment agreement. See IRM 5.9.10.9, Post-Petition Tax Liabilities, for detailed information

- (8) **Insolvency Responsibilities:** Together, the two Insolvency operations handle all bankruptcy cases and are primarily responsible for the IRS bankruptcy program.
- FI and CIO must both ensure actions are taken to suspend collection upon the filing of a bankruptcy, when appropriate. Each monitor their respectively assigned cases. In addition, FI must ensure any required proofs of claim are prepared and acknowledged.
- Note:** Caseworkers must inform their managers when tasks involving Bankruptcy Code compliance, protection of the government's interests, or compliance monitoring may not be completed, so the manager can redirect inventory or provide training.
- All Insolvency staff (clerical, paraprofessional, and professional) are charged with protection of the government's interests while the debtor's accounts are under the jurisdiction of the bankruptcy court.
 - Insolvency caseworkers must be knowledgeable about the Bankruptcy Code and understand its impact on the collection of taxes.
- (9) **Cessation of Collection Actions:** Filing bankruptcy usually gives a debtor immediate relief from all demands for payment and collection enforcement actions. Upon learning of a bankruptcy, IRS employees should generally cease all demands and enforcement actions directed against the bankrupt taxpayer (debtor), and take prompt and appropriate corrective actions unless the court determines the automatic stay is not in effect. Revenue officers in the midst of a seizure when a bankruptcy is filed should work with Insolvency and Counsel before proceeding. Failure to observe an automatic stay may result in the IRS being sued for damages and attorney fees, although punitive damages cannot be awarded.
- (10) **Coordination with Other Functions:** Insolvency is charged with processing bankruptcy cases involving the IRS, as well as coordinating the activities of other functions on all bankruptcy cases. Insolvency caseworkers, leads, and managers must assist other IRS employees when bankruptcy-related case issues arise, and elevate the more complicated and significant issues to Counsel.
- (11) **Redacted Taxpayer Identification Numbers (TIN):** To protect taxpayers' privacy, documents submitted to the court cannot provide the full social security number (SSN) or the full employer identification number (EIN) of the debtor. Only redacted TINs, giving the last four numbers of the SSN or EIN, are allowed.

- (12) **Avoiding Litigation:** In most cases, Insolvency caseworkers should negotiate with debtors or their representatives to arrive at a mutually agreeable solution to avoid unnecessary litigation when disputes arise between a debtor and the IRS. Negotiations should take place before resorting to a referral to Counsel. Caseworkers must exercise expertise and tact during the negotiation process, dealing with debtors according to the provisions of the Bankruptcy Code.
- Exception:** Insolvency caseworkers should refer “sensitive” or high dollar cases to Counsel rather than engaging in direct negotiations themselves.
- (13) **Justification for Counsel Referral:** If a case is referred to Counsel without the caseworker negotiating with the debtor or the debtor’s representative, justification for doing so must be entered in the AIS history.
- (14) **Deadlines/Referrals:** Insolvency employees must analyze pending litigation issues and meet strict deadlines. When necessary, FI caseworkers prepare referrals to Counsel so that the government can prepare a timely and effective case position. In bankruptcy matters involving Chapter 13 cases, Insolvency must work efficiently to meet the short time frames between petition dates and confirmation hearings.
- (15) **First Meeting of Creditors:** FI caseworkers or revenue officers may attend the first meeting of creditors (341 meeting) to question the debtor. (See IRM 5.9.2.5, First Meeting of Creditors.)
- (16) **Expert Witness:** FI caseworkers testify in bankruptcy court as expert witnesses on behalf of the IRS. This duty requires intensive preparation. The employee must understand the issues in dispute and capably provide expert testimony to protect the government’s interests.

5.9.1.4.1
(06-06-2017)
**Coordination within
Insolvency**

- (1) **Responsibility for Bankruptcy Freezes:** The CIO ensures freezes are input on accounts when notification of a bankruptcy filing is received by the CIO. When FI personnel learn of a bankruptcy before notification is received by the CIO, the FI employee is responsible for advising the CIO so the case can be loaded on AIS. The FI employee must fax Form 14522, New Case Request Checklist for Chapters 7, 11, 12 or 13, to the CIO at (855) 235-6787, to request CIO load the case to AIS. (See IRM 5.9.5.2(3), FI Requests for CIO to Add a Case to AIS, for additional information.) If the probability of a stay violation exists before a systemic bankruptcy freeze can be posted to the account, the FI caseworker should input the freeze manually and load the case on AIS.
- (2) **Claim Preparation:** For Chapters 7 Asset, 11, 12 and 13, the initial proof of claim usually generates through the Automated Proof of Claim (APOC) system. APOC case flags and APOC period flags result from claims that cannot be completed through APOC without manual intervention. Amended proofs of claim are generated systemically through the APOC Amends process when litigation transcript data triggers an automated amended proof of claim. (See IRM 5.9.14, Automated Proofs of Claim (APOC), for additional information.) FI caseworkers must perfect the claim flags in their respective inventories so APOC can complete claim generation.
- (3) **Coordination of Efforts:** When FI identifies a tax account assigned to its local area and learns the taxpayer has a bankruptcy pending in a court jurisdiction elsewhere, the FI unit must make prompt contact with the other FI group. The

two Insolvency groups must coordinate actions in the case, such as resolving outstanding levies, identifying all accounts, and performing lien research. The Insolvency office where the bankruptcy is pending has the responsibility for perfecting IRS claims and taking all necessary FI pre-confirmation actions.

- (4) **Change of Venue:** A bankruptcy case may be transferred from the jurisdiction of one court to the jurisdiction of another court. For cases assigned to the CIO, the change will be made by the CIO. For cases assigned to FI, this movement may require the reassignment of the case from one office to another. The managers of the groups involved must coordinate the transfer of AIS information and any paper or electronic files, as appropriate.
- (5) **Mail Received by Insolvency:** The CIO has a national mailing address for Insolvency correspondence. However, FI still receives some mail, notably correspondence dealing with receiverships, SIPA proceedings, assignments for the benefit of creditors, and Chapter 9, 11, or 12 bankruptcies. IRM 5.9.11, Insolvency Mail Processing, details mail handling by both FI and the CIO. IRM 5.9.12.7, Electronic Noticing System, discusses bankruptcy notices transmitted electronically to the IRS through the Bankruptcy Noticing Center (BNC).
- (6) **Payments:** The CIO receives and posts Chapter 7 and Chapter 13 remittances. FI posts payments for Chapters 9, 11, and 12. (See IRM 5.9.15, Payments in Bankruptcy.)

5.9.1.5

(11-24-2023)

Coordination with Other Government Agencies

- (1) **Other Government Agencies:** Frequently, governmental departments and agencies, other than the Department of Treasury, have an interest in a pending bankruptcy proceeding. Their interest may result from:
 - a. A contractual relationship with the debtor;
 - b. A determination the debtor received excessive profits which should be repaid;
 - c. The debtors defrauding the government in some way; or
 - d. Any activity causing a department or agency to owe money to, or have a claim against a debtor.
- (2) **IRS Cooperation:** The IRS has a responsibility to cooperate and assist in collecting debts due the United States which arise from activities of any other department or agency. However, after the debtor files for protection of the bankruptcy court, the collection of those debts may be prohibited by the automatic stay. In these and similar situations, it will sometimes be necessary to deal with other departments or agencies of the government.
- (3) **Refund Setoffs – Other Agencies:** A debtor might not owe federal taxes and be due a federal tax refund. A department or agency might seek to recover the amount owed to them from the tax refund due to the debtor. While such setoffs are prohibited once a bankruptcy is filed because of the automatic stay (except those for domestic support in cases filed on or after October 17, 2005), the other agency may be able to obtain relief from the stay to allow setoff. Before disclosing or acknowledging the existence of a tax refund and making it available for setoff to another government agency (other than for domestic support), disclosure consent must be obtained from the taxpayer. Guidance from Counsel should be obtained whenever the IRS is asked to freeze a debtor's tax refund so it may be setoff against another agency's debt.
- (4) **Counsel Guidance:** When coordination with other government agencies or departments (except Treasury) becomes necessary in a pending or actual

bankruptcy proceeding, any problems and/or recommendations should be presented to Counsel. IRM 5.9.4.5.3, Offsets to Other Agencies, and IRM 5.9.4.5.4, Federal Payment Levy Program (FPLP), provide additional information.

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Exhibit 5.9.1-1 (02-03-2025)

Glossary of Common Insolvency Terms

Term	Definition
Abandonment	<p>Abandonment is the process of severing a bankruptcy estate's interest in property (11 USC 554). Under the Bankruptcy Code, the bankruptcy court may permit the trustee to abandon any property of the estate that is burdensome or of inconsequential value to the estate. Abandonment to avoid adverse tax consequences is an issue when the debtor is an individual in Chapter 7 or Chapter 11. Property of the estate that is not abandoned by affirmative act or administrative abandonment remains property of the estate.</p> <p>Affirmative Act: The trustee may actively abandon or a party in interest may request abandonment. The trustee may abandon to the debtor or a party with a possessory interest. Notice of hearing is required, although hearing notice can be general, and a hearing is not always held.</p> <p>Administrative Abandonment: If the property is listed in the schedules, but it is not administered by the trustee (i.e., sold), then it is abandoned to the debtor upon closing of the case.</p>
Adequate Protection	<p>Under the Bankruptcy Code, a secured creditor is allowed to have its secured interest "adequately protected" while the automatic stay is in effect (11 USC 361). This arises when the property is depreciating or, in some cases, when the accrued interest on a defaulted loan is diminishing the equity in the property. The court may award the creditor some protection against the loss of value rather than modifying the automatic stay. Adequate protection most commonly consists of periodic cash payments and replacement NFTLs in post-petition assets.</p>
Adequate Protection Agreement	<p>An agreement between a debtor and a secured creditor to protect the creditor's secured portion until a plan of reorganization is confirmed.</p>
Administrative Expense	<p>A liability incurred by the bankruptcy estate for actual, necessary expenses of preserving the estate. This generally includes tax liabilities for periods ending post-petition and before discharge or dismissal for which the estate is liable. The IRS is entitled to payment of these taxes from the estate as a priority tax (generally paid at time of confirmation). 11 USC 503 defines allowable administrative expenses and IRC 1398(h) explains the proper handling of these expenses on the bankruptcy estate's tax return.</p>
Adversary Proceeding	<p>A lawsuit within the bankruptcy case in which one party files a complaint to seek relief (for example, to recover money or property, to determine the validity of a "lien", to determine dischargeability of a debt, or to obtain an injunction). Adversary proceedings involve more legal formalities than contested matters.</p>

Exhibit 5.9.1-1 (Cont. 1) (02-03-2025)

Glossary of Common Insolvency Terms

Term	Definition
AIMS AMDIS AMDISA	<p>Examination function systems that Insolvency frequently uses while re-searching tax accounts.</p> <p>AIMS — The Audit Information Management System used by Examination function.</p> <p>AMDIS — The Audit Management Display Information System; one of the Command Codes used on the Integrated Data Retrieval System (IDRS) by Examination to show any return that is being audited by the Examination function.</p> <p>AMDISA — Same as AMDIS, except it displays specific information on an open tax period.</p>
AIS	Automated Insolvency System (AIS). The bankruptcy database maintained by Insolvency. Its many functions work together to allow Insolvency to manage all of the bankruptcy cases in Insolvency's inventory.
ASED	<p>The Assessment Statute Expiration Date (ASED) marks the date the statutory period of time for assessing a tax ends. The time frame for assessing a tax is normally three years from the due date, or three years from the date the return is filed, whichever is later (IRC 6501).</p> <p>Exception: For employment taxes the ASED is 3 years from April 15 of the following year or 3 years from the date the return was filed, whichever is later.</p>
Asset Case	A bankruptcy case in which the debtor has assets which are non-exempt (i.e., available for use in satisfying creditors' claims). In a no asset case, the debtor has only exempt or excluded assets, such as a personal home or a retirement plan, that are not available to pay claims.
Automatic Stay	<p>An injunction that arises by operation of bankruptcy law when a bankruptcy petition is filed (11 USC 362). The automatic stay is effective as of the date of the filing of the bankruptcy petition. It is a prohibition to begin or continue any legal or enforcement activities against the debtor, the debtor's property, and property of the estate (subject to certain exceptions).</p> <ul style="list-style-type: none"> • The stay stops all debt collection activities, solicitation, and foreclosure, as well as commencement or continuation of proceedings against the debtor, the debtor's property, and/or the estate's property. • Any willful violation of the stay may give the debtor the right to claim actual damages and attorneys fees (but not punitive damages). <p>Note: Creditors may ask the court for relief from the automatic stay to permit them to pursue collection remedies, such as a foreclosure action on real property, or to offset a tax refund.</p>

Exhibit 5.9.1-1 (Cont. 2) (02-03-2025)
Glossary of Common Insolvency Terms

Term	Definition
Bankruptcy	Refers to a judicial process to resolve a debtor's problems in paying debts incurred by the debtor. The term bankruptcy is used in connection with the federal bankruptcy laws enacted by Congress. Bankruptcy case refers to a case filed in a federal bankruptcy court under one of the chapters of the Bankruptcy Code (Title 11). The terms insolvency proceeding and receivership refers to proceedings brought under state laws and supervised by the state courts. A bankruptcy can either be voluntary or involuntary. 11 USC 303 provides the requirements to file an involuntary petition.
Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA)	An act that amended the Bankruptcy Code. Most of the provisions of BAPCPA are effective for cases filed on or after October 17, 2005. However, some BAPCPA provisions, such as certain provisions relating to Chapter 12 debtors, took effect on April 20, 2005, the date of enactment. Many provisions of BAPCPA are intended to keep debtors from abusing the bankruptcy system. Such provisions may limit the imposition of the automatic stay in cases of serial filings, require tax compliance from individual debtors, and establish a means test for Chapter 7 debtors. BAPCPA also added a new Chapter 15 to deal with cross-border bankruptcies.
Bankruptcy Code	The laws of bankruptcy codified under Title 11, USC 101 through 1532.
Bankruptcy Court	U.S. District Courts have standing orders referring all cases arising under Title 11 to bankruptcy judges, which are referred to as bankruptcy courts. See 28 USC 157.
Bankruptcy Estate	See Estate .
Bankruptcy Petition	The form filed by the debtor (or against the debtor by creditors in an involuntary bankruptcy) with the bankruptcy court requesting relief from debts. It is filed to commence a case under a specific chapter of the Bankruptcy Code.
Bankruptcy Reform Act of 1994 (BRA 94)	An act that amended the Bankruptcy Code, signed into law and effective for all bankruptcy cases filed on or after October 22, 1994. It made changes to the bankruptcy law such as permitting assessments and issuing notice and demand during the automatic stay and the filing of late proofs of claim in Chapter 7 cases.
Bankruptcy Rules	Rules of procedure that govern the practice and procedure in bankruptcy cases.
Bar Date	The date set by the court or by statute as the date by which a creditor must file a proof of claim. In general, a claim of a governmental unit, including the IRS, is considered timely if it is filed within 180 days of the order of relief (11 USC 502(b)(9)).

Exhibit 5.9.1-1 (Cont. 3) (02-03-2025)
Glossary of Common Insolvency Terms

Term	Definition
BLARE	Bankruptcy Law Advisory Rules Engine (BLARE) is a web-based automated search engine that contains Chapter 7 and Chapter 13 core knowledge. Topics accessible in BLARE include disclosure, dischargeability, installment agreements, levies, liens, refunds, stay violations, and local rules pertaining to the 94 bankruptcy courts nationwide.
Case Docket	The official record of the bankruptcy case. It shows every event and every document filed in the case. The docket is maintained by the bankruptcy clerk's office.
Cash Collateral	11 USC 363(a) defines cash collateral as "cash, negotiable instruments, documents of title, securities, deposit accounts or other cash equivalents," which are property of the estate and in which the IRS or other creditor have a secured interest.
Change of Venue	Change of location of the bankruptcy filing; usually due to the debtor relocating from one part of the country to another. The bankruptcy jurisdiction is changed to a court in the debtor's new location.
Chapter 7	A case filed under Chapter 7 of the Bankruptcy Code by an individual, business, or other entity except a railroad, certain banks, and savings institutions, where creditors are paid by liquidation and distribution of the debtor's available assets.
Chapter 9	A bankruptcy case for a governmental unit. In order to qualify as a debtor under Chapter 9, an entity must, among other things: be a municipality, be authorized to be a debtor by state law, be insolvent or unable to meet its debts as they mature, and desire to effect a plan to adjust such debts.
Chapter 11	A reorganization case filed under Chapter 11 of the Bankruptcy Code by an individual, business, or other entity. The case is intended to result in a reorganization plan, although Chapter 11 plans can provide for the liquidation of the debtor, as well. A plan can last several years; however, a large percentage eventually liquidate. Unless the court orders otherwise for cause, an individual debtor may receive a discharge upon completion of the Chapter 11 plan or a "hardship discharge."
Chapter 12	This chapter applies to family farmers and fishermen. It closely resembles a Chapter 13 but without a "super discharge" that was available to Chapter 13 debtors in bankruptcies filed prior to October 17, 2005. Creditors are paid pursuant to a plan. Payments may be paid seasonally. Individual debtors may receive a discharge upon completion of the Chapter 12 plan or a "hardship discharge."
Chapter 13	This chapter applies to individuals with regular income, including wage earners, sole proprietors, and other self-employed individuals. Chapter 13 is a reorganization case where creditors are paid pursuant to a plan. Plan payments are paid through a trustee who handles all disbursements. The debtor may receive a discharge upon completion of all plan payments or a "hardship discharge."

Exhibit 5.9.1-1 (Cont. 4) (02-03-2025)
Glossary of Common Insolvency Terms

Term	Definition
Chapter 15	This chapter applies when (1) a foreign court or a foreign representative seeks assistance in the United States in connection with a foreign insolvency proceeding; (2) assistance is requested in a foreign country in connection with a case under 11 USC; (3) a foreign insolvency proceeding and a domestic bankruptcy for the same debtor are pending concurrently; or (4) creditors or other interested persons in a foreign country have an interest in requesting the commencement of, or participating in, a case or proceeding under Title 11 USC.
Claim	A right to payment, even if unliquidated, contingent, or disputed. Proofs of claim may include tax liabilities which have not been assessed. Also, see "Proof of Claim."
Co-Debtor Stay	Under Chapter 13 of the Bankruptcy Code, an injunction that prohibits creditors from collecting from an individual that is liable on a debt with the debtor (11 USC 1301). The co-debtor stay applies only to consumer debts. It does not apply to taxes. See "Consumer Debt."
Commencement Date	The day on which a bankruptcy petition is filed.
Commodity Futures	A speculative investment in a good that is mined or agriculturally produced.
Complaint	A pleading filed by a party to the bankruptcy case that initiates an adversary proceeding.
Confirmation	The time when the court grants final approval to the debtor's plan of reorganization. Applicable only in Chapters 11, 12, and 13 bankruptcies.
Consumer Debt	A debt incurred by an individual primarily for personal, family, or household purposes. Does not include taxes. See "Co-Debtor Stay."
Conversion	When a debtor voluntarily or involuntarily changes from one chapter of bankruptcy to another chapter with the approval of the bankruptcy court.
Cram Down	In the event any class of claims or interests is impaired under a plan of reorganization in Chapter 11 and does not garner the minimum percentage of votes to accept the plan, the plan's proponent may request the court to confirm the plan by the alternative "cram down" method. As long as at least one class of creditors approves the plan, the plan does not discriminate unfairly, and meets the fair and equitable treatment of creditors as required by the Bankruptcy Code, the court may confirm the plan.
Creditor	Person or entity with a claim against the debtor and/or property of the debtor at the time the bankruptcy petition is filed.
CSED	The date on which the collection statute expires is called the Collection Statute Expiration Date (CSED). The statutory period for collecting a tax is normally ten years from the date of assessment (IRC 6502).

Exhibit 5.9.1-1 (Cont. 5) (02-03-2025)
Glossary of Common Insolvency Terms

Term	Definition
Customer Creditor	A customer creditor is someone who has engaged the services of a broker who is now engaged in an insolvency proceeding. The customer has entrusted the broker with securities (typically funds) to hold in the normal course of business and for the purpose of conducting business on the customer's behalf.
Debtor	The person or entity (corporation, partnership, municipality) that: (1) files a voluntary petition, or (2) has an order of relief entered against it when an involuntary petition is filed with the bankruptcy court.
Debtor-in-Possession (DIP)	The debtor in a Chapter 11 or Chapter 12 bankruptcy is known as a debtor-in-possession (DIP) of the assets of the estate unless a trustee is appointed. The DIP has the rights and powers of a bankruptcy trustee.
De Minimis	Lacking significance or importance. In regards to IRM 5.9, referring to
Discharge	A court order that prohibits the collection of many pre-petition debts as a personal liability of the debtor. It is the event that triggers forgiveness of debt in a bankruptcy case. Generally, a discharge is granted: <ol style="list-style-type: none"> In an individual debtor's Chapter 7 case 60-90 days after the date set for the first meeting of creditors (11 USC 341 Meeting); In a Chapter 11 case of a corporation when the plan is confirmed; In a Chapter 11 case of an individual when the plan is completed or when the court grants a hardship discharge; and In Chapter 12 and 13 cases, when the plan is completed (3-5 years) or when the court grants a hardship discharge to the debtor.
Discharge Date	The date the court records the discharge.
Discharge, Denial of	The situation in which a debtor goes through a bankruptcy case but is not granted a discharge.
Discharge Injunction	Under 11 USC 524, a discharge operates as an injunction against any attempt to collect discharged debts as a personal liability of the debtor. A discharge does not prevent the collection of debts from property of the debtor if the tax lien attached before bankruptcy and remains on the property after the bankruptcy, such as exempt or abandoned property for which an NFTL was filed before the bankruptcy. Damages against the IRS could result if the IRS violates the discharge injunction. Also, see "Violation of Stay."
Disclosure Statement	In a Chapter 11 case, an approved disclosure statement must generally accompany the proposed plan of reorganization before the plan is confirmed. The disclosure statement must contain adequate information concerning the affairs of the debtor to allow the creditors to make an informed judgment about the plan. However, for post-BAPCPA cases, electing small businesses may be subject to less stringent disclosure statement requirements (11 USC 1125(f)).

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Exhibit 5.9.1-1 (Cont. 6) (02-03-2025)
Glossary of Common Insolvency Terms

Term	Definition
Dismissal	The term used when a bankruptcy case is terminated prematurely. The debtor does not receive a discharge. Upon dismissal, the debtor is no longer protected by the automatic stay and the IRS can resume administrative collection.
Distribution Order	A distribution order authorizes the trustee to pay creditors the amounts listed in the order, in accordance with the bankruptcy priority scheme. It is usually prepared by the Chapter 7 case trustee and entered by the court.
Estate	<p>A bankruptcy estate is created upon the commencement of the bankruptcy case which is generally when the petition is filed. It generally consists of all of the debtor's interests in any property at the time the case is filed, plus property acquired by the estate after the petition is filed.</p> <p>Note: The estate may also include a non-debtor spouse's community property interests.</p> <p>In an individual Chapter 7 or 11 case, the bankruptcy estate is a separate taxable entity (IRC 1398). In Chapter 13 cases and in individual Chapter 11 cases filed on or after October 17, 2005, certain assets acquired by the debtor post-petition may also be included in the estate along with post-petition earnings from services performed by the debtor (11 USC 1306 and 1115).</p>
Examiner	An examiner may be appointed in a Chapter 11 case to investigate the financial affairs of the debtor. An examiner does not replace the debtor-in-possession as a Chapter 11 trustee does.
Excluded Asset	A property interest of the debtor that does not become property of the bankruptcy estate upon the filing of the petition. A pre-petition NFTL is not required to collect discharged taxes from excluded property, although a statutory lien is required. Non-dischargeable taxes may also be collected from excluded assets.
Exempt Property	The debtor is entitled to exempt certain property from property of the estate. Exempt property that was included in the bankruptcy estate and exempted by the debtor is not liable for discharged tax debts after the bankruptcy unless an NFTL was filed before the bankruptcy. See 11 USC 522(c)(2)(B). Depending upon state law, a debtor may choose between state and federal exemptions. Only individuals can exempt property (e.g., a homestead, vehicles, personal furnishings).
53 Account - CNC	A balance due account that is considered Currently Not Collectible (CNC). Frequently used in Chapter 7 corporate accounts and Chapter 11 liquidating bankruptcies at the close of bankruptcy. Processed by use of Form 53, Currently Not Collectible.
Final Decree	Order entered by the bankruptcy court in a Chapter 11 case that closes the case after the case has been fully administered, and the court has discharged the trustee of their duties.

Exhibit 5.9.1-1 (Cont. 7) (02-03-2025)
Glossary of Common Insolvency Terms

Term	Definition
First Meeting of Creditors (FMC) (341 Meeting)	The meeting at which the debtor is required to testify under oath about financial affairs and to respond to questions from creditors and the trustee. Usually held within 20 to 50 days after a case is commenced under any chapter of the Bankruptcy Code. It is also referred to as the Section 341 Meeting , 341 Meeting , or 341 Hearing (11 USC 341).
Fraudulent Transfer	A transfer of any property by the debtor within two years before the bankruptcy petition with the intent to hinder, defraud, or delay a creditor. When brought to light, the trustee can successfully challenge the transfer and request turnover of the property to the estate (11 USC 548).
Fresh Start	Refers to the goal of bankruptcy to give the debtor a new financial life free from many past debts.
Gap Period Taxes	Tax liabilities and penalties which accrue during the interim period after an involuntary bankruptcy case is filed and before an order for relief is entered.
General Unsecured Claims	See “Unsecured General Claim.”
Hardship Discharge	When circumstances beyond the debtor’s control prevent the Chapter 13 debtor from modifying or completing the plan, the debtor can receive the same type of discharge that would have been received had the debtor been discharged in a Chapter 7 case – if certain requirements are met (11 USC 1328(b)). Chapter 12 affords a similar discharge but under more limited circumstances (11 USC 1228(b)). Similar to the Chapter 13 case, the court may grant an individual in a Chapter 11 case a hardship discharge in appropriate circumstances per 11 USC 1141(d)(5).
Individual Debtor	A person who files bankruptcy as an individual rather than as a partnership, limited liability company (LLC) or corporation. The individual debtor may file singularly or jointly with a spouse.
Insider	If the debtor is an individual, an insider includes a relative or partner of the debtor, a partnership in which the debtor is a general partner, a general partner of the debtor, or a corporation of which the debtor is a director, officer, or person in control. If the debtor is a corporation, an insider includes a director of the debtor, officer of the debtor or a person in control of the debtor (11 USC 101(31)). An insider may be subject to different treatment under the Bankruptcy Code. For example, the time period for recovering preferential transfers to an insider is one year as opposed to 90 days for transfers made to non-insiders.
Insolvency	Generally, understood to mean an inability to pay debts as they become due. However, the Bankruptcy Code refers to an insolvent entity as one whose debts are greater than the fair market value of its assets (11 USC 101(32)). A debtor need not be insolvent to file bankruptcy. See “Bankruptcy.”

Exhibit 5.9.1-1 (Cont. 8) (02-03-2025)
Glossary of Common Insolvency Terms

Term	Definition
Involuntary Bankruptcy Petition	The situation in which creditors file a bankruptcy petition, forcing a debtor into bankruptcy involuntarily. See “Bankruptcy” and “Order for Relief.”
IRC 6020(b)	Section 6020(b) of the Internal Revenue Code allows the IRS to prepare and execute a return when a taxpayer fails to make a required return or makes a false or fraudulent return. 6020(b) returns are not returns for dischargeability purposes under 11 USC 523.
Joint Petitioners	When a married couple files a bankruptcy, a joint petition may be filed by an individual and spouse, and the joint filing is typically administered as one proceeding.
Joint Return/Separate Bankruptcy Petitions Filed by Each Spouse	The situation in which spouses file a joint income tax return and file separate bankruptcy petitions either on the same date or on different dates. The cases may or may not be “consolidated” into a single case.
Joint Return/Single Debtor (Debtor and Non-Debtor Spouse)	The situation in which spouses file a joint income tax return but only one spouse declares bankruptcy. The person who files for bankruptcy protection is known as the “debtor” and the other spouse, who does not file bankruptcy, is known as the “non-debtor spouse”.
Levy	An IRS enforcement tool used to attach to tangible and intangible assets. Pre-petition tax liabilities cannot be collected by levy when the automatic stay is in effect.
Lien	An encumbrance on property or rights to property as security for a debt or obligation. The IRS is prohibited from filing an NFTL with regard to a pre-petition tax debt against property of the debtor until the stay is lifted. The IRS is also prohibited from filing any NFTL against the property of the estate, regardless of when the tax arose. A refiling of a tax lien is allowed. See “NFTL.”
Lifting the Automatic Stay	Relief obtained by a specific creditor from the bankruptcy court that lifts the injunction under 11 USC 362 against that creditor to permit a certain action, such as selling assets seized prior to the petition date. The automatic stay, except the stay against property of the estate, is automatically terminated for all creditors when the discharge is granted, or the case is closed or dismissed. There may be no need to seek a lifting of the stay in the case of a serial bankruptcy filer that is abusing the bankruptcy system (11 USC 362(b)(21), 362(c)(3) & (4), and 362(n)).
Liquidation	The act of reducing tangible and intangible assets to cash. This applies to Chapter 7 cases in which the business ceases to exist and its assets are sold. For individuals, the liquidation is limited to non-exempt assets. Some debtors liquidate through a Chapter 11 bankruptcy case.
Local Rules	Each bankruptcy court may make and amend its own local rules governing its practice and procedures in that specific jurisdiction. However, the local rules cannot be inconsistent with the Federal Bankruptcy Rules.

Exhibit 5.9.1-1 (Cont. 9) (02-03-2025)
Glossary of Common Insolvency Terms

Term	Definition
Monthly Operating Reports	The reports required to be filed in all Chapter 11 cases by debtors-in-possession or trustees. Generally, the reports include a cash receipts and disbursements journal, income statement, and balance sheet analysis.
NFTL	Notice of Federal Tax Lien (NFTL). For tax purposes, a properly filed NFTL secures the tax liability up to the value of the equity in the debtor's assets. Also see Secured Claim .
No Asset Case	A Chapter 7 no asset case is one where no equity in the debtor's assets is available to pay unsecured creditors because all of the debtor's assets are exempt, excluded, fully encumbered by secured liens, or have little value (Chapter 7). Generally, the IRS and other creditors do not file claims in Chapter 7 no asset cases, unless or until the bankruptcy trustee provides further notice that assets have been found (Bankruptcy Rules 2002(e) and 3002(c)(5)).
Non-Exempt Assets	Assets which are part of the bankruptcy estate (i.e., the property available to satisfy creditors' claims). Also, see "Asset Case."
Non-Pecuniary Loss Penalty	A non-pecuniary loss penalty is a punitive penalty or fine. Examples are failure to file, failure to pay, frivolous, fraud, and willful misconduct penalties. Generally, the IRS receives only minimal payments on these types of penalties.
Objection to Claim	A motion filed with the bankruptcy court by a debtor, creditor, or trustee to object to all or parts of a claim. A hearing will be held to resolve the dispute. Most bankruptcy court litigation, including objections to claim, are brought by a motion pursuant to the less formal contested matter procedures.
180-Day Reports	Each Chapter 7 trustee must submit to the United States Trustee an interim report on each asset case that was open at the beginning of the reporting period. The interim report consists of an Estate Property Record and Report and a Cash Receipts and Disbursements Record.
Order for Relief	The filing of a bankruptcy petition constitutes an order for relief in a voluntary bankruptcy case. In an involuntary case, the court orders relief after notice and hearing (Bankruptcy Rule 1013).
PACER	Public Access to Court Electronic Records (PACER). An electronic court notification/information system providing information to the public on court records. PACER maintains records and provides a current status on the majority of bankruptcy cases.
Pecuniary Loss Penalty	Assessed to reimburse and compensate the government for an actual loss of taxes. A pecuniary loss penalty is always treated as a priority classification on the IRS's proof of claim, unless entitled to a secured position when a valid NFTL is recorded.
Person	As used for bankruptcy purposes, includes an individual, partnership, and corporation, but not a governmental unit, except for limited situations (11 USC 101(41)).

Exhibit 5.9.1-1 (Cont. 10) (02-03-2025)
Glossary of Common Insolvency Terms

Term	Definition
Petition Date	The date the bankruptcy petition was filed in the bankruptcy court.
Plan of Reorganization	A proposed method of payment submitted by the debtor and/or other interested parties in a bankruptcy case to the bankruptcy court and creditors for review and approval. Creditors have the right to accept or reject the plan, and/or object to a plan. Plans are filed in Chapters 11, 12, and 13 bankruptcy cases. When the terms of the proposed plan are not adequate to satisfy the outstanding debt, the FI caseworker may refer the case to Counsel and/or the U.S. Attorney's Office to request an objection to confirmation of the proposed plan.
Post-confirmation	The period that occurs after the plan is confirmed.
Post-petition	The period after the bankruptcy petition is filed.
Post-petition Pre-confirmation	The period from the petition date to the confirmation date.
Post-petition Taxes	Taxes incurred after the filing of the bankruptcy petition. Income taxes are incurred on the last day of the income tax year.
Preference	A pre-petition transfer of the debtor's property to a creditor made on or within 90 days before the filing of bankruptcy (or one year if the transfer is to an insider), which enables the creditor to receive more than in a Chapter 7 liquidation. The trustee may void the transfer and recover the property for the estate unless one of several exceptions apply, including the exception for payments of debts made in the ordinary course of business (11 USC 547). The voluntary pre-petition payment by the debtor of trust fund taxes to the IRS is not a payment of property of the debtor, and thus cannot be recovered as a preference.
Pre-packaged Bankruptcies	A Chapter 11 plan of reorganization that the debtor and primary creditors negotiate and accept prior to the filing of the bankruptcy petition.
Pre-petition	The period of time before the bankruptcy petition was filed.
Pre-petition Taxes	Taxes incurred, whether or not assessed, prior to the filing of the bankruptcy petition. Income taxes are incurred on the last day of the income tax year.
Priority	The concept relating to the order and the extent to which the various creditors' unsecured claims are satisfied out of the available assets of the bankruptcy estate (11 USC 507).

Exhibit 5.9.1-1 (Cont. 11) (02-03-2025)
Glossary of Common Insolvency Terms

Term	Definition
Priority Claim	<p>An unsecured claim with priority over other unsecured claims. 11 USC 507 lists categories of priority claims in order of priority. Post-petition taxes incurred by the estate are entitled to second priority. Pre-petition income taxes are generally entitled to eighth priority if:</p> <ol style="list-style-type: none"> The return was due after three years prior to the petition date, The assessment was made within 240 days before the petition date, or The tax was unassessed but assessable prior to the petition date. <p>Trust fund taxes are always entitled to priority, unless secured by a NFTL, in which case they will be filed as a secured claim. Other types of taxes are generally entitled to priority if the return was due after three years prior to the bankruptcy.</p>
Proof of Claim	<p>A document a creditor files with the bankruptcy court to assert a right of payment from the bankruptcy estate for pre-petition debts. A claim can also be filed for post-petition debts in some instances (e.g., 11 USC 1305 claims in Chapter 13).</p>
Property of the Estate	<p>A debtor's legal or equitable interests in property at the time the bankruptcy is filed. This includes potential claims and lawsuits the debtor may yet file against a third party. Property of the estate also includes interests in property that the estate acquires post-petition and post-petition earnings of individual Chapter 11 debtors and Chapter 13 debtors (11 USC 1115 and 1306). In a Chapter 7 case or liquidating Chapter 11, the trustee liquidates property of the estate to pay creditors. In reorganization cases, property of the estate is used to determine the value of a secured claim or the extent to which secured and unsecured general claims must be paid through a plan.</p>
Pro rata	<p>According to a calculated share; distributed proportionately.</p>
Receivership	<p>See "Bankruptcy."</p>
Reorganization	<p>The process through which a Chapter 11, 12, or 13 debtor promises to resolve or pay creditors' claims.</p>
Res Judicata	<p>The principle that an existing final judgment rendered on the merits by a court of competent jurisdiction is conclusive. It bars the parties from re-litigating in another proceeding the same issues that were litigated in the first proceeding or claims that could have been litigated in the first proceeding.</p>
Rule 2004 Examination	<p>Similar to a deposition but broader in scope. It permits any party in interest to examine any entity about the acts, conduct, or property of the debtor, the liabilities and financial condition of the debtor, or about any matter which may affect the administration of the debtor's estate, or the debtor's right to a discharge.</p>
Schedules	<p>After a bankruptcy is filed, all debtors must timely file: (1) schedules of assets and liabilities, (2) a schedule of current income and current expenditures, and (3) a statement of financial affairs.</p>

Exhibit 5.9.1-1 (Cont. 12) (02-03-2025)
Glossary of Common Insolvency Terms

Term	Definition
Section 341 Meeting	See “First Meeting of Creditors.”
Secured Creditor	A creditor having a lien, security interest, or other encumbrance which has been properly perfected as required by law with respect to property owned by the debtor. The creditor has a secured claim to the extent of the value of the collateral or to the extent of the creditor’s right to offset a “mutual debt” owed to the debtor against the creditor’s claim against the debtor (11 USC 506(a)). For tax purposes, a properly filed NFTL secures the tax liability up to the value of the equity in the assets. A federal tax liability may also be secured because the IRS has a setoff right against a debtor’s right to federal tax refunds or overpayment of tax, or by amounts other federal agencies may owe the debtor.
Securities	Instruments that evidence the holder’s ownership rights in a firm (e.g., stock), the holder’s creditor relationship with a firm or government (e.g., a bond), or the holder’s other rights (e.g., an option).
Security Investor Protection Act (SIPA)	The law that establishes the Security Investor Protection Corporation, which maintains a special reserve fund mandated by Congress to protect the customers of insolvent members. The Securities Investor Protection Corporation either acts as trustee or works with an independent court-appointed trustee in a missing asset case to recover funds. SIPA liquidation proceedings are handled in bankruptcy court as adversary proceedings (15 USC 78eee(b)(4)).
Short Year Election	A situation in which an individual debtor (and spouse) has the option of filing short year income tax returns for the pre-petition and post-petition portions of the tax year. This election applies to individual taxpayers who have filed a Chapter 7 or 11 bankruptcy case (IRC 1398(d)). The election allows the tax relating to the pre-petition portion of the income tax for the tax year in which the bankruptcy petition was filed to be paid as a (priority) claim in the bankruptcy case.
Small Business Case	A Chapter 11 case where the debtor’s liabilities do not exceed \$3,024,725 and no active creditor’s committee exists. The debt limitation is adjusted every three years under 11 USC 104 to reflect the Consumer Price Index.
Small Business Reorganization Act (SBRA)	SBRA went into effect in February 2020. The SBRA aims to make small business bankruptcies faster and less expensive by creating Subchapter V of Chapter 11 of the Bankruptcy Code specific to small businesses.
Sovereign Immunity	The doctrine that the United States is immune from suit for damages or other monetary recovery unless the United States waives its immunity from suit (e.g., by a statute permitting a damages suit against the United States).
Statement of Financial Affairs (SOFA)	A statement completed by the debtor that provides a summary of the debtor’s financial history, transactions, and operations over certain periods of time before the commencement of the case.

Exhibit 5.9.1-1 (Cont. 13) (02-03-2025)**Glossary of Common Insolvency Terms**

Term	Definition
Statutory Lien	By statute, a lien arises on a taxpayer's property once the IRS makes an assessment, gives notice and demands payment, and the taxpayer neglects or refuses to pay. See IRC 6321. (As a matter of IRS policy, the taxpayer is normally given 10 days from notification to pay the amount due.)
Stock	The outstanding capital of a company, the shares of a particular company, or the certificate of ownership of such stock.
Substitute for Return (SFR)	A procedure by which the Examination function of the IRS establishes an account and examines records of the taxpayer when the taxpayer/debtor refuses or is unable to file a return, and information received by the IRS indicates a return should be filed. The Substitute for Returns (SFR) program under IRC 6020(b) uses Statutory Notice of Deficiency (SNOD) procedures (i.e., 30-day Letter and 90-day Letter).
Super Discharge	For cases filed prior to October 17, 2005: The discharge granted to an individual debtor upon the successful completion of a Chapter 13 plan. All pre-petition tax debts provided for in a Chapter 13 plan are discharged. In the case of a corporation or partnership in Chapter 11 that is not liquidating, all pre-confirmation debts, including administrative period taxes, are generally discharged.

Exhibit 5.9.1-1 (Cont. 14) (02-03-2025)
Glossary of Common Insolvency Terms

Term	Definition
Trustee	<p>A bankruptcy trustee refers to the officer appointed by the United States Trustee to administer the bankruptcy estate. Depending on the chapter involved, the trustee's role varies. In a Chapter 7 or 13 case, the trustee is the representative of the bankruptcy estate and has a fiduciary duty to unsecured creditors. In a Chapter 12 case, while a trustee is always appointed, it is the debtor, unless otherwise removed, that remains the debtor-in-possession (DIP) and continues operations. In a case under Chapter 11, a trustee is often not appointed, unless deemed necessary by the Court, leaving the DIP with the rights and powers of a trustee. Listed are several definitions of a trustee and the corresponding Chapter(s) of bankruptcy:</p> <ul style="list-style-type: none"> •Chapter 7 trustee: A disinterested person appointed by the United States Trustee or elected by creditors to administer the Chapter 7 case. Referred to as a panel trustee or case trustee. The Chapter 7 trustee is responsible for a particular Chapter 7 case. •Chapter 11 trustee: The court can order the appointment of a Chapter 11 trustee to replace the debtor-in-possession. The DIP, or the Chapter 11 trustee, is a fiduciary responsible for administering the Chapter 11 case. The United States Trustee or a party in interest may request the court appoint a Chapter 11 trustee for cause. •Chapter 12 trustee: A trustee is appointed in every Chapter 12 case and is referred to as a standing trustee. The trustee typically reviews the debtor's proposed plan and recommends modifications, as needed. After confirmation, the trustee typically serves as the disbursing agent of the debtor's payments under the plan. •Chapter 13 trustee: A trustee is appointed in every Chapter 13 case. Referred to as a standing trustee. The trustee typically reviews the debtor's proposed plan and recommends modifications, as needed. After confirmation, the trustee typically serves as the disbursing agent of the debtor's payments under the plan.
United States Trustee	An employee of the Department of Justice charged with supervision of the administration of all bankruptcy cases (28 USC 586). The United States Trustee has a statutory right to appear and be heard on any issue in any bankruptcy case (11 USC 307).
Unsecured Creditor	A creditor who has no security interest in property of the estate to secure its claim or no right of setoff. It also refers to creditors whose value of collateral or right of setoff is less than the amount of the debt (11 USC 506(a)). Unsecured creditors may be either priority or general unsecured creditors.
Unsecured Creditors Committee	Appointed in Chapter 11 cases by the United States Trustee. The committee is comprised of creditors willing to serve, who generally hold the largest unsecured claims, and whose claims are representative of the type of unsecured debt in the case.
Unsecured General Claim	A claim that is not entitled to either secured or priority status. General unsecured creditors may recover a low percentage on their claims or may recover nothing at all.

Exhibit 5.9.1-1 (Cont. 15) (02-03-2025)
Glossary of Common Insolvency Terms

Term	Definition
Violation of Stay	An improper collection action made during the period in which the automatic stay is in effect. Examples of collection actions prohibited during the automatic stay (on pre-petition tax liabilities) include the solicitation of an installment agreement, making demand for payment, or the serving of a levy. (However, giving notice and demand after assessment is not prohibited by the stay, 11 USC 362(b)(9)). The IRS can be liable for damages and attorneys fees for violations of the automatic stay, but punitive damages cannot be awarded. Also see “Discharge Injunction.”

Exhibit 5.9.1-2 (02-03-2025)
Acronyms and Abbreviations

Common acronyms acceptable for use in the AIS history are listed in the table below. Additional acceptable acronyms and abbreviations are found in the ReferenceNet Acronym Database, which may be viewed at: *ReferenceNet Legal and Tax Research Services*.

Abbreviation	Meaning
ACS	Automated Collection System
ADJ	Adjustment
ADS	Automated Discharge System
AGI	Adjusted Gross Income
AIS	Automated Insolvency System
ALS	Automated Lien System
AMT	Amount
APOC	Automated Proof of Claim
ASED	Assessment Statute Expiration Date
ATAT	Abusive Tax Avoidance Transaction
ATTY	Attorney
AUSA	Assistant United States Attorney
BAPCPA	Bankruptcy Abuse Prevention and Consumer Protection Act
BC	Bankruptcy Code
BD	Balance Due
BK	Bankruptcy
BMF	Business Master File
C&F	Call and Fax
CCFU	Court Closure Follow-up
CFL	Called Field Liaison
CNC	Currently Not Collectible
CONV	Conversion
CPP	Confirmed Plan Payment
CRDBAL	Credit Balance
CSED	Collection Statute Expiration Date
CT	Credit Transfer
DDR	Discharge Determination Report
DI	Debt Indicator

Exhibit 5.9.1-2 (Cont. 1) (02-03-2025)

Acronyms and Abbreviations

Abbreviation	Meaning
DISCH	Discharge
DISCH DET	Discharge Determination
DISM	Dismissal
DOJ	Department of Justice
DV	Disclosure Verified
EAEP	Exempt, Abandoned, or Excluded Property
EIC	Earned Income Credit
EIN	Employer Identification Number
ENS	Electronic Noticing System
EPOC	Electronic Proof of Claim
ERISA	Employee Retirement Income Security Act
ETP	Estimated Tax Payment
FBAR	Foreign Bank and Financial Account Report
FLD LSON	Field Liaison
FLD SPEC	Field Specialist
FMC	First Meeting of Creditors
FP	Full Pay
FPLP	Federal Payment Levy Program
FRE&CLR	Free and Clear
FS	Filing Status
FTD	Federal Tax Deposit
FU	Follow Up
FWDTF	Forward to Field
IA	Installment Agreement
ICS	Integrated Collection System
IDRS	Integrated Date Retrieval System
IIP	Insolvency Interface Program
IMF	Individual Master File
IRC	Internal Revenue Code
IRM	Internal Revenue Manual
LAMS	Litigation Account Management System

Exhibit 5.9.1-2 (Cont. 2) (02-03-2025)

Acronyms and Abbreviations

Abbreviation	Meaning
LCBM	Left Callback Message
LRF	Last Return Filed
LTS	Litigation Transcript System
MAN R	Manual Refund
MFT	Master File Tax
MOT	Motion
MRR	Manual Refund Report
NAN	No Action Needed
ND CLM	Need to File Proof of Claim
NDS	Non-Debtor Spouse
NFTL	Notice of Federal Tax Lien
NL	No Liability
NMF	Non-Master File
NOA	Notice of Assets
NOD	Notice of Dividends
NOH	Notice of a Hearing
OBJ 2 CLM	Objection to Claim
OI	Other Investigation
OIC	Offer in Compromise
P & I	Penalty and Interest
PD	Posting Delay
PDTN	Penalties dischargeable, tax is not
PIT	Potentially Invalid TIN
PMI	Per Manager's Instructions
PMT DET	Prompt Determination
POC	Proof of Claim
PP or POST	Post-petition
PYMT or \$	Payment
RESGN FLD SPEC	Reassigned to Field Specialist
RIM	Received In Mail
RO	Revenue Officer

Exhibit 5.9.1-2 (Cont. 3) (02-03-2025)

Acronyms and Abbreviations

Abbreviation	Meaning
ROL	Release of Levy
RQ	Request
RVU	Reviewed
SAL/RE	Sale of Real Estate
SIPA	Security Investor Protection Act
SOFA	Statement of Financial Affairs
SSN	Social Security Number
TAO	Taxpayer Assistance Order
TC	Transaction Code
TCFTP1	Telephone call from the principal taxpayer on the tax return.
TCFTP2	Telephone call from the taxpayer acting as the spouse on the tax return.
TCFTP	Telephone Call from Taxpayer
TCFNDS	Telephone Call from Non-Debtor Spouse
TEFRA	Tax Equity and Fiscal Responsibility Act
TFRP	Trust Fund Recovery Penalty
TIN	Taxpayer Identification Number
TOP	Treasury Offset Program
TP	Taxpayer
TTEE	Trustee
TTR	Trustee Turnover Request
TY	Tax Year
UP	Unpostable
UR	Unfiled Return
URP	Underreporter Program
USC	United States Code
UT	Untimely
VOS	Violation of Automatic Stay
WD	Withdraw
XREF	Cross Reference

Exhibit 5.9.1-2 (Cont. 4) (02-03-2025)**Acronyms and Abbreviations**

Abbreviation	Meaning
4MGR APP	For Manager's Approval

Exhibit 5.9.1-3 (11-24-2023)**Case Assignments**

Assignment of Work: Cases may be assigned to the CIO or FI based on chapter type, tax liability, and complexity. Some cases will necessarily flow back and forth between FI and the CIO. Assignment of work duties between FI and the CIO may change due to resources or workload, as determined by the Director, Specialty Collection Insolvency.

Exceptions: Except as noted in IRM 5.9.12.5.1, IIP Status Reports, and IRM 5.9.12.5.2, Potentially Invalid TIN (PIT) List, cases will be worked as follows:

IF ...	THEN...
The taxpayer files under Chapter 13	<ul style="list-style-type: none"> CIO will process bankruptcy notifications, run IIP, status reports, PIT reports, and LTS reports before assignment to the FI group where the bankruptcy is pending. Unless there are issues that require the case to remain in FI, once the initial case review has been completed and all proofs of claim have been acknowledged, the Chapter 13 case is transferred from FI to CIO. FI notates any special actions required by the CIO in the Summary History prior to the transfer to the CIO. CIO posts payments from the Chapter 13 trustee. After court closure, the CIO will complete closing actions. FI completes an initial case review and will prepare original and amended proofs of claim using APOC, as appropriate; review the plan and prepare referrals, if needed; add the confirmed plan to the AIS Payment Monitoring screen, if confirmed prior to transfer to CIO; add 02/02/2222 as the confirmation date on the CPM Screen and Taxpayer Screen, if the case is reassigned to CIO to monitor for confirmation; add a Summary History on AIS prior to transfer to CIO; and, resolve cases involving defaulted plans or post-petition issues.
The taxpayer files under Chapter 9, 11, or 12	<ul style="list-style-type: none"> The CIO will process bankruptcy notifications, run IIP, status reports, and work PIT reports before assignment to the FI group where the bankruptcy is pending. FI will prepare original and amended proofs of claim using APOC, as appropriate; review the plan and prepare referrals, if needed; add the confirmed plan to the CPM Screen; monitor plan payments after confirmation; work LTS reports; recommend actions on defaulted plans and perform all closing actions (except MFT 31 transfers and addressing prior installment agreements) upon dismissal, discharge or closure of the case by the court.

Exhibit 5.9.1-3 (Cont. 1) (11-24-2023)
Case Assignments

IF ...	THEN...
<p>The taxpayer files under Chapter 7 and assets are available</p>	<ul style="list-style-type: none"> • The CIO will process bankruptcy notifications, run IIP, status reports, and work PIT reports before assignment to the FI group which is responsible for that court. • After FI has completed the initial case review of all business cases, all claims have been prepared and acknowledged, and there are no issues that require the case to remain in FI, FI will enter a Summary History on AIS to provide guidance for closing actions to be taken by the CIO. The CIO will take all necessary closing actions on the case and post any payment received from the bankruptcy trustee. <p>Exception: Partnership cases always remain in FI and are not sent to CIO for closing actions. There are other businesses which remain in FI if they meet certain criteria. IRM 5.9.6.10.1(5), Chapter 7A Business Cases, outlines actions taken by FI based on the type of business that filed the petition.</p> <ul style="list-style-type: none"> • After FI has completed the initial case review of all individual cases, all claims have been prepared and acknowledged, and there are no issues that require the case to remain in FI, FI will enter a Summary History on AIS to provide guidance for closing actions to be taken by the CIO, upon dismissal or discharge. CIO will monitor the case for dismissal or discharge, post any payment received from the bankruptcy trustee and take all necessary closing actions on the case. • FI will complete the initial case review and prepare original and amended claims. Once all claims have been acknowledged and there are no issues that require the case to remain in FI, FI will enter a Summary History in the case with any specific instructions for actions needed by CIO during case closure. The case will be transferred to the CIO.

Exhibit 5.9.1-3 (Cont. 2) (11-24-2023)**Case Assignments**

IF ...	THEN...
The taxpayer files under Chapter 7 and no assets are available	<ul style="list-style-type: none">• The CIO will process bankruptcy notifications, run IIP, status reports, and work PIT reports. CIO conducts the screening process on large dollar Chapter 7 No Asset cases to determine if there are assets that require a transfer of the case to FI for further investigation. Generally, the CIO takes all closing actions on Chapter 7 No Asset cases, except for taking collection action from EAEP after the discharge.• If the outstanding liability meets the amount pre-determined by the Director, Specialty Collection Insolvency, for a large dollar Chapter 7 No Asset review, the case will be transferred to the FI group where the case is pending. If FI determines that there is no collection potential from exempt, abandoned or excluded property, no badges of fraud present, or a preponderance of evidence that the debtor willfully evaded payment of the tax, the FI caseworker will document the case history with the results of their review. The case will then be transferred back to the CIO for monitoring and completion of closing actions upon receipt of the closing notice. (See IRM 5.9.17.5, Exempt, Abandoned or Excluded Property (EAEP), for additional information.)

Note: Case classifications should be added to all bankruptcy cases when applicable.