



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

5.12.3

SEPTEMBER 3, 2025

## EFFECTIVE DATE

(09-03-2025)

## PURPOSE

- (1) This transmits revised IRM 5.12.3, Federal Tax Liens, Lien Release and Related Topics.

## MATERIAL CHANGES

- (1) Editorial updates throughout to references, links, and terminology; reformatted tables; and made other formatting changes for 508 compliance and to meet current IRS standards.
- (2) 5.12.3.1. Changed title and expanded subsection to include Program Scope and Objectives.
- (3) 5.12.3.3.1.2. (2) Converted bullet points to a table.
- (4) 5.12.3.6.1. (3) Edited misleading statement in sample wording about lien against joint taxpayer.
- (5) 5.12.3.7. (7) Converted bullet points to a table.
- (6) 5.12.3.8.1. (2) Merged subparagraph (a) into parent paragraph.
- (7) 5.12.3.9.1. (12)(b) Edited last sentence of sample wording about lien against joint taxpayer.
- (8) 5.12.3.13.1 and 5.12.3.13.3. Forms and contact points updated for consistency with IRM 25.3.3.
- (9) 5.12.3.14. (6) Clarified that Form 12474-A is not actively used.
- (10) 5.12.3.14.2. (5) Deleted inaccurate instruction regarding placement of Partial Revocation language.
- (11) 5.12.3.18. Subsection deleted as content moved to 5.12.3.1.4.
- (12) Exhibits 5.12.3-2 through 5.12.3-5. Updated graphic descriptions for 508 compliance.

## EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 5.12.3, dated July 15, 2015.

## AUDIENCE

SBSE Collection, Taxpayer Services, Appeals

Thomas Kramer  
Director, Collection Policy  
Small Business/Self Employed Division



5.12.3

Lien Release and Related Topics

## Table of Contents

5.12.3.1 Program Scope and Objectives

5.12.3.1.1 Background

5.12.3.1.2 Authority

5.12.3.1.3 Roles and Responsibilities

5.12.3.1.4 Program Management and Review

5.12.3.1.5 Program Control

5.12.3.1.6 Terms/Definitions/Acronyms

5.12.3.1.7 Related Resources

5.12.3.2 Lien Release (Overview)

5.12.3.3 Lien Release Conditions

5.12.3.3.1 Liability is Satisfied - IRC 6325(a)(1)

5.12.3.3.1.1 Liability Satisfied by Payment

5.12.3.3.1.1.1 Electronic and Credit Card Payments

5.12.3.3.1.2 Liability Satisfied by Adjustment/Abatement

5.12.3.3.2 Liability is Unenforceable - IRC 6325(a)(1)

5.12.3.3.3 Acceptance of a Bond - IRC 6325(a)(2)

5.12.3.4 Certificate of Release

5.12.3.4.1 Requesting a Certificate of Release on ALS

5.12.3.4.1.1 Self-Releasing Lien

5.12.3.4.1.2 Releases of Related Filings

5.12.3.4.2 Manually Preparing a Certificate of Release

5.12.3.4.3 Authority to Sign/Request Release of Lien

5.12.3.4.3.1 Use of Electronic Signatures on Lien Certificates

5.12.3.5 Processing Requests for Release of Lien

5.12.3.5.1 Full Payment in Exchange for Immediate Lien Release

5.12.3.5.1.1 Requesting Release without Specific Taxpayer Request

5.12.3.5.2 Requests from External Customers

5.12.3.5.2.1 Certificates of Release Requested by the Taxpayer Advocate Service or Appeals Offices

5.12.3.5.2.2 Department of Justice or Court Ordered Requests for Issuance of Certificates of Release

5.12.3.5.3 Acceptance of an Offer in Compromise

5.12.3.5.3.1 OIC Funded by Lending Institutions

5.12.3.5.4 Satisfied or Unenforceable Taxpayer Accounts

5.12.3.5.5 Trust Fund Recovery Penalty Offsets

5.12.3.5.6 NFTL Fee Abatements

5.12.3.6 Partial Lien Release

- 5.12.3.6.1 Partial Release of a Jointly Filed NFTL
- 5.12.3.6.2 Innocent Spouse Determinations
- 5.12.3.7 Disposition of Certificate of Release
- 5.12.3.8 Problems with Recording Offices
  - 5.12.3.8.1 Certificates of Release Not Found in Recording Office
  - 5.12.3.8.2 Fraudulent Lien Certificate Recorded
- 5.12.3.9 Erroneously Filed Notice of Federal Tax Lien
  - 5.12.3.9.1 Administrative Appeals Under IRC 6326
    - 5.12.3.9.1.1 IRC 6326 Appeals Referred to Examination
  - 5.12.3.9.2 Rescission of CDP Rights for Erroneous NFTL
- 5.12.3.10 Erroneous NFTL in ID Theft Situation
  - 5.12.3.10.1 Return Preparer Misconduct Situation
- 5.12.3.11 Administrative Appeals Not Meeting IRC 6326
- 5.12.3.12 Inadvertent NFTL Filing
- 5.12.3.13 Civil Cause of Action Under IRC 7432 for Failure to Release Lien
  - 5.12.3.13.1 Administrative Claim Procedures
  - 5.12.3.13.2 Evaluation of Claim for Damages Under IRC 7432
  - 5.12.3.13.3 Reimbursement of Damages and Costs for Failure to Release Lien Under IRC 6325.
- 5.12.3.14 Revocation of Lien Release
  - 5.12.3.14.1 Requesting Revocation of Lien Release
  - 5.12.3.14.2 Partial Revocations
  - 5.12.3.14.3 Use of Electronic Signatures on Revocations
  - 5.12.3.14.4 Revocation of Multiple Erroneous Systemic Releases
- 5.12.3.15 Reinstating the Statutory Lien
  - 5.12.3.15.1 Filing the Notice of Revocation
- 5.12.3.16 Re-establishing NFTL Priority
  - 5.12.3.16.1 Release After Revocation When There Was No New NFTL
- 5.12.3.17 Designated Payment Codes (DPC) Related to Liens and Lien Certificates

Exhibits

- 5.12.3-1 Starting Points for 30-Day Release Time Frame
- 5.12.3-2 Form 668-Z - Partial Release for Bankruptcy
- 5.12.3-3 Form 668-Z - Partial Release for Offer in Compromise
- 5.12.3-4 Form 668-Z Release of Erroneous NFTL
- 5.12.3-5 Form 668-Z Partial Release of Erroneous NFTL

5.12.3.1  
(07-15-2015)  
**Program Scope and Objectives**

- (1) **Purpose:** This Internal Revenue Manual (IRM) conveys instructions related to federal tax lien releases, revocations of releases, and civil causes of action under Internal Revenue Code (IRC) 6326 and 7432.
- (2) **Audience:** This IRM is referenced by IRS personnel who request or process lien releases including, but not limited to, the following positions:
  - Revenue Officers
  - Advisors
  - Specialists
  - Tax Examiners
  - Clerks
  - Customer Services Representatives
  - Managers
- (3) **Policy Owner:** Director, Collection Policy. Small Business/Self-Employed Division (SBSE)
- (4) **Program Owner:** Collection Policy is the program office responsible for overseeing the lien program, including the guidance for releasing liens.
- (5) **Primary Stakeholders:** SBSE Collection and Taxpayer Services involved with balance due cases. Other functions that are affected by, or have input to, the procedures include Chief Counsel, Appeals, and the Taxpayer Advocate Service (TAS).
- (6) **Program Goals:** Provide policy and procedural guidance to IRS personnel for releasing liens.

5.12.3.1.1  
(09-03-2025)  
**Background**

- (1) The federal tax lien is established under the Internal Revenue Code (IRC 6321). The lien, which is sometimes called the “statutory lien,” is the basis for the government’s claim against the taxpayer’s property, including current and future rights to property.
- (2) While the federal tax lien is the bedrock of all collection actions and protects the government’s interest in litigation, a Notice of Federal Tax Lien (NFTL) is needed for the federal tax lien to compete with certain classes of creditors. The NFTL, as identified in IRC 6323, is a public notification of the government’s claim against the taxpayer’s property for a tax debt.
- (3) Under IRC 6325(a), liens must be released timely when the liability is satisfied or is no longer enforceable, or a bond is posted.

5.12.3.1.2  
(09-03-2025)  
**Authority**

- (1) The authority for federal tax liens and NFTLs are found in the following IRC and regulation sections.

Code Section	Code of Federal Regulations	Description
IRC 6321	26 CFR 301.6321-1	Lien for taxes
IRC 6322	n/a	Period of lien
IRC 6323	26 CFR 301.6323(a)-1	Validity and priority against certain persons

Code Section	Code of Federal Regulations	Description
IRC 6325	26 CFR 301.6325-1	Release of lien or discharge of property
IRC 6326	26 CFR 301.6326-1	Administrative appeal of liens

(2) The following Policy Statements and Delegation Orders regulate NFTL filing.

- IRM 1.2.1.6.2, *Policy Statement 5-2, Collecting Principles*
- IRM 1.2.1.6.13, *Policy Statement 5-47, Notices of lien generally filed only after taxpayer is contacted in person, by telephone or by notice*
- IRM 1.2.2.6.4, *Delegation Order 5-4 (Rev. 4), Federal Tax Lien Certificates*

5.12.3.1.3  
(09-03-2025)  
**Roles and Responsibilities**

- (1) The Director, Collection Policy is responsible for overseeing policy and procedures regarding NFTLs.
- (2) Employees authorized to make determinations regarding specific lien actions are responsible for ensuring procedures are properly followed.
- (3) Managers are responsible for ensuring employees are duly delegated to perform lien actions and that their actions are in accordance with policy and procedures.
- (4) The Centralized Lien Operation (CLO) has primary responsibility for inputting information to, and processing lien documents generated by, the Automated Lien System (ALS).
- (5) Other roles and responsibilities related to the lien program can be found in IRM 5.12.1.5, *IRS Organizations Working Lien Issues* and its subsections.
- (6) IRM 5.12.1.6, *Locations of IRM 5.12 Content*, identifies IRM locations associated with NFTL determinations, filing, refiling, and maintenance. It is within the specific IRM sections that lien program responsibilities, instructions, and procedures are identified.

5.12.3.1.4  
(09-03-2025)  
**Program Management and Review**

- (1) NFTL activity is reviewed and documented in numerous ways, including those shown on the following table.

Type	Source	Occurrence	Description
Report	IRS.gov	Annual	NFTL program numbers are published yearly in the <i>IRS Data Book, Enforcement: Collections, Penalties &amp; Criminal Investigation</i> , Table 16.
Review	NQRS	On-going	NFTL quality for Field Collection is monitored through reviews conducted using the Embedded Quality Job Aid as described in IRM 5.13.1, <i>Embedded Quality Collection Field Organizations Administrative Guidelines</i> .

Type	Source	Occurrence	Description
Review	NQRS	On-going	NFTL quality for Campus Collection is monitored by Embedded Quality reviewers following IRM 21.10.1, <i>Embedded Quality (EQ) Program for Accounts Management, Campus Collection, (et al)</i>
Review	Collection Policy	Annually/ Bi-ennially	Program review of the timeliness of lien releases, based on a randomized sample of satisfied modules identified by SBSE Research.

- (2) The Automated Lien System (ALS) electronically stores data regarding NFTL activity.
- (3) Management ensures compliance with policy and procedures through case reviews and operational reviews.

5.12.3.1.5  
(09-03-2025)  
**Program Control**

- (1) IRM 1.2.2.6.4, *Delegation Order 5-4 (Rev. 4), Federal Tax Lien Certificates*, stipulates the IRS positions authorized for lien activities.
- (2) NFTLs are created and maintained through ALS. The Centralized Lien Operation (CLO) is primarily responsible for updating and maintaining ALS data.
- (3) Access to systems used in the NFTL process is controlled following standard access guidelines through the Business Entitlement Access Request System (BEARS).
- (4) There are numerous reports to monitor NFTL filings and ALS activity. (See ALS User Guide, Chapter 15, *Logs and Reports*, for a complete listing of ALS reports.)
- (5) Closed records associated with NFTLs are retained in accordance with Document 12990, *Records Control Schedules*, "Tax Administration - Collection (RCS 28)", and "IRS Electronic Tax Administration (RCS 32)."

5.12.3.1.6  
(09-03-2025)  
**Terms/Definitions/  
Acronyms**

- (1) The table below lists key terms related to the lien program.

Term	Definition
Lien	The federal tax lien that arises when tax is assessed, demand is made, and the liability is not paid. This may also be called the "statutory lien" or "assessment lien."
Notice of Federal Tax Lien (NFTL)	The document filed in the public record to put third parties on notice of the existence of the federal tax lien. One notice of lien can list as many as 15 individual statutory liens.
NFTL Refile	The document filed in the public record to extend the life of a previously filed, and still valid, NFTL.

**Caution:** The term “lien” is often used generically by external and internal customers when referring to the NFTL. There is a distinct legal difference between a statutory lien and an NFTL, so care should be taken to ensure there is no confusion about what is being referenced when “lien” is used.

- (2) The table below lists common acronyms used in the lien program and throughout this IRM.

Acronym	Definition
ALS	Automated Lien System
CLO	Centralized Lien Operation
NFTL	Notice of Federal Tax Lien
SLID	Serial Lien Identification

- (3) See IRM 5.12.1-2, *Glossary of Common Acronyms in IRM 5.12*, for a listing of other common terms and acronyms used in the federal tax lien program.
- (4) Throughout this IRM, “Advisory” refers to the Civil Enforcement Advisory Support Office (CEASO).
- (5) Other terms and definitions specific to the refile process are detailed throughout this IRM section.

#### 5.12.3.1.7 (09-03-2025)

#### Related Resources

- (1) The form used to provide notice of the lien is Form 668(Y)(c), *Notice of Federal Tax Lien*. The form, when properly annotated, is also used for NFTL variations, including amended and special condition NFTLs.

**Note:** Forms with a (c) suffix, such as Form 668(Y)(c), generally denote they are computer-generated. Manually prepared NFTL templates may not include the (c) suffix. The presence or absence of the (c) suffix has no bearing on the validity of the form. Throughout this IRM, references to the form do not include the suffix.

- (2) The form used to release a lien is Form 668-Z, *Certificate of Release of Federal Tax Lien*.
- (3) IRM 5.17.2, *Legal Reference Guide for Revenue Officers, Federal Tax Liens*, provides additional details about lien law such as the types of property subject to the federal tax lien and the priority of the federal tax lien versus other competing encumbrances.
- (4) IRM 5.12.1, *Lien Program Overview*, provides additional information, websites, and job aids related to the lien program.
- (5) Links to tools and references to assist IRS employees with lien processes may also be found on the *SB/SE Collection* website. Similar information for taxpayers may be found on the *Understanding a Federal Tax Lien* page on IRS.gov (<https://www.irs.gov/businesses/small-businesses-self-employed/understanding-a-federal-tax-lien>).



- (6) Taxpayer rights with regard to IRS processes are stipulated in IRC 7803(a)(3) and on the *Taxpayer Bill of Rights* intranet page. Specific rights regarding lien processes are referenced throughout this IRM, as needed.
- (7) This IRM is for procedural use and does not provide detailed instruction on the use of any system. User guides, such as the *Automated Lien System (ALS) User Guide*, should be consulted as necessary.

5.12.3.2  
(07-15-2015)  
**Lien Release (Overview)**

- (1) IRC 6323 provides for the filing of a Notice of Federal Tax Lien (NFTL). The IRC also provides for the issuance of other certificates for the administration of the lien, including:
  - Release of lien (IRC 6325(a))
  - Discharge of lien (IRC 6325(b))
  - Subordination of lien (IRC 6325(d))
  - Non-attachment of lien (IRC 6325(e))
  - Withdrawal of NFTL (IRC 6323(j))
- (2) This IRM is for releases of liens after a NFTL has been filed. Specifically, this IRM provides guidance on the criteria for release, the release process, and issues related to lien releases.

**Note:** For instructions on other lien certificates as shown above, see their respective sections (i.e., IRM 5.12.9, *Withdrawal of Notice of Federal Tax Lien*, and IRM 5.12.10, *Lien Related Certificates*).

- (3) Certificates of release are normally generated through ALS, either systemically or by manual input. On occasion, manual preparation of the certificate may also be needed. This IRM primarily focuses on those times when manual intervention is needed.
- (4) The document used to release a lien is Form 668-Z, *Certificate of Release of Federal Tax Lien*.
- (5) Servicewide Delegation Order 5-4 lists those employees who have the authority to approve Federal tax lien releases and other lien related certificates. See IRM 1.2.2.6.4, *Delegation Order 5-4 (Rev. 4)*.
- (6) Social Security Numbers (SSN) on lien-related certificates must be partially redacted so that only the last four digits of the SSN are shown (e.g. xxx-xx-1234). Redaction is not required for an Employer Identification Numbers (EIN).

**Note:** On June 1, 2015, ALS began partially redacting EINs on the lien-related certificates it generates. Programming for other systems that generate lien-related certificates will similarly be updated in the future.

5.12.3.3  
(07-15-2015)  
**Lien Release Conditions**

- (1) IRC 6325(a) requires the issuance of a release of federal tax lien within thirty (30) calendar days of the date on which:
  - the liability is satisfied;
  - the liability becomes legally unenforceable; or
  - a bond is accepted.
- (2) Generally, releases are systemically generated through the Automated Lien System (ALS) when all modules on a NFTL are satisfied on Master File (MF). Module satisfaction notices are generated by Master File whenever a module

containing a TC 582 has been satisfied. These notices are uploaded weekly to ALS and an analysis of the ALS database is completed systemically to determine if a Certificate of Release of Federal Tax Lien should be issued.

- (3) Occasionally, manual intervention may be needed in the release process. For example:
  - It is determined that the release will not be systemically issued within the required thirty (30) calendar days.
  - Thirty days have elapsed since the date of satisfaction and the lien has not been released.
  - The NFTL contains Non-Master File (NMF) modules.
  - The taxpayer, their representative, or a third party with an interest in property attached by a NFTL requests an immediate release of lien.
- (4) Manual intervention in the release process can take different forms.
  - a. Manually **requesting** a release is the act of preparing Form 13794, *Request for Release or Partial Release of Notice of Federal Tax Lien*, and forwarding it to the Centralized Lien Operation (CLO) for input to ALS.
  - b. Manually **preparing** a release is the act of physically preparing Form 668-Z, *Certificate of Release of Federal Tax Lien*, and forwarding it to CLO to be mailed to the recording office.
  - c. Manually **issuing** a release is the act of physically preparing Form 668-Z and providing it directly to the taxpayer or recording office.
- (5) Timely release of the lien is essential. IRC 7432 gives taxpayers the right to sue the federal government if the IRS knowingly or negligently fails to release a lien. See IRM 5.12.3.13, *Civil Cause of Action Under IRC 7432 for Failure to Release Lien*.
- (6) Employees requesting, issuing, or otherwise authorizing a release must be delegated the authority to do so (see IRM 1.2.2.6.4, *Delegation Order 5-4 (Rev. 4)*) and must verify that conditions for release are met.
- (7) During “dead cycles” when Master File is offline for maintenance and upgrades, a release should be manually requested whenever the liability(s) on the NFTL is fully satisfied.

**Note:** Dead cycles are generally the first 2-3 cycles of the calendar year. Payments that are received, or other satisfying transactions that occur, at the end of the calendar year may have their posting to Master File delayed by the dead cycles. Releases should be manually requested for any satisfying transactions impacted by the dead cycles.

- (8) Releases are printed and mailed twice weekly by CLO. See IRM 5.19.12, *Centralized Lien Operation*, for CLO procedures.

5.12.3.3.1  
(07-15-2015)  
**Liability is Satisfied -  
IRC 6325(a)(1)**

- (1) Under IRC 6325(a)(1), a certificate of release of lien must be issued within thirty (30) calendar days after determining that the taxpayer’s outstanding obligation covered by the NFTL (including any interest, additional amount, addition to the tax, or assessable penalty, together with any additional costs that may have accrued) is fully satisfied.

- (2) Modules may be satisfied by payment or by adjustment/abatement to the taxpayer's account.

#  
#  
#  
#  
#

- (4) The starting time for the 30-day release period is affected by the type of satisfying transaction. See Exhibit 5.12.3-1 for a listing of satisfaction types and how the 30 days is generally calculated.
- (5) A release must be manually requested whenever all the liabilities of a NFTL on NMF periods are fully satisfied.

5.12.3.3.1.1  
(07-15-2015)  
**Liability Satisfied by  
Payment**

- (1) A NFTL is considered satisfied by payment when the full amount owed of all the liabilities on the NFTL, including penalties and interest, is paid. This may be done by means such as a taxpayer remitting a payment; a credit offset being applied to the module(s) on the NFTL from a payment on other module(s); or the taxpayer completing the payment terms on an accepted OIC.
- (2) At times, the taxpayer, their representative, or a third party with interest in property attached by the lien may request an immediate release of the lien. This may be for the purpose of transferring property, completing some other financial transaction, or just to resolve the lien.
- (3) A release may be immediately issued when the liability(s) on the NFTL is satisfied by the following forms of payment:
- Cash
  - Postal money order
  - Bank money order
  - Certified check
  - Cashier's check
  - Official bank check
  - Treasury check
  - Guaranteed draft drawn on any federally chartered or state licensed financial institution

**Note:** If there is reason to doubt the financial stability of an institution, then reject the tender of the institution's guaranteed draft. If a guaranteed draft is not duly paid, then the United States will have a lien on all assets of the drawee institution in the amount of the draft.

- (4) When payment is made by personal check, the 30 calendar day release period begins after fifteen (15) calendar days from receipt. This permits sufficient time for the check to clear. A release may be issued immediately upon presentation of the canceled check.
- (5) If a credit line check is received, the 30 calendar day release period begins after fifteen (15) calendar days from receipt. However, if the credit line check is certified, an immediate release may be issued.

- (6) Whether or not it is expressly requested by the taxpayer, an immediate release should be requested when a taxpayer full pays their liability to redeem their assets from an IRS seizure.
- (7) Manually request a release whenever the liability(s) on a NFTL is satisfied and the posting of the satisfied transaction will be delayed because of the Master File dead cycles (e.g., a payment received on an Individual Master File (IMF) account in the first two cycles of the calendar year or on a Business Master File (BMF) account in the first three cycles).
- (8) Use designated payment code (DPC) 07 when posting payments made expressly for full or partial payoff of the NFTL, as evidenced by accompanying NFTL payoff letter, copy of the NFTL, or statement of the taxpayer or third party. Document evidence of the request in the system appropriate for the function (e.g., AMS, ICS, ALS). See IRM 5.12.3.17, *Designated Payment Codes (DPC) Related to Liens and Lien Certificates*, for other DPCs related to lien certificates.

## 5.12.3.3.1.1.1

(07-15-2015)

**Electronic and Credit Card Payments**

- (1) Do NOT issue an immediate release when credit or debit cards are used to full pay the tax liability. Credit and debit cards are barred for immediate release of lien because of the possibility of chargeback of such payments over a period of months. It is unlikely that a release will be requested from a credit or debit card payment because the IRS may accept such payments only within three years after assessment. However, if a debit or credit card is accepted to satisfy a tax year and a request for release is received, the lien may not be released until the period for chargeback has run. The maximum period for chargeback is:
  - 120 calendar days for payment by credit card under 15 U.S.C. 1666, and
  - 100 calendar days for payment by debit card under 15 U.S.C. 1693f.

**Note:** For general information regarding payment of tax liabilities with credit and debit cards by individuals, see IRM 21.2.1.48, *Electronic Payment Options for Individuals and Business e-file Users*.

- (2) A certificate of release may be issued when full payment of the liability is made by an electronic funds transfer (EFT), such as Direct Pay, and the payment has fully posted to IDRS (i.e., no longer pending). Due to the chance of reversal, the release should not be issued until the pending status of the payment is resolved. Payment information is generally available on IDRS within 48 hours after the settlement date. Transaction returns and reversals generally appear a day later, but may not appear for up to five business days. Similar to releases for personal checks, if the taxpayer can provide proof of payment (generally in the form of an acknowledgement number the taxpayer received from EFTPS when they made their deposit), the release can be issued while the payment is pending on IDRS.

## 5.12.3.3.1.1.2

(09-03-2025)

**Liability Satisfied by Adjustment/Abatement**

- (1) A NFTL is considered satisfied when the full balance owed on the liability(s) on the NFTL, including penalties and interest, is resolved through an abatement or adjustment to the module(s) on the NFTL.
- (2) Liens are considered satisfied and releases should be manually requested in the following situations:

Situation	Description
Form 3870, <i>Request for Adjustment</i> , is forwarded for processing	If the approved adjustment will fully satisfy the liability(s) shown on the NFTL and input of transaction code 470, closing code 89 or 90 is requested.
Form 4159, <i>Payment Tracer Request</i> , is forwarded for processing	If transaction code 470, closing code 93 was input at the request of the initiator of the Form 4159, campus personnel, upon locating the payment and determining that transfer to the proper account will fully satisfy the liability(s) shown on the NFTL, should request a release of lien.
Premature assessments in Tax Court cases	If Appeals confirms that an assessment is premature, after forwarding approved Form 3870 and requesting input of transaction code 470, closing code 90.
Accounts with pending abatements	Whenever pending abatements that will satisfy the liability(s) are present on IDRS.
Pending credit transfers	Whenever pending credit transfers that will satisfy the liability(s) are present on IDRS.
Corrected unpostables	Whenever an unpostable condition is identified that will, upon correction, satisfy the liability(s).
Delayed payment posting	If, due to oversight or the absence of an employee to whom a payment is submitted, processing of a payment that will satisfy a lien is delayed for more than fifteen (15) calendar days.

**Note:** See IRM 5.1.15, *Abatements, Reconsiderations and Adjustments*, for procedures on requesting abatements. See IRM 5.12.3.5.6, *NFTL Fee Abatements*, for guidance on abating NFTL filing fees.

- (3) In certain situations described above where the liability(s) was satisfied prior to the NFTL filing, a full (or partial) erroneous NFTL release may be appropriate. See IRM 5.12.3.9, *Erroneously Filed Notice of Federal Tax Lien*, for further details. Alternatively, the taxpayer may request a withdrawal of the NFTL. See IRM 5.12.9, *Withdrawal of Notice of Federal Tax Lien*, for processing withdrawal requests.
- (4) If taxpayers request releases and payments do not fit the criteria provided above, verify accounts are in status 12 prior to requesting the release.

5.12.3.3.2  
(07-15-2015)  
**Liability is  
Unenforceable - IRC  
6325(a)(1)**

- (1) The term “unenforceable” means unenforceable as a matter of law and not merely uncollectible. Most commonly, “unenforceable” pertains to the passing of the Collection Statute Expiration Date (CSED).

**Note:** See IRM 5.9.17.5.3, *Addressing Lien Issues*, regarding the release of lien in bankruptcy cases.

- (2) NFTLs filed on Form 668(Y)(c), *Notice of Federal Tax Lien*, show a “Last Day for Refiling.” Language on the form states that if the NFTL is not refiled by that date, the lien shall be considered to be released. This is known as a self-releasing lien. Generally, the self-release feature of the NFTL is utilized when a liability is no longer enforceable. See IRM 5.12.3.4.1.1, *Self-Releasing Lien*.

**Reminder:** The Last Day for Refiling is not the CSED. If a NFTL is filed within the first ten years of assessment, the Last Day for Refiling runs concurrently with the CSED (i.e., CSED plus 30 days). If the CSED is extended beyond the original 10 years from assessment date, there is no direct correlation between the CSED and Last Day for Refiling.

5.12.3.3.3  
(07-15-2015)

**Acceptance of a Bond -  
IRC 6325(a)(2)**

- (1) Issue a release of a lien within thirty (30) calendar days of accepting a bond securing the payment of the amount assessed (including any interest, addition to tax, assessable penalty, together with any accrued costs) within the time agreed to in the bond, but not later than six months before the expiration of the statutory period for collection. See IRC 6325(a)(2).
- (2) The bond must be executed by a surety company holding a certificate of authority from the Secretary of the Treasury, or, at the discretion of the area director, collateral may be accepted within established limits (see IRC 7101 and IRC 7102).
- (3) A listing of approved sureties is contained in *Department Circular 570, Companies Holding Certificates of Authority as Acceptable Sureties on Federal Bonds and as Acceptable Reinsuring Companies*, which is available at <https://fiscal.treasury.gov/surety-bonds/circular-570.html>. See IRM 5.6.1.3.1, *Bonds*. The acceptability of a surety, other than a Treasury approved surety, must be determined on a case by case basis.
- (4) Bonds, letters of credit and other types of securities may be accepted in lieu of filing NFTLs. See IRM 5.6.1.3, *Types of Acceptable Securities*, and IRM 5.12.10, *Lien Related Certificates*, for additional information regarding collateral agreements

5.12.3.4  
(10-14-2013)

**Certificate of Release**

- (1) Issue a certificate of release only after all modules covered by the NFTL meet the criteria for release.
- (2) For NFTLs with multiple modules, a partial release certificate can be issued after each assessment is satisfied or becomes unenforceable; however, this should only be done if a specific request is received from the taxpayer.

5.12.3.4.1  
(07-15-2015)

**Requesting a Certificate  
of Release on ALS**

- (1) ALS is the system designed to house information relative to NFTLs that have been filed. The CLO has primary responsibility for the maintenance of ALS data.
- (2) The majority of certificates of release are systemically generated through ALS after its weekly interface with Master File; however, certificates of release can also be generated when release data is manually input to ALS. This is done when there is insufficient time to wait for systemic processing or the systemic release will not be accomplished within thirty (30) days of the satisfaction date. Releases manually input are printed and mailed by CLO in accordance with standard procedures.

**Caution:** Do not confuse releases manually input to ALS with releases manually prepared in the field. Releases manually input to ALS are generally to speed up the issuance process to three (3) to seven (7) days. Manually-prepared releases are generally for immediate issuance to the taxpayer.

- (3) To request a lien release be manually input to ALS, prepare Form 13794, *Request for Release or Partial Release of Notice of Federal Tax Lien*, and



forward it via secure email to the CLO team assigned to the state where the NFTL is filed. CLO teams can be found on the Who/Where tab on SERP.

**Note:** As an alternative to forwarding Form 13794 to CLO, Advisory and Insolvency employees with appropriate permissions may input the release information directly into the ALS.

- (4) Certificate issuance should be approved prior to ALS input. Therefore, documents can be generated and mailed without contacting the functional manager.
- (5) When release information is input to ALS, basic audit trail data is captured as well as how the lien was satisfied, the requesting employee, and the approving official. The release is assigned to the manager's queue for electronic signature and is produced after it has been approved.
- (6) Upon approval in the ALS manager's queue, the release is printed and batched for mailing in accordance with CLO printing routines. See IRM 5.19.12.3, *Document Printing*.
- (7) In situations where a release is manually issued, a copy of the Form 668-Z and issuance information must be provided to CLO so that ALS may be updated.

#### 5.12.3.4.1.1 (07-15-2015) Self-Releasing Lien

- (1) NFTLs filed on Form 668(Y)(c), *Notice of Federal Tax Lien*, show a "Last Day for Refiling." Language on the form states that if the NFTL is not refiled by that date, the lien shall be considered to be released. This is known as a self-releasing lien.

**Note:** The self-releasing language was incorporated into Form 668(Y) in December 1982. In very rare situations, you may encounter a NFTL filed prior to that time. Although such a NFTL would not have been self-releasing, it still required timely refiling to maintain its effectiveness. Any such NFTLs that continue to be identified as active by the local recording office should be re-searched and addressed accordingly.

- (2) The primary reason for the self-releasing statement is to provide an efficient means to notify third parties that the lien is no longer enforceable. The self-release clause meets the 30-day requirement to release a lien. When the "Last Day for Refiling" passes and no refile has been done, both the statutory lien and the NFTL are immediately released.
- (3) A certificate of release is not systemically issued for self-releasing liens.
  - a. If the taxpayer requests a certificate of release and the underlying liabilities have been satisfied or are no longer enforceable, then a certificate of release should be issued.
  - b. If a NFTL contains multiple liabilities that are satisfied by different means (i.e. payment, statute, etc.), a certificate of release may or may not be issued based on the chart below:

If the last open liability on the NFTL is...	And the Last Day for Refiling for all the other liabilities on the NFTL...	Then a Certificate of Release...
no longer enforceable	has passed	does not need to be issued.
no longer enforceable	has not passed	must be issued
satisfied by payment or adjustment	has or has not passed	must be issued

- (4) If the “Last Day for Refiling” is not specified on the NFTL, the self-release provision is not in effect and a certificate of release must be issued when the CSED expires.
  - a. NFTLs After the Original CSED (NAOC) fka “Portland NFTLs” may or may not specify a “Last Day for Refiling.” This date is based on standard refiling periods and does not necessarily coincide with the CSED for modules on the NAOC. A certificate of release must be issued for a NAOC when the CSED expires.
- (5) A NFTL refiled on Form 668-F, *Notice of Federal Tax Lien Refile*, is not self-releasing. A certificate of release must be filed when the liability becomes unenforceable or is otherwise satisfied.
- (6) For more information about refiling NFTLs, see IRM 5.12.8, *Notice of Lien Refiling*.

5.12.3.4.1.2  
(07-15-2015)  
**Releases of Related Filings**

- (1) After a NFTL is filed, an amended NFTL might be filed to correct an error on the NFTL and/or the NFTL might be refiled to extend its life. See IRM 5.12.7.9, *NFTL Corrections*, and IRM 5.12.8, *Notice of Lien Refiling*. Also, in certain circumstances, a another NFTL might be filed based on the statutory liens covered by the NFTL (e.g., NFTL in another location, special condition NFTL).
- (2) The issuance of a certificate of release for the original NFTL extinguishes the statutory lien(s) covered by the NFTL and invalidates any related filings; **however**, it is IRS’ general policy to issue a certificate of release for each related filing when the underlying liability is satisfied.
- (3) When there are related filings to a satisfied NFTL, ensure certificates of release are issued for the related filings as appropriate.

**Reminder:** It is possible for a certificate of release to be issued for a NFTL refiling without the original NFTL being released. For instance, there are six assessments on the original NFTL but only four of the assessments were subject to, and included on, the refile. If the four assessments on the refile are satisfied but the other two on the original NFTL are still due, only the NFTL refile should be released.

5.12.3.4.2  
(10-14-2013)  
**Manually Preparing a Certificate of Release**

- (1) In situations where a certificate of release needs to be manually prepared in the field, use Form 668-Z from the PDF fillable format on the intranet or the ICS templates.
- (2) Prepare the form so that the data matches exactly the information on the NFTL.



- (3) Depending on the circumstance, the certificate may be forwarded to CLO to be included in the next mailing to the recording office or issued directly to the taxpayer or their representative for filing.

**Note:** In situations where a release is manually issued, a copy of the Form 668-Z must be provided to CLO so that the information may be input to ALS.

5.12.3.4.3  
(10-14-2013)

**Authority to  
Sign/Request Release of  
Lien**

- (1) Delegation Order 5-4 in IRM 1.2.2.6.4 contains a complete list of positions authorized to approve releases of lien.

5.12.3.4.3.1  
(07-15-2015)

**Use of Electronic  
Signatures on Lien  
Certificates**

- (1) Neither the IRC nor Treasury regulations address the method in which lien certificates are to be signed; however, they both address the Secretary's authority to develop procedures associated with the use and acceptability of electronic signatures on forms and other documents.
- (2) Approval of documents must always be in accordance with IRM 1.2.2.6.4, *Delegation Order 5-4 (Rev. 4)*.
- (3) Certificates, letters, and forms related to liens may be signed by the approving official via electronic means or by authorized stamp when a physical signature is not feasible.

**Note:** Documents generated by ALS are digitally signed in accordance with the delegation order. The electronic signature described in this section is only for situations where manually-prepared certificates are needed.

- (4) To sign a document electronically, the document must be converted to a Portable Data Format (PDF) using Adobe Acrobat and the approving official must create a signature file. The format of the electronic signature should adhere to the following:
  - a. The signature should not contain the email address, logo, location or other unnecessary information.
  - b. The signature should preferably be an actual/graphic signature file of the approving official or at the minimum should show the name of the approving official. It should not be the Standard Employee Identifier (SEID) as that is for internal use only.
  - c. The approving official should validate the signature so that the pdf question mark does not appear.
- (5) Approval must be granted on a case by case basis. The ICS history must be documented by the approving official to indicate the electronic or facsimile signing of the lien certificate and associated correspondence.
- (6) A printed copy of the electronically signed certificate must be retained as part of the case file for appropriate record keeping.
- (7) There may be hesitation from some recording offices to accept electronically signed lien certificates; however, they cannot refuse to record the documents as the IRS dictates the form and content of lien certificates. Recording offices may be referred to Pub 1468, *Guidelines for Processing Notice of Federal Tax Lien Documents*, for more information.

- (8) Facsimile signatures must be protected in accordance with established IRS procedures.
  - a. Physical signature stamps are designated "High Security." Store signature stamps in accordance with IRM 10.2.14.3, *Protected Items/Information*. See also IRM 5.1.3, *Safety, Security, and Control*.
  - b. All systems capable of reproducing electronic or PDF generated signatures for lien certificates must be official IRS computer systems and be password protected.
  - c. Ensure a record of approval is available for electronically generated, PDF generated, and stamped signatures.

5.12.3.5  
(07-15-2015)  
**Processing Requests for  
Release of Lien**

- (1) During the course of working balance due accounts, situations may be encountered where actions must be taken regarding a lien release. These could include the following:
  - A request from the taxpayer or another customer requesting release of the lien.
  - Identifying an issue that could potentially delay the systemic release of the lien.
- (2) Prompt action must be taken in these matters to ensure that the time frame for release is met.

5.12.3.5.1  
(07-15-2015)  
**Full Payment in  
Exchange for Immediate  
Lien Release**

- (1) When a taxpayer requests an immediate lien release in exchange for a full payment of the liability, ensure that the payment does satisfy the liabilities and that it is made by a method described in IRM 5.12.3.3.1.1, *Liability Satisfied by Payment*.

**Note:** For an immediate release request not related to a case in Collection, the taxpayer may be referred to the local Taxpayer Assistance Center (TAC) office, found on the Who/Where tab on SERP.

- (2) Prepare Form 668-Z, *Certificate of Release of Federal Tax Lien*, in accordance with IRM 5.12.3.4.2, *Manually Preparing a Certificate of Release*.
- (3) Provide the original Form 668-Z to the taxpayer with Notice 48, *Instructions for the Certificate of Release of Federal Tax Lien*. Advise the taxpayer that they must file the certificate and pay the filing fee charged by the recording office. If the taxpayer does not want to pay the filing fee, advise that the IRS can file the certificate following standard processing.
- (4) Document the ICS history that the release was given to the taxpayer to record themselves. If the release is given to another person, document the name, phone number and other identifying information in the history.
- (5) Forward a copy of the Form 668-Z to CLO via secure email so that the ALS database can be updated. In the email, include the following information:
  - Date of the release
  - Reason for the release
  - Name and badge number of the person initiating the release
  - Name of the person given the release, if different from the taxpayer

**Reminder:** If unable to send this information via email, phone or fax the information to CLO.

5.12.3.5.1.1  
(07-15-2015)  
**Requesting Release  
without Specific  
Taxpayer Request**

- (1) Whenever full payment of the liability(s) on a NFTL is received, a request for release may be submitted to CLO whether the taxpayer expressly requested it or not. These manual requests are not generally required but may be considered based on case situations.
- (2) If there is an expectation that systemic processing of the release will be delayed, a release should be manually requested. Examples of when systemic problems may be anticipated include, but are not limited to, the following:
  - Full payment received immediately prior to or during MF dead cycles
  - A freeze condition on the account that restricts normal processing
  - A payment that is split over multiple modules and will result in a significant overpayment of one of the modules
- (3) To manually request a release, secure email Form 13794 to the appropriate CLO team. Make sure to check the appropriate box regarding how the lien was satisfied.

**Note:** ALS systemically holds processing for liabilities satisfied by personal check to allow time for check clearance.

5.12.3.5.2  
(07-15-2015)  
**Requests from External  
Customers**

- (1) Lien release requests may be received verbally, by fax, or in writing from taxpayers, their representatives, or other interested third parties. The request must, at the minimum, provide the following information:
  - The taxpayer's name and address
  - Information about the NFTL
  - The reason for the release request
  - The requestor's name and contact information, if different from the taxpayer's

**Note:** For third party requests, secure appropriate information to ensure the requester has the right to receive the information before disclosing any information regarding the NFTL (e.g., the requester's interest in the property attached by the lien).

- (2) Request additional information as needed, such as a copy of the canceled check or other proof of payment.
- (3) Incomplete requests should not be summarily rejected because the timely issuance of the release may be affected. Notify the requestor when additional information is needed to identify the NFTL to be released. Provide Pub 1450, *Instructions for Requesting a Certificate of Release of Federal Tax Lien*, as needed to explain the required content of the request.
- (4) Upon receipt of a properly completed request, determine if the modules subject to the NFTL have been satisfied and whether a release has previously been issued.
- (5) If the release request is not appropriate, notify the requestor of the reason why a certificate of release will not be issued.

**Note:** Taxpayers are not entitled to CAP rights when a lien release is not issued; however, taxpayers may pursue administrative appeal under IRC 6326, if appropriate.

- (6) If the release is appropriate, manually request a release through ALS or manually issue a certificate of release as the situation warrants.

5.12.3.5.2.1  
(10-14-2013)

**Certificates of Release  
Requested by the  
Taxpayer Advocate  
Service or Appeals  
Offices**

- (1) Neither the Taxpayer Advocate Service (TAS) nor Appeals have the authority to release federal tax liens.
- (2) TAS must use a Form 12412, *Operations Assistance Request* (OAR), to request the IRS release a lien. Before issuance of an OAR, TAS should establish that IRC requirements for lien release have been met.
- (3) Appeals uses Form 13794, *Request for Release or Partial Release of Notice of Federal Tax Lien*, for their requests. Before requesting a lien release, Appeals should establish that IRC requirements for lien release have been met.
- (4) Generally, the TAS OAR or Appeals request is faxed to the CLO FORT, but occasionally it may be directed to a field employee.

5.12.3.5.2.2  
(07-15-2015)

**Department of Justice or  
Court Ordered Requests  
for Issuance of  
Certificates of Release**

- (1) Occasionally, it is necessary for the IRS to issue certificates of release based on court decisions or at the request of the Department of Justice.
- (2) Acknowledge receipt of these requests and ensure the release is prepared and issued immediately.
- (3) Provide all pertinent information, including the taxpayer's current address, to CLO to prepare the release on ALS.
- (4) If it is necessary to manually prepare and hand-carry the document to the recording office, pay the filing fee and seek reimbursement through the travel voucher system.
- (5) When the release is hand-carried to the recording official, forward a copy of the certificate of release with the recording data to the CLO for ALS input.
- (6) A history should be added to ALS by the CLO that the certificate of release was hand-carried, including the date the certificate was provided by the employee, and the requesting employee's name.
- (7) As an alternative to the IRS employee manually filing the release and as the situation permits, arrangements may be made through Counsel or DOJ for the release to be provided to the taxpayer or their representative for filing. In this event, ensure necessary release information is provided to CLO to update ALS.

5.12.3.5.3  
(07-15-2015)

**Acceptance of an Offer  
in Compromise**

- (1) When an offer in compromise (OIC), including a collateral agreement, is accepted, the NFTL is released upon payment of the offered amount.
- (2) Requests for the issuance of a certificate of release may be made by OIC units with ALS access.
- (3) OIC managers with access to ALS may approve the issuance of a certificate of release on the ALS system for a joint liability only when the OIC has been accepted from both taxpayers.
- (4) OIC Units without ALS access secure email or FAX a Form 13794 to CLO.

- (5) OIC unit managers may issue a certificate of release when extenuating circumstances exist, e.g., innocent spouse, non-petitioning spouse, co-obligors, etc. See Exhibit 5.12.3-3. Use the procedures in (4) above for requesting the release.

5.12.3.5.3.1  
(07-15-2015)  
**OIC Funded by Lending  
Institutions**

- (1) When the offered amount is to be paid by a lending institution, manually prepare the certificate of release . **Do not sign or date the form.** The designated employee will sign and date the certificate of release upon receipt of payment.
- (2) Forward the certificate of release to the assigned revenue officer at the time the taxpayer is informed that the offer is accepted.
- (3) The revenue officer secures the full offer amount and provides a copy of the release to the lending institution and the taxpayer. Forward the original release to CLO for filing with the recording office.
- (4) If the taxpayer or lending institution request the original for filing, provide it with Notice 48, *Release of Federal Tax Lien*, which explains the process for having the certificate of release recorded. Forward a copy of the certificate of release to the CLO for update of the ALS database.

5.12.3.5.4  
(07-15-2015)  
**Satisfied or  
Unenforceable Taxpayer  
Accounts**

- (1) Follow the procedures in the chart below after verifying the liability has been satisfied.

If...	Then...
a release has not been issued, the liability was satisfied more than thirty (30) calendar days ago, and the last date for refile has not passed	manually prepare a release. Based on the taxpayer request, forward the release to the taxpayer or CLO for filing.
a release has not been issued, the liability was satisfied less than thirty (30) calendar days ago, and the last date for refile has not passed	manually request a release. Advise the taxpayer a copy of the release will be mailed.
the module is unenforceable and the last day for refile has passed,	advise the taxpayer of the self-releasing lien provision. At the taxpayer's request, manually request a certificate of release to be generated through ALS.
there is no record that the liability(s) on the NFTL has been satisfied on ALS or IDRS	request that the taxpayer submit documentation regarding the proof of payment.

5.12.3.5.5  
(10-14-2013)  
**Trust Fund Recovery  
Penalty Offsets**

- (1) A certificate of release should be requested for the non-paying officer(s) on a trust fund recovery penalty assessment when one officer has paid the liability in full. This will be done even though the liability has not been abated pending the expiration of the statutory period during which a claim for refund by the paying officer may be made.

5.12.3.5.6  
(07-15-2015)

#### NFTL Fee Abatements

- (1) When an adjustment is made to a module to reduce the tax liability to zero, the taxpayer may still be liable for the fee assessed to the account for the filing of the NFTL (TC 360). The abatement of the NFTL filing fee is dependent on the nature of the underlying assessment and other case facts.
- (2) The determination to abate the TC 360 NFTL fee should be made on a case by case basis considering the situation surrounding the adjustment and utilizing the best judgment of the employee assigned the account. Generally, the determination should follow the table below. Consult with Advisory if assistance is needed with the determination.

If ...	Then the...
any of the liabilities on the NFTL were due to the taxpayer not complying with Internal Revenue laws (e.g., SFR/6020(b) assessment where the required return was not timely filed)	TC 360 should not be abated.
the liabilities on the NFTL were not the result of the taxpayer's action or inaction with respect to the law (e.g., SFR assessment reversed after determined return was filed under spouse's TIN; ID theft; taxpayer had no filing requirement due to insufficient income or payroll) <b>and</b> the liabilities are abated in full	TC 360 should be abated.
prior to the filing of the NFTL, credits were available to fully satisfy the liabilities on the NFTL but those credits were not properly applied by the IRS	TC 360 should be abated
the liabilities on the NFTL are not fully abated, regardless of whether it was due to the taxpayer's compliance with Internal Revenue laws,	TC 360 should not be abated.
any of the liabilities on the NFTL were satisfied by means other than abatement or adjustment	TC 360 should not be abated.

- (3) See IRM 5.1.15, *Abatements, Reconsiderations and Adjustments*, for abatement procedures.
  - a. If the NFTL fee is abated, manually requesting a release may be necessary. See IRM 5.12.3.3.1.2, *Liability Satisfied by Adjustment/ Abatement*.
  - b. If the NFTL filing fee is not abated, proceed with appropriate actions to resolve the remaining balance.

**Reminder:** If all the liabilities on the NFTL are resolved and the filing fee is the remaining balance, ensure the taxpayer is aware of the balance due needed for a lien release.

5.12.3.6  
(07-15-2015)

#### Partial Lien Release

- (1) Although there is no provision in the IRC for the issuance of a partial release, circumstances sometimes dictate that a partial release of the NFTL is appropriate.
- (2) When one person named on a NFTL as a co-obligor for a tax liability is relieved of, or satisfies, their liability, a certificate of release for that taxpayer must be issued. If there remains a balance on the liability for which the other



co-obligor is still liable, a partial release must be issued. Most commonly, a partial release is issued in the following situations:

- There is a discharge in bankruptcy and only one person of the joint liability petitioned the court
- An offer-in-compromise is requested by one person of the joint liability and the offered amount is accepted
- There is an innocent spouse determination

- (3) A partial lien release may also be generated when there are multiple tax liabilities on the NFTL and the taxpayer requests a release for a specific tax period that has been satisfied. Absent a taxpayer request, standard practice is not to issue a certificate of release until all liabilities on the NFTL are satisfied.

**Note:** If, based on the taxpayer's request, a partial release is issued for certain periods on the NFTL, a TC 360 in the amount of the filing fee for the partial release may be assessed on one of the tax periods remaining open on the NFTL.

- (4) Unless the conditions of erroneous NFTL filing are met, partial releases should not be issued when the IRS mistakenly includes the name of a non-liable person on the NFTL. In these situations an amended NFTL should be filed to remove the non-liable person's name. See IRM 5.12.7.9, *NFTL Corrections*.
- (5) Partial lien releases should be prepared using ALS. The generated release document clearly identifies the name of the non-liable taxpayer and includes wording in the body of the document to identify the partial release situation.
- (6) To request a partial release, complete Form 13794 and submit to CLO for input to ALS.
- (7) Infrequently, manual preparation of the Form 668-Z is needed. If manually prepared, identify the name of the taxpayer that is no longer liable for the tax debt and include language in the body of the release to identify the partial situation.
- (8) Do not post TC 583, Reverse Lien Indicator, to the still liable taxpayer's master file account.

5.12.3.6.1  
(09-03-2025)  
**Partial Release of a  
Jointly Filed NFTL**

- (1) When one party on a jointly-filed NFTL files bankruptcy and is discharged or makes an OIC that is accepted, a TC 971 is posted to the jointly-owed module to trigger the splitting of the account (TC 400), e.g., the one MFT 30 module now becomes two MFT 31 modules. Generally, Master File uploads the partial satisfaction code to ALS and a partial release is systemically generated within the required time frame.
- (2) Employees monitoring the cases must ensure releases are issued timely. A manual request for release should be submitted when the partial release will not be issued within thirty (30) calendar days of the satisfying event.
- (3) ALS generates partial releases showing special wording to identify the partial release situation. In the unusual instance where a partial release must be manually prepared, the Form 668-Z must identify the person being released and the special wording must be included. See Exhibit 5.12.3-2.
- a. For bankruptcy cases, the name of the party to be released must be clearly identified and the body of the release should read such as: *With*

*respect to the liabilities of [Taxpayer B] only, the liabilities secured by the subject lien have been effectively discharged through United States Bankruptcy Court proceedings. This justifies the issuance of this certificate which releases the lien only insofar as it relates to [Taxpayer B].*

*This lien release does not affect the lien as it relates to [Taxpayer A].*

- b. For OIC cases, the name of the party to be released must be clearly identified and the body of the release should read such as: *With respect to the liabilities of [Taxpayer A] only, the liabilities secured by the subject lien have been satisfied. This justifies the issuance of this certificate which releases the lien only insofar as it relates to [Taxpayer A]. This lien release does not affect the lien as it relates to [Taxpayer B].*

5.12.3.6.2  
(07-15-2015)  
**Innocent Spouse  
Determinations**

- (1) IRC 6015 grants relief to a spouse when it is determined that he or she is not liable for all, or part, of a joint liability.
- (2) When a determination has been made that one spouse is not liable for the joint assessment, a partial release should be issued for the taxpayer who is not responsible for the liability.
- (3) Partial releases can be generated through ALS. Special wording is affixed to the generated document to clearly identify the innocent spouse.
- (4) In the rare instance where a partial release must be manually prepared, the person being released must be clearly identified in the name section and special wording must be included in the body of the Form 668-Z, such as: *The conditions for release of the Notice of Federal Tax Lien against [Taxpayer A and B] have been met by [Taxpayer B]. This certificate releases the IRS's claim to property and rights to property as it pertains to the tax years identified above for [Taxpayer B] only.*
- (5) If the original assessment was completely abated but the NFTL filing fee (TC 360) was not systemically abated, abate the NFTL fee from the innocent spouse's account.
- (6) See IRM 25.15.8, *Revenue Officer Procedures for Working Innocent Spouse Relief Cases*, for further guidance on working Innocent Spouse cases.

5.12.3.7  
(09-03-2025)  
**Disposition of Certificate  
of Release**

- (1) Form 668-Z must be mailed or presented to the proper recording office to address the public record.
- (2) CLO has primary responsibility for transmitting lien documents to recording offices. See IRM 5.19.12.3.5, *Printing and Mailing Documents for Recordation*. As much as possible, lien releases should be processed through CLO.
- (3) In rare situations, a field employee may need to file a certificate of release. In doing so, the employee is responsible for paying the filing fee and subsequently claiming reimbursement on their travel voucher. The employee must also notify CLO within 4 calendar days of the release filing.
- (4) The payment of fees to file a certificate of release should be handled in the same manner as those for filing a NFTL.
- (5) A taxpayer may request to personally file the certificate of release. If a certificate of release is appropriate, prepare the Form 668-Z and provide it to the taxpayer.



- a. Include Notice 48 when transmitting the certificate to the taxpayer to file.
- b. Ensure that the taxpayer is aware that they are responsible for paying the filing fee.
- c. Advise the taxpayer that if they do not want to pay the filing fee, they can return the certificate of release and the IRS will file it following standard procedures.

**Note:** When a taxpayer requests a certificate of release where the collection statute expired or there was a bankruptcy discharge, the taxpayer is responsible for filing.

- d. Notify CLO whenever a release is issued directly to the taxpayer so that ALS can be updated appropriately.
- (6) Although not legally required, copies of releases generated on ALS and processed through CLO are routinely issued to the taxpayer through Correspondence Production Services (CPS). If the release is manually prepared in the field, ensure that the taxpayer is provided with a copy of the release document.
  - (7) Whenever an NFTL is released, TC 583, with the appropriate definer code (DC), must be input to IDRS for all the modules shown on the NFTL. For releases printed from ALS and mailed for filing by CLO, the upload of TC 583 is systemic. For manually-prepared and issued releases, manual input of the TC 583 with the appropriate DC is needed.

DC	Definition
1	Released
2	Withdrawal due to administrative error
3	Withdrawal due to Collection Due Process appeal rights
4	Reversal
5	Self-released/Statute expiration

**Caution:** Do not input TC 583 for partial releases.

5.12.3.8  
(10-14-2013)  
**Problems with  
Recording Offices**

- (1) The IRS takes appropriate measures to ensure that lien releases are timely and properly issued. At times, however, problems are encountered in the filing process at the local recording office.
- (2) Generally, situations with recording offices are handled by CLO, but occasionally field assistance may be necessary.

5.12.3.8.1  
(09-03-2025)  
**Certificates of Release  
Not Found in Recording  
Office**

- (1) Occasionally the certificate of release cannot be located by the recording office even though ALS shows that the release was issued. Requests for copies of releases are routinely received by CLO from taxpayers or their representatives, but sometimes are received by revenue officers.
- (2) The original copy of the certificate of release can be reprinted through ALS by CLO. Request CLO reissue the release to the recording office. If the original NFTL is no longer on ALS, request the taxpayer provide a copy of the NFTL

from the recording office so that a release can be recreated. See CLO procedures in IRM 5.19.12.2.2, *Loading Previously Recorded NFTLs to ALS (SCREATE)*.

- (3) Filing fees should not be posted to the taxpayer's account.
- (4) If a taxpayer is waiting on the certificate, manually prepare the certificate and inform the taxpayer that they can take the copy to the recording office, however, they are responsible for paying the filing fee. Provide the taxpayer with a copy of Notice 48.
- (5) Request an ALS history be input indicating the date and to whom the release was provided.

5.12.3.8.2  
(10-14-2013)  
**Fraudulent Lien  
Certificate Recorded**

- (1) Occasionally the IRS is contacted by a recording office or another third party to verify the validity of a lien certificate that was issued. Although unusual, situations may be found where the certificate was not authorized by the IRS.
- (2) Secure a copy of the document that was recorded and other relative information about the taxpayer's account.
- (3) Notify TIGTA of the situation.
- (4) Unless advised not to do so by TIGTA, contact the recording office to see if they can reverse their records regarding the release. Incorporate the assistance of Area Counsel as needed.
- (5) Depending on the situation, it may be necessary to file a revocation of the release and a new NFTL. Work with Advisory and Counsel on an appropriate remedy to the situation.

5.12.3.9  
(07-15-2015)  
**Erroneously Filed Notice  
of Federal Tax Lien**

- (1) IRC 6326 provides the right for a person against whom a NFTL has been filed to appeal for the release of the NFTL if they allege the filing was erroneous.
- (2) 26 CFR 301.6326-1 defines an erroneously filed NFTL as one which is filed during the presence of one of the following conditions:
  - The tax liability was satisfied prior to the NFTL filing.
  - The tax liability was assessed in violation of deficiency procedures in IRC 6213.
  - The tax liability was assessed in violation of a bankruptcy stay.
  - The statute of limitations for collection expired prior to the filing of the NFTL.

**Note:** Since Bankruptcy Code 362(b)(9)(D) permits a governmental unit to assess a tax without a violation of the automatic stay occurring, there should be few, if any, situations when an assessment violates the automatic stay.

- (3) The administrative appeals process:
  - may not be used to challenge the underlying deficiency leading to the encumbrance of the NFTL; and
  - allows for appeal within one year after the taxpayer becomes aware of the erroneously filed NFTL

- (4) Requests must be handled expeditiously. The IRS, when practical, must issue a Certificate of Release within fourteen (14) calendar days after determining the filing was erroneous.
- (5) If it is determined that the NFTL was erroneous, the release must include a statement to that effect. This ensures that the public records contain a statement that the filing was not attributable to the taxpayer and assists in repairing the taxpayer's credit or other financial records. A Certificate of Release must be issued on any erroneously filed NFTL. See IRM 5.12.3.9.1, *Administrative Appeals Under IRC 6326*, for specifics on how to prepare the release in these cases.
- (6) The issuance of the special-worded release of erroneous NFTL should be sufficient to repair any damage done to the taxpayer's credit. However, consideration will also be given to a request properly submitted by the taxpayer for a withdrawal of the NFTL. See IRM 5.12.9, *Withdrawal of Notice of Federal Tax Lien*.
- (7) All collection actions will be withheld during the administrative appeals process, unless collection is in jeopardy.

## 5.12.3.9.1

(09-03-2025)

**Administrative Appeals  
Under IRC 6326**

- (1) Advisory is responsible for making IRC 6326 determinations.  
**Note:** Insolvency is responsible for making the determinations for situations identified during the course of working a bankruptcy case. The procedures in this section detailing Advisory's role can be used interchangeably by Insolvency.
- (2) When an erroneous NFTL is identified in the field, ACS, or other function, a memorandum outlining the facts and recommending the release should be immediately prepared and forwarded to Advisory. When circumstances dictate immediate action, the facts of the case may be given to Advisory by telephone; however, the memorandum must still be prepared and forwarded to Advisory.  
**Note:** For cases involving bankruptcy, contact the Centralized Insolvency Operation (CIO) to determine the correct Insolvency caseworker assigned the case.
- (3) Requests for an administrative appeal under IRC 6326 must meet the following criteria:
  - Be in writing
  - Provide the taxpayer's name, current address and TIN
  - Include a copy of the NFTL, if available
  - State the grounds on which the request is made (e.g., notice of deficiency was mailed to the wrong address, etc.)
  - Provide the canceled check or other evidence of payment, if liability satisfaction is claimed
  - If applicable, provide information identifying the bankruptcy court, docket number, and petition date if a bankruptcy stay violation is claimed.
- (4) If the request does not meet the administrative appeal criteria, respond to the appealing party using Letter 2423, *Acknowledgement and Partial Denial of Administrative Appeals Request*.

- (5) Advisory reviews the request memorandum and conduct additional research, as needed, to determine whether the filing of the NFTL was erroneous. Advisory responds within thirty (30) calendar days to all requests that meet the criteria.
- (6) Advisory must initiate an interim reply letter when it is not possible to meet the 30-day response date. Additional interim letters are sent if necessary. An interim letter must:
  - identify the reason a final response is delayed;
  - provide an approximate time when the final response will be mailed; and
  - include the name, telephone number, and organizational code symbols for reference purposes as a contact point.
- (7) After reviewing the request, Advisory takes action according to the table below.

If...	Then Advisory...
it is determined that the NFTL was not erroneous	informs the requester and the taxpayer (or designated POA) in writing.
the taxpayer has provided proof that the liability was satisfied prior to the filing of NFTL	requests issuance of a certificate of release.
the liability was assessed in violation of deficiency procedures (as determined by Exam, Appeals, or Counsel)	requests abatement of the assessment through the Exam function and requests issuance of a certificate of release.
the liability was assessed in violation of the automatic stay in bankruptcy (Title 11)	processes a Form 3870, <i>Request for Adjustment</i> , to abate the assessment and requests issuance of a certificate of release.
the statute of limitations expired prior to the filing of the NFTL	requests issuance of a certificate of release.

- (8) If the appeal is denied, inform the taxpayer using Letter 2423.

**Note:** Determinations under IRC 6326 are not subject to CAP rights.

- (9) Issue a special-worded Form 668-Z, *Certificate of Release of Federal Tax Lien*, within fourteen (14) days, or as expeditiously as possible, after making a determination that the filing of the NFTL was erroneous.
- (10) Releases of erroneous NFTL filings should be prepared through ALS by CLO or Advisory.
  - a. If requesting preparation on ALS by CLO, Advisory completes Form 13794, *Request for Release or Partial Release of Notice of Federal Tax Lien*, and checks "9 Erroneous NFTL" in the field "How was the tax liability satisfied." The Form 13794 should be secure emailed to CLO with a request for a scanned copy of the release when printed.
  - b. If Advisory inputs the release directly to ALS, "Erroneous NFTL" must be selected for the reason for release. Failure to select this reason will cause a regular release to be issued without the special wording.

- (11) In rare circumstances, it may be necessary to manually prepare the release document. If manual preparation is needed, Advisory should take the following actions.
- Input the NFTL data on the ICS template of Form 668-Z following standard procedures.
  - Line through the certification statement at the top of the form.
  - Insert the following wording in the body of the document: *"I certify that under the provisions of IRC Section 6326, the filing of the Notice of Federal Tax Lien under IRC Section 6323 was erroneous. Therefore, the Notice of Federal Tax Lien for the taxes listed above has been released."*

**Note:** See Exhibit 5.12.3-4 for an example of the release.

- (12) In certain situations a partial release of an erroneously filed NFTL may be needed. This would occur when the NFTL was filed showing more than one party but the filing was erroneous under IRC 6326 with respect to some, but not all, of the parties.
- Partial releases can be done through ALS by following the steps in (7) above and identifying the party that should **not** be included on the NFTL.
  - If manual preparation is needed, Advisory enters the NFTL data on the Form 668-Z template following standard procedures, lines through the certification statement at the top of the form, identifies the party to be released in the name line, and inserts wording in the body of the document, such as the following: *"\*With respect to [Taxpayer B] only, I certify that under the provisions of IRC Section 6326, the filing of the Notice of Federal Tax Lien under IRC Section 6323 was erroneous. Therefore, the Notice of Federal Tax Lien for the taxes listed above is released only insofar as it relates to [Taxpayer B]. This lien release does not affect the lien as it relates to [Taxpayer A]."*
  - In the unusual situation where some, but not all, the assessments listed on the NFTL are erroneous, a partial release generally should not be issued unless specifically requested by the taxpayer.

**Note:** See Exhibit 5.12.3-5 for an example of a partial release.

- (13) Letter 544, *Letter of Apology - Erroneous Filing of Notice of Federal Tax Lien*, is not printed through ALS and must be manually prepared. The letter should be signed by the Advisory group manager and forwarded to the taxpayer (or designated POA) with a copy of the certificate of release.
- (14) At the taxpayer's written request, a copy of the release and letter of apology may be furnished to creditors or credit bureaus. Instruct the taxpayer to provide names, mailing addresses, and permission to disclose the information.
- (15) Abate filing and release fees on erroneously filed NFTLs. Follow standard procedures for requesting an adjustment to the account.
- (16) Reverse the Lien Filed Indicator by inputting TC 583 dc 04.

**Note:** Input of TC 583 is only needed for manually-prepared and issued releases. For releases generated through ALS and processed by CLO, upload of the TC 583 is systemic.

- (17) Notify the office assigned the taxpayer's account of the determination and take necessary action to update IDRS, if needed.

- a. Update the control record to reflect the nature, date of determination, and date of the certificate of release.
  - b. Reverse any CC STAUP on notice status accounts.
- (18) In the event an Erroneous NFTL Release is needed but a regular Certificate of Release is issued without the special wording for an Erroneous NFTL Release, take one of the following actions:
- a. Manually prepare and issue an amended certificate of release that shows the proper wording; or
  - b. Request a withdrawal after release.

**Note:** It is not necessary to secure a specific request for withdrawal from the taxpayer in this situation. The identification of the NFTL as erroneous is sufficient.

5.12.3.9.1.1  
(07-15-2015)

**IRC 6326 Appeals  
Referred to Examination**

- (1) Appeals under IRC 6326 that meet the appropriate criteria and pertain to the validity of the deficiency assessment, should be forwarded to Examination for evaluation. This includes requests involving Substitute for Return (SFR).
- (2) The referral should be made to Examination using Form 3449, *Referral Report*, addressed to "PSP Support".
  - a. Identify on the top of the Form 3449 "Administrative Appeal of NFTL".
  - b. Submit related cases, to the extent possible, to Examination together.
  - c. Notate the CSED on the transmittal, Form 3449, for any case in which the period has less than 6 months to run.
  - d. Transmit each case with an imminent statute date under a separate Form 3449.
  - e. Identify the date of the referral to Examination on the control record for future follow-up. Forward Parts 1 and 2 to Examination with the appealing party's request. Retain Part 3 for follow-up action.
- (3) Issue Letter 2421, *Acknowledgement of Administrative Appeal Request*, advising the appealing party that their request has been received and provide the taxpayer with a contact point for any further inquiries relative to the request.
- (4) Examination has thirty (30) calendar days from the referral date to return a determination on the validity of the assessment. A monthly review is performed to identify any Examination referrals that are overage and require follow-up with Examination.

If Examination determines that the...	Then...
assessment was incorrectly made	an abatement is necessary. Examination will provide a completed Form 3870, <i>Request for Adjustment</i> , requiring IDRS input. The certificate of release may be issued prior to the abatement posting to IDRS.
assessment is valid	Examination will indicate this determination on Form 3449. Upon receipt of this determination, perform further case action as described in IRM 5.12.3.9.1.



5.12.3.9.2  
(07-15-2015)  
**Rescission of CDP  
Rights for Erroneous  
NFTL**

- (5) Update the control record to reflect the nature and date of the determination and the date of the certificate of release if appropriate.
- (1) The IRS may rescind a CDP notice properly issued under IRC 6320(a) when certain conditions apply. See IRM 5.12.9.6.6, *Rescission of CDP Rights for Withdrawals*, for further details.
- (2) Rescission of the CDP notice is not necessary if the lien is released under IRC 6326(b). If the tax has been satisfied, then the IRS can no longer pursue collection and no NFTL can be filed in the future. If the underlying assessment is invalid, the taxpayer would be entitled to a new CDP notice when a new assessment is made and a new NFTL filed.

5.12.3.10  
(07-15-2015)  
**Erroneous NFTL in ID  
Theft Situation**

- (1) When it has been determined that the liability(s) covered by the NFTL was assessed against the taxpayer due to an identity theft situation, the NFTL may be released as an erroneous NFTL filing.
- (2) The Advisory office where the taxpayer resides has primary responsibility for processing releases for NFTLs deemed erroneous due to ID theft.
- (3) Often, the ID theft situation is determined by the Automated Substitute for Return Program (ASFR) and Advisory is notified accordingly.

**Note:** Procedures for the ASFR Unit to notify Advisory can be found in IRM 5.18.1.9.2.3.14.5, *Identity Theft*. ASFR completes Form 13794 to the best of their ability but they do not have access to ALS so certain data may not be available to them.

- (4) Upon notification of the abatement determination, Advisory follows the procedures in IRM 5.12.3.9, *Erroneously Filed Notice of Federal Tax Lien*, to issue the release of the erroneous NFTL. All NFTLs covering the impacted assessments, regardless of where the NFTLs were filed, should be addressed.
- (5) A release of erroneous NFTL should only be issued in this situation if all the assessments on the NFTL were impacted by the ID theft situation and the taxpayer does not owe for any of the assessments.

**Note:** Upon the taxpayer's request, a partial release of erroneous NFTL may be issued if some, but not all, of the assessments on the NFTL are abated due to ID theft.

- (6) The office approving the release of erroneous NFTL (usually Advisory) is responsible for requesting abatement of the NFTL filing fee (TC 360), when appropriate, and issuance of Letter 544.
- (7) A withdrawal of the NFTL may be considered in lieu of the release or after the release, if requested by the taxpayer.
- (8) In the event an erroneous NFTL release is appropriate but a regular Certificate of Release is issued without the special wording for an erroneous NFTL release, take one of the following actions:
  - a. Manually prepare and issue an amended certificate of release that shows the wording for an erroneous NFTL release; or
  - b. Request a withdrawal after release.

**Note:** It is not necessary to secure a specific request for withdrawal from the taxpayer in this situation. The identification of the NFTL as erroneous is sufficient.

5.12.3.10.1  
(07-15-2015)  
**Return Preparer  
Misconduct Situation**

- (1) When it has been determined that the liability(s) covered by the NFTL was assessed against the taxpayer due to return preparer misconduct, the NFTL may be released as an erroneous NFTL filing.
- (2) The Advisory office where the taxpayer resides has primary responsibility for processing releases for NFTLs deemed erroneous due to return preparer misconduct.
- (3) Upon notification of the abatement determination, Advisory follows the procedures in IRM 5.12.3.9, *Erroneously Filed Notice of Federal Tax Lien*, to issue the release of the erroneous NFTL. All NFTLs covering the impacted assessments, regardless of where the NFTLs were filed, should be addressed.
- (4) A release of erroneous NFTL should only be issued in this situation if all the assessments on the NFTL were impacted by the misconduct and the taxpayer does not owe for any of the assessments.

**Note:** Upon the taxpayer's request, a partial release of erroneous NFTL may be issued if some, but not all, of the assessments on the NFTL are abated due to misconduct.

- (5) The office approving the release of erroneous NFTL (usually Advisory) is responsible for requesting abatement of the NFTL filing fee (TC 360), when appropriate, and issuing Letter 544.
- (6) A withdrawal of the NFTL may be considered in lieu of the release or after the release, if requested by the taxpayer.
- (7) In the event an erroneous NFTL release is appropriate but a regular Certificate of Release is issued without the special wording for an erroneous NFTL release, take one of the following actions:
  - a. Manually prepare and issue an amended certificate of release that shows the wording for an erroneous NFTL release; or
  - b. Request a withdrawal after release.

**Note:** It is not necessary to secure a specific request for withdrawal from the taxpayer in this situation. The identification of the NFTL as erroneous is sufficient.

5.12.3.11  
(07-15-2015)  
**Administrative Appeals  
Not Meeting IRC 6326**

- (1) Taxpayers have the right before and after the filing of the NFTL to exercise CAP rights and have CDP rights that arise with the filing of the NFTL. See IRM 5.12.6, *Appeals Processes Involving Liens*, for details. The guidance in this section does not circumvent those rights.
- (2) When a request is received challenging the validity of the NFTL but it does not meet the criteria of IRC 6326 (e.g., questions the underlying assessment), review the request to see if other issues may be present that should be addressed.
- (3) Review the request in accordance with the following table:



If...	Then...
a request disputes the tax, penalty or interest due	attempt to secure the basis for the claim from the taxpayer.
a problem with the liability is identified and can and should be corrected by adjustment	make the adjustment.
the taxpayer does not provide adequate substantiation that the assessment is incorrect	advise the taxpayer to pay the liability and file a claim.
the taxpayer identifies another issue (e.g., math error)	research IDRS to determine the status of the liability and refer the request to the appropriate function.

- (4) Respond to the taxpayer using Letter 2423 to identify the reason the request does not meet the administrative appeal criteria or that the request is being referred to another function for action.
- (5) Refer the request to the appropriate function to work.

If...	Then...
the liability on the NFTL is in ACS inventory or in the queue	forward the request to the ACS call site.
the liability on the NFTL is in notice status (e.g., reactivated TC 530 case)	input a CC STAUP to IDRS for the appropriate number of cycles and reference the receipt of a request for lien release in the IDRS history section. Advisory should research and resolve the request or refer the request to the appropriate function for resolution.
the liability on the NFTL has been assigned to a revenue officer	forward the request to the revenue officer assigned the balance due.
the liability on the NFTL is not present on IDRS	it may have aged off IDRS and is in an inactive status present on the master file (e.g., CNC, below tolerance). Use the CFOL commands, IMFOL and BMFOL to view the accounts. Advisory should then resolve the request or refer the request to the appropriate functional area for resolution.
the request cannot be immediately resolved	research IDRS to determine the status of the liability and advise the employee/function assigned to the case of the taxpayers request.
during the resolution period of the request, the deferred tax module becomes active	notify the appropriate function of the request received.

- (6) Resolution to the request should follow standard IRM procedures for the nature of the problem.
- (7) If resolution results in the liability being fully satisfied, release the NFTL following standard procedures. Do NOT issue the specially-worded release for an erroneous NFTL unless the criteria of IRC 6326 are met.

- 5.12.3.12  
(07-15-2015)  
**Inadvertent NFTL Filing**
- (1) When a NFTL is inadvertently filed and then subsequently released, provide the taxpayer with Letter 544-I, *Letter of Apology - Inadvertent Filing of Notice of Federal Tax Lien*.
  - (2) If the criteria for release of a NFTL that has been inadvertently filed are not present, consider withdrawal of the NFTL.
  - (3) If an inadvertently filed NFTL has been released, consideration may also be given to withdrawing the NFTL, if a withdrawal request is submitted. See IRM 5.12.9.9, *Requests for Withdrawal After the NFTL Has Been Released*.
- 5.12.3.13  
(10-14-2013)  
**Civil Cause of Action Under IRC 7432 for Failure to Release Lien**
- (1) Under IRC 7432 taxpayers have the right to sue the federal government for damages in federal district court if any officer or employee of the Internal Revenue Service knowingly or by reason of negligence, fails to release a lien.
  - (2) Recovery is limited to actual, direct, economic damages sustained by the taxpayer which, but for the actions of the IRS, would not have been sustained, plus the costs of the action. Litigation and administrative costs (including costs of making a claim) cannot be recovered under IRC 7432. (26 CFR 301.7432-1)
  - (3) IRC 7432(d)(1) requires that taxpayers must exhaust all administrative remedies available within the IRS prior to initiating a civil action in federal district court.
  - (4) Taxpayers must submit:
    - a written request for a release of the NFTL to the area office where the NFTL was filed or where the taxpayer currently resides; and
    - an administrative claim for damages.
- 5.12.3.13.1  
(09-03-2025)  
**Administrative Claim Procedures**
- (1) Treasury regulation 301.7432-1 details the administrative claim procedures of IRC 7432. Taxpayers wanting information about the process may be referred to Pub 5390, *Instructions for Preparing Administrative Claims for Damages*.
  - (2) Form 15237, *Administrative Damage Claim*, is available for taxpayers to submit a claim, but it is not required. All claims must be in writing and contain the following information:
    - The name, current address, home and work telephone numbers, any convenient times to be contacted, and the taxpayer identification number of the taxpayer making the claim
    - A copy of the NFTL affecting the taxpayer's property, if available
    - A copy of the request for the release of lien made in accordance with Treasury regulation 401.6325-1(f)
    - The grounds, in reasonable detail, for the claim (include copies of any available substantiating documentation or correspondence with the Internal Revenue Service)
    - A description of the damages incurred by the taxpayer filing the claim (including copies of any available substantiating documentation or evidence)
    - The dollar amount of the claim, including any damages that have not yet been incurred but that are reasonably foreseeable (including copies of any available substantiating documentation or evidence)
    - The signature of the taxpayer or the taxpayer's duly authorized representative

- (3) Forward the administrative claim to the Advisory Group Manager where the taxpayer currently resides. Each claim is reviewed by Advisory to ensure that it contains the required information.
- (4) If the claim does not contain the information required in (2) above, notify the taxpayer in writing within fourteen (14) calendar days advising of the deficiencies and that the claim is not processable.

**Note:** This is not considered a rejection of the claim because a claim meeting the requirements of Treasury regulation 301.7432-1 has not been filed.

- (5) Use Letter 2730, *Non-processable Claim for Damages Letter*, to notify the taxpayer of any claim deficiencies.
- (6) Administrative review of the claim must be completed within thirty (30) calendar days of receipt of a processable claim. The taxpayer may bring suit either upon:
  - a decision on the claim; or
  - 30 calendar days after the filing of a processable claim.
- (7) A taxpayer must file an action in federal district court within two years after the cause of action accrues. If the taxpayer files an administrative claim within the last thirty (30) calendar days of the two-year period of limitations, the taxpayer may file an action in federal district court any time after the administrative claim is filed and before the expiration of the period of limitations, without waiting for 30 calendar days to expire or for a decision to be rendered on the claim.
- (8) Use Letter 2732, *Notification of Full or Partial Denial of Claim for Civil Damages*, or Letter 2733, *Notification of Full or Partial Allowance of Claim for Civil Damages*, to notify the taxpayer of the results of the administrative review of the claim. If only a portion of the claim is approved, both pattern letters are sent to the taxpayer at the same time. These letters are signed by the Advisory Territory Manager who has the delegated authority to approve or reject the claim. See IRM 1.2.2.6.4, *Delegation Order 5-4*.
- (9) There is no administrative appeal of a rejected claim for damages under IRC 7432, however, the taxpayer may bring a civil action for damages in a district court of the United States.
- (10) If the taxpayer files suit under IRC 7432, see IRM 25.3.3.9, *Damages - Civil Cause of Action for Unauthorized Collection Action*, for guidance in responding to the filing.

5.12.3.13.2  
(07-15-2015)  
**Evaluation of Claim for  
Damages Under IRC  
7432**

- (1) Date stamp the claim upon receipt. Advisory should complete the review within thirty (30) calendar days of receipt.
- (2) Open an Non-Field Other Investigation (NFOI) on ICS under 101 (Claim-Other) no longer than five (5) business days after receipt of the claim in the group. Review ICS closed files for any prior claims.
- (3) Address the following issues in determining if a claim is administratively allowable:
  - a. Should the IRS have released the NFTL under the provisions of IRC 6325?

- b. Did failure to release an outstanding NFTL against the taxpayer cause the taxpayer to sustain direct, economic damages?
  - c. Are any damages reducible by any amount that could have reasonably been avoided or mitigated by the taxpayer?
  - d. Has there been a finding under IRC 6325(a)(1) that the liability for the amount assessed, together with all interest, has been fully satisfied or has become legally unenforceable? Such a finding is treated as made on the earlier of: the date the appropriate official makes this finding or the date on which the IRS receives a request for a certificate of release of lien in accordance with Treasury Regulation 301.7432-(f)2(iii), together with any information that is reasonably necessary to conclude that the lien has been fully satisfied or is legally unenforceable.
- (4) Evaluate the facts and circumstances of each case.
- (5) If the claim is made without proof or proper substantiation of damages, the taxpayer should be contacted immediately and told of the requirement to provide verification that these damages have been incurred. The Advisor charged with reviewing and making the initial determination should approach this task with the recognition that it is possible that actual economic damages can accrue as a result of untimely lien releases. When faced with issues that do not present a clear-cut solution, consult with Area Counsel.
- (6) The reviewer must determine if the IRS knowingly or negligently failed to release a lien under IRC 6325 and whether the failure caused direct economic damages which the taxpayer could not avoid.

**Note:** Negligence means the appropriate IRS employee failed to use due diligence, or act as a reasonable person would, to release the lien.
- (7) The reviewer must ascertain the point in time when the taxpayer became, or should have become, aware of the violation for the purpose of determining if the claim should be rejected for untimeliness.
  - a. Claims filed more than two years after the violation must receive special scrutiny. This means that the violation occurred more than two years before the filing date of the claim. The taxpayer has two years in which to file a claim.
  - b. The taxpayer's two-year limitation to bring suit begins at the point when the taxpayer has had a reasonable opportunity to discover all essential elements in a possible cause of action.
  - c. The reviewer must determine when the taxpayer knew or should have known of the IRS's failure to release the NFTL.
  - d. Claims filed outside the two year limitation are rejected.
- (8) The amount of an approved administrative claim awarding damages is guided by the following criteria:
  - a. The amount of the award is reduced by the amount of those damages which could have reasonably been lessened by the taxpayer.
  - b. Only actual, direct economic damages are recoverable in an administrative claim. No litigation or administrative costs are recoverable in an administrative claim. To the extent that any costs are recoverable under 7432, such costs are recoverable only in a court proceeding.
- (9) Area Counsel must review and concur with all claim determinations.

- (10) Release the NFTL if it is determined the IRS knowingly or negligently failed to release the NFTL under IRC 6325.
- (11) The advisor or reviewer provides written notification to the taxpayer of the determination.
- (12) Advisory takes the appropriate closing or other follow-up actions no later than ten (10) calendar days of completion of the initial review.

5.12.3.13.3  
(09-03-2025)  
**Reimbursement of  
Damages and Costs for  
Failure to Release Lien  
Under IRC 6325.**

- (1) If an administrative claim is submitted to the approving official, Collection personnel involved with the filing or release of the NFTL may be asked to prepare a memo explaining the facts of the case. This should include any documentation which confirms or contradicts the taxpayer's statements.
- (2) If a claim is approved, download *FS Form 197, Judgment Fund*, from Treasury's Bureau of the Fiscal Service (BFS) Judgment Fund site (<https://www.fiscal.treasury.gov/judgment-fund/>).
- (3) Forward the original voucher (FS Form 197) for signature to the taxpayer under cover Letter 2733, *Notification of Full or Partial Allowance of Claim for Civil Damages*.
- (4) When the signed form is returned by the taxpayer, the approving official signs FS Form 197 and provides the taxpayer with a copy.
- (5) The approving official submits the reimbursement request with FS Form 197 to Treasury through the BFS *Judgment Fund* page. See IRM 25.3.3.9.4.1 , *Damage Reimbursement*, for additional information.
- (6) If the taxpayer requests a check in lieu of electronic deposit, BFS returns the check to the contact person listed on FS Form 197 who forwards the check to the taxpayer.
- (7) Mail the check to the taxpayer with a cover letter (locally designed) that specifies the date and the amount of the check.
- (8) Keep a copy of the forms sent to the Judgment Fund Branch in the file. Record any information received from BFS regarding payment to the taxpayer on ICS.

5.12.3.14  
(09-03-2025)  
**Revocation of Lien  
Release**

- (1) IRC 6325(a) provides that a lien shall be released when the liability has been satisfied or becomes unenforceable or a bond is accepted. See IRM 5.12.3.3, *Lien Release Conditions*, for further details. Occasionally, a lien may be improperly released prior to the liability being resolved.
- (2) IRC 6325(f)(2) provides for a revocation of a release of lien, and the reinstatement of the statutory lien, if it is determined that the period of limitation on collection after assessment has not expired and the release was issued:
  - erroneously;
  - improvidently; or
  - in connection with a collateral agreement entered into in connection with a compromise under IRC 7122 which has been breached.
- (3) A release of lien can take one of two forms:
  - A Form 668-Z, *Certificate of Release of Federal Tax Lien*, is issued; or

- The lien “self-releases,” i.e., the “Last Day for Refiling” on the NFTL passes and the NFTL is not refiled. See IRM 5.12.8, *Notice of Lien Refiling*.

**Reminder:** If a NFTL is refiled but the refiling is not done timely, the lien is considered self-released.

- (4) Regardless of the form of the release or whether underlying liabilities were satisfied, a lien release extinguishes the statutory lien of the liability(s). Without a statutory lien, IRS can continue to collect the tax liability(s) but administrative enforcement action to collect can be restricted.

**Note:** Consult with Area Counsel if there are questions regarding litigation or specific collection actions that were in progress at the time of lien release.

- (5) The release of one NFTL extinguishes the statutory liens for **ALL** the assessments included on the release. The release also extinguishes the statutory liens of those same assessments on all NFTLs on which those assessments are included, regardless of where or when the other NFTLs were filed or whether or not the other NFTLs were refiled timely.

**Example:** A NFTL was filed on the taxpayer in County A for the 1040 income tax liabilities for 2003 and 2004. A NFTL was also filed for the same liabilities in County B. The CSED was extended on both liabilities. The NFTL was refiled in County A. The NFTL in County B was not refiled by the “Last Day for Refiling” shown on the NFTL, so the lien self-released. The self-release in County B released the statutory liens for the liabilities. Therefore, the NFTL in County A is no longer effective because the underlying statutory liens have been released.

- (6) The form that is issued to revoke an erroneous release is Form 12474, *Revocation of Certificate of Release of Federal Tax Lien*.

**Note:** Form 12474-A was previously used to revoke a self-released lien; however, the Form 12474 was revised to address both forms of release.

- (7) There can be instances when a release of lien was appropriate for certain modules on the NFTL but not all. A partial revocation document may be issued in the following situations:

- Multiple modules are included on the NFTL and, at the time of release, some, but not all, of the modules had been satisfied. The partial revocation document would list only those modules that still have a balance due.
- Multiple persons were liable for the assessment(s) and included on the NFTL and the statutory period of collection is still open on some, but not all, of the persons. The partial revocation document would list only those persons that are still liable for the balance due.

- (8) Issuing notice of a revocation only reinstates the statutory lien of the liabilities. It does not reinstate the NFTL. A new NFTL should be considered to protect the priority of the lien after the notice of the Revocation is filed. See IRM 5.12.3.15, *Reinstating the Statutory Lien*.

**Caution:** A new NFTL in these circumstances is sometimes inaccurately referred to as a “refile.” It is not a refiled NFTL. It is a new NFTL to replace the



released NFTL. Do **not** use Form 668-F, *Notice of Federal Tax Lien Refile*, to reinstate a NFTL after revocation of release.

- (9) Because of the effect of the release on the statutory lien, revocations should generally be requested unless legally precluded or other business factors (e.g., time remaining on the statute, amount owed on the liability, etc.) would make the revocation inappropriate.

**Note:** Although priority may be lost to competing liens - both those in existence when the federal tax lien was erroneously released and those coming into existence between the erroneous release date and the revocation/reinstatement date - it is nevertheless important to use the revocation and reinstatement procedures in order to correct the presumptive conclusive extinction of the lien under IRC 6325(f)(1)(A), and prevent additional loss of priority when future competing liens arise, especially where significant property interests exist or are reasonably anticipated to come into existence during the life of the extended collection statute.

5.12.3.14.1  
(07-15-2015)  
**Requesting Revocation  
of Lien Release**

- (1) Advisory has primary responsibility for approving revocations of erroneous lien releases. except for those pertaining to an on-going insolvency case or those related to a case actively assigned to Field Collection. See IRM 1.2.2.6.4, *Delegation Order 5-4 (Rev. 4)*.
- (2) Upon identifying an erroneous lien release, research the liabilities secured by the NFTL to determine if a revocation of the release is appropriate. Factors to consider include:
- The amount of time left before the CSED (i.e., generally should be more than 6 months)
  - The amount owed on the liabilities (i.e., generally should be more than \$2500 for the NFTL)
  - Whether further collection actions are planned

**Note:** For on-going insolvency cases, other factors would need to be considered, including the appropriateness of filing a notice of revocation during an automatic stay. See IRM 5.9.17, *Closing a Bankruptcy Case*, for Insolvency procedures.

- (3) To request a Revocation document, complete the Form 14466, *Request for Revocation of Erroneous Release of Federal Tax Lien*.
- a. Specify the type of revocation needed—full or partial.
  - b. Provide the SLID of the NFTL involved and the recording data for the NFTL, if not already on ALS.

**Note:** Revocations cannot be processed on ALS if the court recording information for the original NFTL filing has not been input. If ALS does not show court recording data for the NFTL, this information must be secured via internet research or by contacting the recording official and input to ALS before the revocation request is submitted.

- c. Check whether a certificate of release was issued. Enter the date the certificate of release was issued with the applicable recording information, if available, or “Expired” for a self-released lien.
- d. Select the reason for the revocation and provide an additional, brief explanation for the reason.

- e. Provide the next CSED date for the assessments on the revocation.
  - f. If a partial revocation is needed, complete that section stipulated for which taxpayer the revocation is being issued and/or which assessments are involved.
  - g. Complete the remainder of the form by answering the questions regarding other NFTLs involved and whether a new NFTL should be filed. (See IRM 5.12.3.16 below.)
- (4) If multiple NFTLs were erroneously released on the same taxpayer, revocations need to be requested for each released lien; however, the modules on those released NFTLs can be combined on one new NFTL.
  - (5) For cases not actively assigned to Field Collection or Insolvency, forward revocation requests by secure email to the Advisory Group for your Area for approval. Include the Form 14466, copy of the released NFTL from ALS, and narrative.
  - (6) Advisory takes the following actions on revocation requests.
    - a. Reviews the request and, if necessary, requests additional information from the originator.
    - b. Determines the legality of filing a notice of revocation and new NFTL.
    - c. Approves or disapproves the revocation request.
    - d. Controls the case on ICS under OI case code 193 (Lien & Levy Activity) and maintains a history of their review and decision on that system.
  - (7) Disapprovals are returned to the originator with an explanation. No further actions are necessary unless additional information is provided and Advisory's decision is reversed.
  - (8) Advisory indicates its approval on the Form 14466 and forwards the request by secure email to Centralized Lien Operation (CLO) Field Office Resource Team (FORT) for input to ALS. For any revocation requests not properly approved, FORT returns the request to the originator for proper routing.
  - (9) At their discretion, Advisory or Insolvency employees who have the necessary permissions may input the revocation, including partial revocations, directly on ALS.
    - a. Input the revocation onto ALS following the instruction in the ALS User Guide.
    - b. Add a history item indicating the recording data for the release, if applicable, and the reason for the revocation. For partial revocations, the history entry should list the modules for which the revocation was issued.
    - c. Request immediate management approval of the revocation in the ALS Manager's Release Queue.
- Note:** See IRM 5.12.3.16 for guidance on new NFTLs.
- (10) For revocations related to a case actively assigned to a GS-9 revenue officer or above, the RO may sign the Form 14466 as the approving officer, bypass Advisory, and send Form 14466 via secure email directly to the FORT for input to ALS.
  - (11) Generally, the taxpayer's copy of the revocation document is printed and mailed to the taxpayer by FORT; however, it is the responsibility of the originating employee to ensure this has been done.



- (12) Taxpayers may appeal revocations of releases under the Collection Appeal Program (CAP). See IRM 5.12.3.16, *Re-establishing NFTL Priority*.
- (13) The originator of the revocation request can monitor the status of both the revocation and any new NFTL by checking ALS.
- (14) If exigent circumstances exist, the revocation and new NFTL may be manually prepared and filed.
  - a. The revocation must still be approved by the appropriate official.
  - b. IRM 5.12.7.4, *Manual NFTL Preparation*, details procedures for manually-filed notices of lien.
  - c. The originator is responsible for providing the taxpayer a copy of the revocation document.

5.12.3.14.2  
(09-03-2025)  
**Partial Revocations**

- (1) Issue a partial revocation when:
  - a release is issued in error on joint liabilities where one party remains liable for the tax;
  - only some periods listed on the NFTL are still valid; or
  - a NFTL is not refiled timely on a specific period on a multiple period NFTL.
- (2) Partial revocations should be completed on ALS.
- (3) Partial revocations and the subsequent new NFTL filing are processed according to standard procedures.
- (4) The requesting employee prepares and sends the Form 14466 as described in IRM 5.12.3.14.1, *Requesting Revocation of Lien Release*.
- (5) If it is necessary to manually prepare the partial revocation, the IRS Intranet or ICS template versions of Forms 12474 and 12474-A may be used.
  - a. The form should be annotated "Partial Revocation".
  - b. The data on Form 12474 pertaining to the modules/names subject to revocation must match the data on the original NFTL exactly.
- (6) If manually prepared, secure approval of the partial revocation and, if appropriate, scan and secure email the completed document to FORT for filing. Revocations created using ALS go to the manager's queue for approval.
- (7) In certain circumstances, it may be necessary for notice of the revocation to be manually filed. Follow normal procedures for filing any lien document.
- (8) In manual file situations, the taxpayer's notice of the partial revocation is issued by the approving office.

5.12.3.14.3  
(07-15-2015)  
**Use of Electronic  
Signatures on  
Revocations**

- (1) Neither the IRC nor Treasury regulations address the method in which lien certificates are to be signed; however, they both address the Secretary's authority to develop procedures associated with the use and acceptability of electronic signatures on forms and other documents.
- (2) Approval of documents must always be in accordance with IRM 1.2.2.6.4, *Delegation Order 5-4 (Rev. 4)*.

- (3) Revocation documents may be signed by the approving official via electronic means when a physical signature is not feasible.

**Note:** Revocations should normally be generated through the Automated Lien System (ALS). The electronic signature described in this section is only for situations where manually-prepared certificates are needed.

- (4) To sign a document electronically, the document must be converted to a Portable Data Format (PDF) using Adobe Acrobat and the approving official must create a signature file. The format of the electronic signature should adhere to certain standards.
- The signature should not contain the email address, logo, location or other unnecessary information.
  - The signature should preferably be an actual/graphic signature file of the approving official or at the minimum should show the name of the approving official. It should not be the Standard Employee Identifier (SEID) as that is for internal use only.
  - The approving official should validate the signature so that the pdf question mark does not appear.
- (5) Approval must be granted on a case by case basis. The ICS history must be documented by the approving official to indicate the electronic or facsimile signing of the lien certificate and associated correspondence.
- (6) A printed copy of the electronically signed certificate must be retained as part of the case file for appropriate record keeping.
- (7) There may be hesitation from some recording offices to accept electronically signed lien certificates; however, they cannot refuse to record the documents as the IRS dictates the form and content of lien certificates. Recording offices may be referred to Pub 1468, *Guidelines for Processing Notices of Federal Tax Lien Documents*, for more information.
- (8) Facsimile signatures must be protected in accordance with established IRS procedures.
- Physical signature stamps are designated "High Security." Store signature stamps in accordance with IRM 10.2.14.3.1, *Protected Items/Information*. See also IRM 5.1.3, *Safety, Security, and Control*.
  - All systems capable of reproducing electronic or PDF generated signatures for lien certificates must be official IRS computer systems and be password protected.
  - Ensure a record of approval is available for electronically generated, PDF generated, and stamped signatures.

5.12.3.14.4  
(10-14-2013)

**Revocation of Multiple  
Erroneous Systemic  
Releases**

- (1) On rare occasions, a systemic problem on ALS or its interface with Master File may possibly result in a batch of erroneous releases. The procedures contained in this section reflect general guidelines that may be used to resolve the situation, but the process may vary based on the number of NFTLs involved.
- (2) Determinations regarding necessary actions if such an event occurs requires teamwork of many functions, and may include:
- Collection Policy

- Advisory
- Insolvency
- Automated Lien System
- Centralized Lien Operations

- (3) When multiple erroneous releases are issued due to a system problem, ALS programming staff must be alerted.
- (4) ALS programming staff can generate a list of the NFTLs released in error. If the erroneous releases cannot be isolated by ALS, the programming staff can generate a list of all releases issued within the affected time frame.
- (5) ALS programming staff send the list of releases via secure email to a team comprised of representatives of various impacted offices, such as those shown in (2) above.
- (6) The team may review the list to identify the erroneous releases and determine the tax modules affected by the erroneous releases.
- (7) Using research tools at its disposal, the team may ascertain information about the erroneous released NFTLs including, but not limited to the following:
  - Status of the taxpayer's case (e.g., SC 26, 53, 72, etc.)
  - Closing codes, if any, associated with the modules (e.g., TC 530 cc 08)
  - CSEDs of the erroneously released modules
  - Balances due of the erroneously released modules

**Note:** If the affected population of NFTLs cannot be isolated by ALS or the team, the erroneous releases may be worked on a case by case basis following the revocation procedures set forth in 5.12.3.14.1 above.

- (8) The team may separate the list of erroneous released NFTLs based on their status codes and distribute the lists to the Technical Analysts of the respective functions. For example:
  - SC 26 to Collection Field function
  - SC 71 to Offer In Compromise
  - SC 72, 89 to Advisory and Insolvency
- (9) The Analysts for each function may further distribute the lists to the employees or offices assigned the cases so that revocation and new NFTL determinations can be made. The revocation process set forth in 5.12.3.14 above will be followed to file the notices of revocation and new NFTLs.
- (10) The team may review the list of remaining releases to determine if notices of revocation are appropriate.
- (11) For those cases on which a revocation is appropriate, the team may conduct additional research as necessary to make determinations for new NFTL filings
- (12) The team works with CLO to ensure that notices of revocation are processed and, if appropriate, new NFTLs are created using the last known address information of the taxpayers.

5.12.3.15  
(07-15-2015)  
**Reinstating the Statutory  
Lien**

- (1) After a lien release has been revoked, the statutory lien may be reinstated by taking both of the following actions:
  - a. Mailing notice of the revocation to the last known address of the person against whom the tax was assessed, **AND**
  - b. Filing notice of the revocation in the same office(s) in which any related NFTL was filed.
- (2) A reinstated statutory lien is effective on the date the notice of revocation is mailed to the taxpayer but not before the date the notice is filed.
- (3) On the effective date of reinstatement, a reinstated lien has the same force and effect as a general tax lien for a period not longer than the period of limitation on collection of the tax liability to which it relates.
- (4) Reinstated liens are not valid against any lien or interest described in IRC 6323(a) until a new NFTL has been filed subsequent to the time the reinstated lien became effective.

5.12.3.15.1  
(07-15-2015)  
**Filing the Notice of  
Revocation**

- (1) Notice of the revocation must be filed in all the same offices where the original NFTLs were filed, unless the state has since redesignated its filing office for the specific type of property. The Uniform Federal Lien Act of the state should be checked to confirm where to file the notice.
- (2) In the unlikely event that the notice of revocation cannot be filed in the office designated by State law, it is to be filed in the office of the clerk of the United States district court for the judicial district in the State office where NFTLs are filed.
- (3) When filing a notice of Revocation and a new Notice of Federal Tax Lien, documents must be recorded in the proper order to be valid. The notice of Revocation must be recorded prior to the new Notice of Federal Tax Lien.
- (4) Expenses related to the filing of the revocation document are borne by the government. The cost of subsequently filing a new NFTL is assessed to the taxpayer's account.

5.12.3.16  
(07-15-2015)  
**Re-establishing NFTL  
Priority**

- (1) Reinstated liens are not valid against any lien or interest described in IRC 6323(a) until a new NFTL has been filed subsequent to the time the reinstated lien became effective. The date of the new NFTL filing is the date from which priorities are determined as against IRC 6323(a) interests.
- (2) The determination to file a new NFTL after the revocation should be made in accordance with standard procedures found in IRM 5.12.2, *Notice of Lien Determinations*. Filing of a new NFTL after revocation is not a requirement for the revocation process. Generally a new NFTL should not be filed if:
  - legally precluded (e.g., taxpayer is under protection of bankruptcy court);
  - precluded by policy (e.g., taxpayer is under jurisdiction of Appeals); or,
  - it is determined that it is not in the government's interest.
- (3) Standard procedures for filing a NFTL can be followed. If manually preparing and filing a new NFTL, care must be taken to ensure the Last Day for Refiling in column E is accurate. For example:

If...	And...	Then Column E on the new NFTL should be...
an erroneous release was issued	it is still within the original 10 year statute	the same date that was shown on the original NFTL.
a refiled NFTL was not timely filed	the original NFTL self-released	the end date of the current refile period (e.g., the Last Day for Refiling on the original NFTL plus 10 years)
an erroneous release was issued	it is beyond the refiling period for the original 10 year statute (i.e., more than 10 years and 30 days after the assessment)	the end date of the current refile period

**Note:** Prior to August 2011, new NFTLs filed after the original CSED date showed "N/A" in the Last Day for Refiling column.

- (4) When requesting a new NFTL, the updated CSED should be specified for each assessment to be included on the new NFTL.
- (5) The amount to be shown on the new NFTL should be the total balance due at the time of filing the new NFTL.
- (6) The new NFTL does not have to contain only the tax periods that were on the released lien. Any tax periods eligible for NFTL filing can be included on the new NFTL.
- (7) It is not necessary to file the new NFTL in the same recording office where the revocation document was filed. The new NFTL should be filed in a place appropriate for the current location of the taxpayer and/or their assets.
- (8) The filing of the new NFTL must occur **after** the filing of the revocation. If the new NFTL is filed before the revocation, the NFTL is not valid. It should be withdrawn as an improper filing and another, new NFTL filed.
- (9) When there has been a revocation of a release of a lien and a new NFTL is filed, taxpayers may be entitled to a collection due process notice if they did not receive a notice when the original NFTL was filed.
  - a. Send a CDP notice (Letter 3172) if the erroneously released NFTL was filed *before* 01-19-1999, which was the effective date of IRC 6320.
  - b. Send a CDP notice for tax periods added to the new NFTL that were not included on a previous NFTL.
  - c. If CDP rights were previously provided for all the tax periods, the taxpayer is not entitled to new CDP rights, nor are they entitled to equivalent hearings.
  - d. If a taxpayer's CDP rights are exhausted, CAP procedures may be exercised to appeal the new NFTL filing.
- (10) After a new NFTL is filed, routine ALS procedures are followed for monitoring the NFTL, including the systemic release of the lien when the tax liabilities are satisfied.

5.12.3.16.1  
(07-15-2015)

**Release After  
Revocation When There  
Was No New NFTL**

- (1) When a revocation of release was issued but a new NFTL was **not** filed, the statutory lien is, nonetheless, reinstated.
- (2) When the liability is subsequently satisfied, whether by payment, adjustment, statute expiration or other event, a new certificate of release of lien is not required; however, one may be issued if requested by the taxpayer.
- (3) If it is determined that a certificate of release should be issued based on a taxpayer's request, take the following actions.
  - a. Manually prepare the certificate of release based on the original NFTL.
  - b. Provide the certificate of release directly to the taxpayer so they may record it as needed.

5.12.3.17  
(07-15-2015)

**Designated Payment  
Codes (DPC) Related to  
Liens and Lien  
Certificates**

- (1) IRM 5.1.2.9.1, *Designated Payment Codes*, provides detailed instructions on the use of designated payment codes and who may use them.
- (2) Generally, employees should use one of the following DPCs when posting a payment that is the direct result of a lien-related certificate:
  - 07 - full or partial payoff of the NFTL
 

**Note:** DPC 07 is used when the payment received is expressly for full or partial payoff of the NFTL, as evidenced by accompanying NFTL payoff letter (e.g., L-3640, L-3640A, L-3641), copy of the NFTL, or statement of the taxpayer or third party as documented in appropriate history.
  - 53 - discharges
  - 55 - subordinations
  - 56 - NFTL withdrawals
  - 57 - judicial and non-judicial foreclosures
  - 58 - redemptions and releases of right of redemption
  - 59 - estate tax liens and payments as the result of the filing of a proof of claim in a probate proceeding.

**Exhibit 5.12.3-1 (07-15-2015)****Starting Points for 30-Day Release Time Frame**

This chart is a general summation from specific program IRMs (e.g. 5.7; 5.8; 5.9; etc.). Consult the specific IRM sections for complete information on each program. Procedures in the specific IRMs supersede the information contained in this chart.

<b>Satisfied by...</b>	<b>Thirty days starts ...*</b>
Payment by certified funds (e.g. cash, cashier check, money order)	The date payment is received.
Payment by non-certified funds (e.g. personal check)	Fifteen calendar days after the date payment is received.
Payment by levy	The date payment is received.
Payment by credit/debit card	The date the chargeback period expires (i.e. 120 days from credit, 100 days from debit).
Payment by electronic funds transfer	The date payment is received.
Refund offset from filing return unrelated to tax liability (i.e., not amended or 6020B reconsideration)	The cycle when the assessment of the unrelated return posts, which makes the credit available.
Credit overpayment from another module (same taxpayer)	The cycle when the processing of the related module is complete (i.e. final assessment of interest and penalty), which makes the credit available.
Transfer of credit from another module (same taxpayer)	The cycle when the credit posts to the correct module.
Credit offset from another account (different taxpayer)	The cycle when the credit from the other account posts to the taxpayer's account.
SFR/6020(b) Abatements – original return filed	The cycle when the return is processed and the adjustment of tax and related penalty and interest posts to zero the module.
SFR/6020(b) Abatements – no return filed	The cycle when the adjustment of tax and related penalty and interest is final and posts.
Adjustment to account (e.g., amended return, audit reconsideration, Tax Court)	The cycle when the adjustment of tax and related penalty and interest is final and posts.
Abatement of penalty and interest	The cycle when the adjustment of penalty and interest is final and posts.
Payment through litigation (non-bankruptcy)	The cycle when the payment has been processed through the Lockbox and posts to IDRS.
Litigation settlement (non-bankruptcy)	The cycle when the litigation freeze is reversed and the transaction posts to reduce the module balance to zero.



**Exhibit 5.12.3-1 (Cont. 1) (07-15-2015)****Starting Points for 30-Day Release Time Frame**

<b>Satisfied by...</b>	<b>Thirty days starts ...*</b>
Offer in compromise	The latest of the dates when: <ul style="list-style-type: none"> <li>• payment terms of the OIC are completed</li> <li>• amount due under terms of a Collateral Agreement, if due when OIC payment terms are complete, is paid</li> <li>• it is verified there is no amount due on the Future Income Collateral (Note: only for cases where final deferral payment on OIC is within three months of the first year of collateral); or</li> <li>• any assets required to be assigned to the Government have been turned over.</li> </ul>
Innocent Spouse	The cycle when the transaction codes to remove the liability from the non-lieable taxpayer have posted.
Proceeds from sale of seized property	The date when Advisory has completed the review of the Form 2436 and forwards it to Accounting for processing.
Proceeds from release of seized property	The date when Advisory has completed the review of the Form 2436R and forwards it to Accounting for processing.
Proceeds from redemption of seized property	The date the payment is received.
Resolution of Freeze Code	The earlier of when: <ul style="list-style-type: none"> <li>• resolution of the freeze condition posts to IDRS; or</li> <li>• processing time frames to resolve the freeze condition as referenced in IRM have passed.</li> </ul>
Other	The cycle when the satisfying transaction posts.

\* Pursuant to IRC 6325, the thirty day time frame to release a lien is required in those situations where the liability is fully satisfied or has become legally unenforceable, or a bond is accepted for the collection of the liability. In other situations where these conditions are not met (e.g., bankruptcy discharge), the time frame to release a lien is a matter of policy. For example:

<b>Satisfied by...</b>	<b>Release time frame generally starts ...</b>
Discharged through bankruptcy – Chapter 7	After closing actions for the bankruptcy case are initiated, which normally occurs within 30 days of the latest of the following dates (per AIS history): <ul style="list-style-type: none"> <li>• the IRS has been notified of the discharge;</li> <li>• the determination not to pursue exempt, abandoned, or excluded assets has been made;</li> <li>• the determination is made to pursue exempt, abandoned, or excluded assets and collection actions against the assets are completed; or</li> <li>• no other litigation actions are pending.</li> </ul>

**Exhibit 5.12.3-1 (Cont. 2) (07-15-2015)****Starting Points for 30-Day Release Time Frame**

<b>Satisfied by...</b>	<b>Release time frame generally starts ...</b>
Discharged through bankruptcy – Chapter 11	After closing actions for the bankruptcy case are initiated, which normally occurs within 30 days of the latest of the following dates (per AIS history): <ul style="list-style-type: none"><li>• the IRS has been notified that the plan has been completed and the court has discharged the case;</li><li>• the IRS has received final payment under the plan; or</li><li>• no other litigation actions are pending.</li></ul>
Discharged through bankruptcy – Chapter 13	After closing actions for the bankruptcy case are initiated, which normally occurs within 30 days of the latest of the following dates (per AIS history): <ul style="list-style-type: none"><li>• the IRS has been notified that the plan has been completed and the court has discharged the case;</li><li>• the IRS has received final payment under the plan; or</li><li>• no other litigation actions are pending.</li></ul>

**Exhibit 5.12.3-2 (07-15-2015)****Form 668-Z - Partial Release for Bankruptcy**

This is an example of a partial release of federal tax lien due to a discharge of liability through a bankruptcy proceeding for one person of a joint liability. In the example, Taxpayer A represents the primary taxpayer and Taxpayer B represents the secondary taxpayer whose liabilities were discharged.

**Exhibit 5.12.3-2 (Cont. 1) (07-15-2015)**  
**Form 668-Z - Partial Release for Bankruptcy**

**Exhibit 5.12.3-2**

\*\*\*\*PARTIAL RELEASE\*\*\*\*

<b>Form 668(Z)</b> (Rev. 10-1999)	<b>Department of the Treasury - Internal Revenue Service</b> <b>Certificate of Release of Federal Tax Lien</b>				
I certify that as to the following-named taxpayer, the requirements of section 6325 (a) of the Internal Revenue Code have been satisfied for the taxes listed below and for all statutory additions. Therefore, the lien provided by Code section 6321 for these taxes and additions has been released. The proper officer in the office where the notice of internal revenue tax lien was filed on ___, is authorized to note the books to show the release of this lien for these taxes and additions.			Serial Number	For Use by Recording Office	
<b>Name of Taxpayer</b> <div style="text-align: center;">Taxpayer B only*</div> <div style="text-align: center;">In the liability of Taxpayer A and B</div>					
<b>Residence</b>					
Kind of Tax (a)	Tax Period Ended (b)	Identifying Number (c)	Date of Assessment (d)	Last Day for Refiling (e)	Unpaid Balance of Assessment (f)
*With respect to the liabilities of [Taxpayer B] only, the liabilities secured by the subject lien have been effectively discharged through United States Bankruptcy Court proceedings. This justifies the issuance of this certificate which releases the lien only insofar as it relates to [Taxpayer B]. This lien release does not affect the lien as it relates to [Taxpayer A].					
<b>Place of Filing</b>					<b>Total</b>
This notice was prepared and signed at , on this, the_ day of_ .					
<b>Signature</b>  , Employee # -			<b>Title</b>  , Phone # -		

(NOTE: Certificate of officer authorized by law to take acknowledgements is not essential to the validity of Certificate of Release of Federal Tax Lien Rev. Rul. 71-466, 1971-2 C.B. 409)

Part 1 – Recording Office

Form 668(Z) (Rev. 10-1999)

**Exhibit 5.12.3-3 (07-15-2015)****Form 668-Z - Partial Release for Offer in Compromise**

This is an example of a partial release of federal tax lien due to an accepted OIC for one person of a joint liability where both liable persons were listed on the NFTL. In the example, Taxpayer A represents the primary taxpayer who resolved their liabilities with the OIC and Taxpayer B represents the secondary taxpayer.

## Exhibit 5.12.3-3 (Cont. 1) (07-15-2015)

## Form 668-Z - Partial Release for Offer in Compromise

## Exhibit 5.12.3-3

\*\*\*\*PARTIAL RELEASE\*\*\*\*

<b>Form 668(Z)</b> (Rev. 10-1999)	<b>Department of the Treasury - Internal Revenue Service</b>  <b>Certificate of Release of Federal Tax Lien</b>				
			Serial Number	For Use by Recording Office	
I certify that as to the following-named taxpayer, the requirements of section 6325 (a) of the Internal Revenue Code have been satisfied for the taxes listed below and for all statutory additions. Therefore, the lien provided by Code section 6321 for these taxes and additions has been released. The proper officer in the office where the notice of internal revenue tax lien was filed on ___, is authorized to note the books to show the release of this lien for these taxes and additions.					
<b>Name of Taxpayer</b> <div style="text-align: right;">Taxpayer A only*</div> <div style="text-align: right;">In the liability of Taxpayer A and B</div>					
<b>Residence</b>					
Kind of Tax (a)	Tax Period Ended (b)	Identifying Number (c)	Date of Assessment (d)	Last Day for Refiling (e)	Unpaid Balance of Assessment (f)
*With respect to the liabilities of [Taxpayer A] only, the liabilities secured by the subject lien have been satisfied. This justifies the issuance of this certificate which releases the lien only insofar as it relates to [Taxpayer A]. This lien release does not affect the lien as it relates to [Taxpayer B].					
<b>Place of Filing</b>					<b>Total</b>
This notice was prepared and signed at , on this, the _ day of _ .					
<b>Signature</b>			<b>Title</b>		
, Employee # -			, Phone # -		

(NOTE: Certificate of officer authorized by law to take acknowledgements is not essential to the validity of Certificate of Release of Federal Tax Lien Rev. Rul. 71-466, 1971-2 C.B. 409)

Part 1 – Recording Office

Form 668(Z) (Rev. 10-1999)

**Exhibit 5.12.3-4 (10-14-2013)**  
**Form 668-Z Release of Erroneous NFTL**

This is an example of an annotated release of federal tax lien when the NFTL was determined to have been erroneously filed, as defined under IRC 6326.



**Exhibit 5.12.3-4 (Cont. 1) (10-14-2013)**  
**Form 668-Z Release of Erroneous NFTL**

**Exhibit 5.12.3-4**

\*\*\*\* RELEASE OF ERRONEOUS NFTL \*\*\*\*

<b>Form 668(Z)</b> (Rev. 10-1999)	<b>Department of the Treasury - Internal Revenue Service</b> <b>Certificate of Release of Federal Tax Lien</b>				
I certify that as to the following named taxpayer, the requirements of section 6325 (a) of the Internal Revenue Code have been satisfied for the taxes listed below and for all statutory additions. Therefore, the lien provided by Code section 6321 for these taxes and additions has been released. The proper officer in the office where the notice of internal revenue tax lien was filed on ___, is authorized to note the books to show the release of this lien for these taxes and additions.			Serial Number	For Use by Recording Office	
Name of Taxpayer					
Residence					
Kind of Tax (a)	Tax Period Ended (b)	Identifying Number (c)	Date of Assessment (d)	Last Day for Refiling (e)	Unpaid Balance of Assessment (f)
*I certify that under the provisions of IRC Section 6326, the filing of the Notice of Federal Tax Lien under IRC Section 6323 was erroneous. Therefore, the Notice of Federal tax Lien for the taxes listed above is released.					
Place of Filing					Total
This notice was prepared and signed at , on this, the _ day of _ .					
Signature			Title		
, Employee # -			, Phone # -		

(NOTE: Certificate of officer authorized by law to take acknowledgements is not essential to the validity of Certificate of Release of Federal Tax Lien Rev. Rul. 71-466, 1971-2 C.B. 409)

Part 1 – Recording Office

Form 668(Z) (Rev. 10-1999)

**Exhibit 5.12.3-5 (07-15-2015)****Form 668-Z Partial Release of Erroneous NFTL**

This is an example of a partial release where the NFTL was filed listing two persons and it has been determined that the NFTL was erroneous as to one of the persons. In the example, Taxpayer A represents the primary taxpayer and Taxpayer B represents the secondary taxpayer against whom the NFTL was erroneously filed.

**Exhibit 5.12.3-5 (Cont. 1) (07-15-2015)**  
**Form 668-Z Partial Release of Erroneous NFTL**

**Exhibit 5.12.3-5****\*\*\*\*PARTIAL RELEASE OF ERRONEOUS NFTL \*\*\*\***

<b>Form 668(Z)</b> (Rev. 10-1999)	<b>Department of the Treasury - Internal Revenue Service</b> <b>Certificate of Release of Federal Tax Lien</b>				
I certify that as to the following named taxpayer, the requirements of section 6325 (a) of the Internal Revenue Code have been satisfied for the taxes listed below and for all statutory additions. Therefore, the lien provided by Code section 6321 for these taxes and additions has been released. The proper officer in the office where the notice of internal revenue tax lien was filed on ___, is authorized to note the books to show the release of this lien for these taxes and additions.			Serial Number	For Use by Recording Office	
Name of Taxpayer <div style="text-align: right; margin-right: 50px;">           Taxpayer B only*            In the liability of Taxpayer A and B         </div>					
Residence					
Kind of Tax (a)	Tax Period Ended (b)	Identifying Number (c)	Date of Assessment (d)	Last Day for Refiling (e)	Unpaid Balance of Assessment (f)
*With respect to [Taxpayer B], I certify that under the provisions of IRC Section 6326, the filing of the Notice of Federal Tax Lien under IRC Section 6323 was erroneous. Therefore, the Notice of Federal tax Lien for the taxes listed above is released only insofar as it relates to [Taxpayer B]. This lien release does not affect the lien as it relates to [Taxpayer A].					
Place of Filing					<b>Total</b>
This notice was prepared and signed at , on this, the _ day of _ .					
Signature			Title		
, Employee # -			, Phone # -		

(NOTE: Certificate of officer authorized by law to take acknowledgements is not essential to the validity of Certificate of Release of Federal Tax Lien Rev. Rul. 71-466, 1971-2 C.B. 409)

Part 1 – Recording Office

Form 668(Z) (Rev. 10-1999)

