



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

5.14.2

JUNE 5, 2025

## EFFECTIVE DATE

(06-05-2025)

## PURPOSE

- (1) This transmits revised IRM 5.14.2, Installment Agreements, Partial Payment Installment Agreements and the Collection Statute Expiration Date (CSED).

## MATERIAL CHANGES

- (1) Refer to the table below for details on the list of material changes in this IRM.

IRM Subsection	Description of Change
Throughout	This IRM section has been revised to comply with the January 2025 Executive Orders and OPM Guidance.

## EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 5.14.2 dated October 18, 2023.

## AUDIENCE

Small Business Self-Employed (SB/SE) Field and Appeals Employees

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Small Business/Self-Employed



5.14.2

Partial Payment Installment Agreements and the Collection Statute Expiration Date (CSED)

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5.14.2.1  
(04-26-2019)  
**Program Scope and Objectives**

- (1) **Purpose:** This IRM describes the establishment, approval and monitoring of installment agreements when the financial analysis indicates the taxpayer will be unable to satisfy the tax liability within the Collection Statute Expiration Date (CSED). Procedures are also provided for situations in which it may be appropriate to secure a Form 900, Tax Collection Waiver, to extend the statutory period for collection in connection with granting a Partial Payment Installment Agreement (PPIA). Specifically, IRM 5.14.2:
  - a. Describes the required financial analysis prior to establishing a Partial Payment Installment Agreement (PPIA)
  - b. Describes the attributes of Asset and No Asset cases
  - c. Describes situations in which it may be appropriate to extend the Collection Statute Expiration Date (CSED) and the procedures for doing so
  - d. Describes revenue officer responsibilities for working Campus referrals relative to 2 year reviews of PPIAs
- (2) **Audience:** These procedures and guidance apply to IRS Field Collection revenue officers and group managers.
- (3) **Policy Owner:** The Director, Collection Policy is the owner of this IRM.
- (4) **Program Owner:** Collection Policy, Case Resolution Alternatives (CRA) is the program owner of this IRM.
- (5) **Primary Stakeholders:**
  - Field Collection
  - Independent Administrative Review
  - Insolvency
  - Appeals
  - Taxpayer Advocate Service
  - Centralized Case Processing/Field Office Resource Team
- (6) **Program Goals:** All taxpayers are expected to immediately full pay delinquent tax liabilities. When this is not possible, taxpayers may be allowed to pay their liabilities over a prescribed period of time. By following the procedures in this IRM, employees will be able to correctly establish a PPIA and extend the CSED when appropriate, and perform two-year reviews of PPIAs when required to do so.

5.14.2.1.1  
(04-26-2019)  
**Background**

- (1) All taxpayers are expected to immediately full pay delinquent tax liabilities. When this is not possible taxpayers may be allowed to pay their liabilities over a prescribed period of time. Before a PPIA may be granted, equity in assets must be addressed and, if appropriate, be used to make payment. In some cases taxpayers will be required to use equity in assets to pay liabilities. However, complete utilization of equity is not always required as a condition of a PPIA.
- (2) If full payment cannot be achieved by the Collection Statute Expiration Date (CSED), and taxpayers have some ability to pay, the IRS can enter into Partial Payment Installment Agreements (PPIAs). The American Jobs Creation Act of 2004 amended IRC 6159 to provide this authority.

5.14.2.1.2  
(04-26-2019)  
**Authority**

- (1) IRC 6159, Agreements for Payment of Tax Liability in Installments.
- (2) IRC 6331(K), Levy and Distraint, No levy while certain offers pending or installment agreements pending or in effect.

5.14.2.1.3  
(10-18-2023)  
**Responsibilities**

- (1) The Director, Collection Policy is the executive responsible for the policies and procedures to be employed by collection personnel.
- (2) The program manager, Case Resolution Alternatives (CRA), is responsible for developing and delivering policies, procedures and practices within the installment agreement program.
- (3) Field collection group managers and territory managers are responsible for ensuring the guidance and procedures described in this IRM are complied with.
- (4) Collection employees are responsible for following the guidance provided in the IRM when processing cases.

5.14.2.1.4  
(10-18-2023)  
**Program Management and Review**

- (1) Collection Policy oversees the installment agreement (IA) program through the following reports and reviews:

Program Type	Description
Program Reports:	<ol style="list-style-type: none"> <li>a. Monthly Installment Agreement Trend Report. Sourced from the Collection Activity Report (CAR), Case Resolution Alternatives (CRA) program office generates and reviews a monthly installment agreement trend report that captures data on the various types of installment agreements and compares year-to-year data on installment agreement inventory levels, the number of installment agreements initiated, default rates, full pay rates, and dollars collected.</li> </ol>

Program Type	Description
Program Reviews:	<ul style="list-style-type: none"> <li>a. CRA office will conduct ad hoc installment agreement program reviews as necessary to verify compliance with IRM requirements, address TIGTA/GAO findings, and evaluate trends that appear.</li> <li>b. Case reviews are conducted by group managers to ensure compliance with this IRM.</li> <li>c. Group managers, leads, and on-the-job instructors (OJIs) utilize the Embedded Quality Review System (EQRS) for evaluating employee performance and providing feedback. The National Quality reviewers use the National Quality Review System (NQRS) to ensure compliance with this IRM and report official organizational business-quality results. The Data Collection Instrument (DCI) is utilized to capture case reviews for both EQRS and NQRS.</li> <li>d. Operational reviews are conducted by the territory manager and area director annually to evaluate program delivery and conformance to administrative and compliance requirements.</li> </ul>

5.14.2.1.5  
(10-18-2023)  
**Program Controls**

- (1) Determinations that an installment agreement request was made solely to delay collection require managerial approval.
- (2) Independent Administrative Review (IAR) is required when a proposed rejection occurs. The taxpayer may administratively appeal a termination, modification, or rejection of a proposed IA to the IRS Independent Office of Appeals.
- (3) The Integrated Collection System (ICS) is a case management system that supports SBSE revenue officers (ROs) in handling delinquent tax cases. In every case, the file must demonstrate that the chosen disposition method is in line with the facts and circumstances outlined in the case, the IRM, and other

official guidance. Certain actions taken by ICS users generate systemic approval requests to the manager. All dispositions of Non-Streamlined Installment Agreement (NSIA) cases, including PPIAs, require managerial approval.

- (4) The Integrated Data Retrieval System (IDRS) is used to monitor most installment agreements for timely payments on accounts, as well as to determine whether taxpayers remain in compliance with filing and paying requirements. IDRS programming also requires that all open balance due modules on IDRS in a notice or collection status are included when an installment agreement is input.
- (5) Collection group managers are responsible for the quality of work performed by the employees they supervise in accordance with IRM 5.13.1, Collection Quality Measurement, Embedded Quality Collection Field Organizations Administrative Guidelines. Managers are required to follow program management procedures and controls addressed in IRM 1.4.50, Resources Guide for Managers, Collection Group Manager, Territory Manager and Area Director Operational Aid.

5.14.2.1.6  
(10-18-2023)  
**Terms**

- (1) Frequently used terms in this IRM, along with their definition, include:
  - a. Delinquent Taxes: balance due (BAL DUE), Automated Collection System (ACS) balance due accounts and/or notice status accounts.
  - b. Accrued Taxes: unassessed amounts due on returns, missed estimated tax payments or undeposited FTDs as of the date of contact; and
  - c. Current Taxes: federal tax deposits (FTDs) and estimated (ES) tax payments that become due after the date of contact.

5.14.2.1.7  
(10-18-2023)  
**Acronyms**

- (1) This table lists commonly used acronyms and their definitions:

Acronym	Definition
AC	Action Code
ACA	Affordable Care Act
ACS	Automated Collection System
AO	Area Office
ALN	Agreement Locator Number
CAP	Collection Appeals Program
CAR	Collection Activity Report
CCP	Centralized Case Processing (Collection)
CDP	Collection Due Process
CIS	Collection Information Statement
CNC	Currently Not Collectible
CRA	Case Resolution Alternatives
CSED	Collection Statute Expiration Date
CSCO	Compliance Service Collection Operation



Acronym	Definition
CWL	Continuous Wage Levy
DCI	Data Collection Instrument
DDIA	Direct Debit Installment Agreement
EIN	Employer Identification Number
EQRS	Embedded Quality Review System
ES	Estimated Tax
FATCA	Foreign Account Tax Compliance Act
FTD	Federal Tax Deposit
GAO	Government Accountability Office
IA	Installment Agreement
IAR	Independent Administrative Reviewer
IBTF	In-Business Trust Fund
ICS	Integrated Collection System
IDRS	Integrated Data Retrieval System
LLC	Limited Liability Company
NFTL	Notice of Federal Tax Lien
NQRS	National Quality Review System
NSIA	Non-Streamlined Installment Agreement
OIC	Offer-in-Compromise
OJI	On the Job Instructor
PPIA	Partial Payment Installment Agreement
RO	Revenue Officer
SLIAC	Streamlined Installment Agreement Calculator
SRP	Shared Responsibility Payment
SSN	Social Security Number
TAS	Taxpayer Advocate Service
TBOR	Taxpayer Bill of Rights
TIGTA	Treasury Inspector General for Tax Administration

5.14.2.1.8  
(10-18-2023)

#### Related Resources

- (1) IRM Resources:
  - IRM 4.20.1.4, Examination Collectibility - Installment Agreements
  - IRM 5.19.1.2.6.3, Installment Agreements
  - IRM 8.20.7.41, Installment Agreements
  - IRM 5.14.1.6, Multi-functional Installment Agreement Authority
- (2) Web Resources:
  - *Centralized Field Support Knowledge Base Homepage*
  - *ICS User Guide: ICS Knowledge Base Homepage*
  - *Installment Agreements Knowledge Base Homepage*
- (3) The IRS adopted the Taxpayer Bill of Rights (TBOR) in June 2014. The Internal Revenue Code (IRC) provides taxpayers specific rights. The Taxpayer Bill of Rights (TBOR) groups these rights into ten fundamental rights. See IRC 7803(a)(3), Execution of Duties in Accord with Taxpayer Rights. IRS employees are responsible for being familiar with and following these rights. For additional information about your taxpayer rights, see Pub 1, Your Rights as a Taxpayer or visit <https://www.irs.gov/taxpayer-bill-of-rights>.

5.14.2.2  
(04-26-2019)

#### Overview

- (1) All taxpayers are expected to immediately full pay delinquent tax liabilities. When this is not possible, taxpayers may be allowed to pay their liabilities over a prescribed period of time. If full payment cannot be achieved by the Collection Statute Expiration Date (CSED), and taxpayers have some ability to pay, the IRS can enter into Partial Payment Installment Agreements (PPIAs). The American Jobs Creation Act of 2004 amended IRC 6159 to provide this authority.
- (2) Before a PPIA may be granted, equity in assets must be addressed and, if appropriate, be used to make payment. In some cases, taxpayers will be required to use equity in assets to pay liabilities. However, as discussed below, complete utilization of equity is not always required as a condition of a PPIA. Consider levy or seizure in accordance with IRM 5.10, Seizure and Sale, and IRM 5.11, Notice of Levy if there is significant equity in assets. If enforcement action is appropriate, a PPIA will not be granted. Follow rejection procedures in IRM 5.14.1, Securing Installment Agreements and IRM 5.14.9, Routine and Manually Monitored Installment Agreement Dispositions, Independent Review and Appeals. In cases where PPIAs are granted after consideration of levy or seizure, document the case file as indicated in IRM 5.14.2.2(6).

**Note:** Continuous wage levies (CWL) (see IRM 5.11.5.6) should not be used in lieu of a PPIA if the taxpayer is current with filing requirements and has provided the necessary financial information to determine a payment amount unless the taxpayer refuses to sign the Form 433-D, Installment Agreement. Since CWLs are not installment agreements, taxpayers subject to them are not entitled to rights provided by IRC 7122 and CWLs do not provide for a systemic redetermination of collectibility.

5.14.2.2.1  
(10-18-2023)

#### Partial Payment Installment Agreement Requirements

- (1) A full Collection Information Statement is required for all PPIAs. Form 433-A, Collection Information Statement for Wage Earners and Self-Employed Individuals and/or Form 433-B, Collection Information Statement for Businesses, must be completed to determine the taxpayer's ability to pay (refer to IRM 5.15.1.8, Allowable Expense Overview, for determining allowable expenses.)

- (2) For all IMF accounts with an Unpaid Balance of Assessment (UBA) less than
- by the taxpayer to the income on the last filed return using Command Code (CC) IRPTR and at least one of the following:

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- a. RTVUE
- b. TRDBV
- c. Current year tax return

**Note:** In addition, compare assets included on the financial statement to the results of information secured via these CCs/Returns. If the current year income has decreased 20% or more from the last filed return income or assets are identified that were not disclosed on the financial statement, discuss and/or resolve any discrepancy with the taxpayer and document the case history. Do not request substantiation if the taxpayer can provide a reasonable explanation.

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that cannot be liquidated, the following minimum verification is required:

- Real property records
- Department of Motor Vehicles (DMV)
- Personal property
- FATCA data research refers to the proposed IRM 5.1.18.21, FATCA Research, for procedures to research Form 8938, Statement of Specified Foreign Financial Assets and to request Form 8966, FATCA Report.

- (4) In addition to the requirements in (3) above, for IMF accounts with an

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that cannot be liquidated:

- a full credit report is required, and
- AMDIS when there is a -L freeze on the account indicating open examination activity, RAR or SAR if the assessment originated in Examination or CI.

- (5) Conditional expenses not determined to be necessary are not allowed for PPIAs. Only necessary expenses are permitted. When taxpayers need to adjust above allowable expenses, the minimum time necessary should be provided. See IRM 5.15.1, Financial Analysis Handbook, for a discussion of necessary, conditional and other expenses and when exceptions may be appropriate.

- (6) For in-business trust fund accounts, use the guidelines in IRM 5.14.7.4(7), In-Business Trust Fund Installment Agreements Requiring Financial Analysis and Determining Ability to Pay, which state that at a minimum you should:

- a. Verify income and expenses. Use bank statements to verify both income and expenses;
- b. Request documentation if assets, liabilities, expenses or income appear questionable;
- c. Conduct thorough record checks to determine ownership and equity in both real and personal property, which includes conducting FATCA research and examining motor vehicles;

- d. If appropriate, request to taxpayers that they sell assets or borrow on equity in assets in order to make payment on the delinquent taxes;
- e. As noted in IRM 5.14.7.2(1)b, Summary of Agreement Criteria for Business Accounts, ensure that the taxpayer has the ability to pay current taxes as well as operating expenses and pay delinquent taxes.

**Note:** ICS will not allow closing a case as an IBTF-IA PPIA (No Asset) with a back up Form 53. If the IA defaults, it must come back out for financial review before it can be placed in CNC status.

- (7) Because the installment agreement will not fully satisfy the liability, the Trust Fund Recovery Penalty (TFRP) will usually be assessed. As the potential exists for the taxpayer to accrue additional liabilities, the RO needs to ensure the ASER is extended on accounts in which the trust fund balance is below the amount in IRM 5.7.4, Investigation and Recommendation of the Trust Fund Recovery Penalty. IRM 5.7.4.8.1, Considerations for In-Business Installment Agreements provides guidance that the RO can request a signature on Form 2750, Waiver Extending Statutory Period for Assessment of Trust Fund Recovery Penalty, from all potentially responsible persons to extend the statute to the expected end-date of the agreement plus one year. For PPIAs, this date will be the expected CSED expiration.
- (8) For out-of-business trust fund accounts, use the guidelines in IRM 5.14.7.4.1, Trust Fund Recovery Penalties and Installment Agreements .

**Note:** Because the underlying liability will not be fully paid, the TFRP will usually be assessed. The only exception to this requirement is in circumstances in which there is no collection potential from the responsible officers.

- (9) The taxpayer must agree to pay the maximum monthly payment based upon the taxpayer's ability to pay. When determining the maximum monthly payment both the collectability of the business and that of all individuals responsible for the TFRP should be determined. Consider having the responsible individual(s) that work for the liable entity reduce their salary by the amount of their ability to pay in order to increase the monthly payment of the business. Otherwise, place the responsible individual(s) in an active IA for their TFRP assessment. Taxpayers entering PPIAs who have defaulted an IA in the past 24 months will be required to make monthly payments via DDIA or PDIA unless they are unbanked and unemployed/self employed. If this is not possible, a PPIA may still be granted. The reason that a payroll deduction or direct debit agreement could not be secured must be documented in the case history.
- (10) Make a lien filing determination or ensure that a Notice of Federal Tax Lien (NFTL) was previously filed on all aggregate liabilities with a UBA greater  
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for Do-Not-File or Deferring the NFTL Filing.
- (11) The Campus will refer cases for revenue officer assignment in some situations. See IRM 5.14.2.2.6.

5.14.2.2.2  
(06-05-2025)  
**Asset Equity and Partial  
Payment Installment  
Agreements**

- (1) **No Asset/No Equity Cases:** A PPIA may be granted if a taxpayer has no assets or equity in assets; or has liquidated available assets to make a partial tax payment.

- (2) **Asset Cases:** A PPIA may be granted if a taxpayer does not sell or cannot borrow against assets with equity because:

- a. the assets have minimal equity or the equity is insufficient to allow a creditor to loan funds;

**Example:** some lenders require equity of greater than 20% of property value in order to grant the loan.

- b. the taxpayer is unable to utilize equity;

**Example:** the property is held as a tenancy by the entirety in a state that does not allow only one spouse to encumber such property, when only one spouse owes the tax and the non-liable spouse declines to go along with the attempt to borrow, and the property does not appear to have been transferred into the tenancy to avoid the tax collection.

- c. the asset has some value but the taxpayer is unable to sell the asset because it is currently unmarketable;

**Example:** the business taxpayer owns a vacant lot in a high-value area, but the lot cannot be sold until it meets certain environmental regulations.

- d. the asset is necessary to generate income for the PPIA and the government will receive more from the future income generated by the asset than from the sale of the asset;

- e. it would impose an economic hardship on the taxpayer to sell property, borrow on equity in property, or use a liquid asset to pay the taxes. Economic hardship is defined in 26 CFR 301.6343-1 as and individual taxpayer unable to pay his or her reasonable living expenses. Assets necessary for the production of income should also be included in the definition of economic hardship.

**Example:** the taxpayer is on a fixed income, such as social security, and has the ability to make small monthly payments. The only other asset is the taxpayer's primary residence and there is equity in the property. The revenue officer does a risk analysis and determines that seizing the property would cause an economic hardship because the taxpayer cannot find suitable replacement housing and meet necessary living expenses if the property would be seized.

- f. the taxpayer's loan payment would exceed the taxpayer's disposable income and they would not qualify for a loan.
- g. the revenue officer should document the case history with the basis for requiring the liquidation of equity in an asset and that it won't create an economic hardship.

**Note:** See IRM 5.15.1.11, Other Expenses for additional information regarding necessary expenses.

- (3) When financial analysis indicates that borrowing against or selling property should be attempted, the taxpayer will normally be required to make a good faith attempt to utilize equity before the IRS will approve a PPIA. This includes applying normal business standards when applying for loans using equity as

collateral. Taxpayers will also be required to submit copies of all documents that are used in the loan application process.

- (4) If the taxpayer does not comply with the requirement of making a good faith attempt to use equity in assets or is not willing to make monthly payments consistent with ability to pay, the taxpayer will be considered a “won’t pay” and seizure/levy action may be appropriate. If enforcement action is appropriate, a PPIA will not be granted. If the taxpayer is in pending IA status, follow rejection procedures in sections IRM 5.14.1.3, Identifying Pending, Approved and Rejected Installment Agreement Proposals on IDRS, and IRM 5.14.9.3, IDRS Monitoring. The case history should be documented with a statement as to why the PPIA was not granted.
- (5) If the taxpayer is unable to secure a loan or liquidate an asset following a good faith attempt to do so, the revenue officer will need to make a seizure/levy determination (see IRM 5.10.1.5, Actions Required Prior to Seizure by IRC 6331(j)).
- (6) If it has been determined that enforcement action is not appropriate, a PPIA can be granted. The case history should be documented as follows: “Seizure (or levy) of **(name of asset)** has been considered, but it is not the appropriate resolution because **(provide reason)**”.

5.14.2.2.3  
(01-01-2016)

**Waiver Procedures for  
Partial Payment  
Installment Agreements**

- (1) Consider securing a waiver with a PPIA where there is an asset that will come into the possession of a taxpayer after the CSED and liquidation of that asset offers the best case resolution (in lieu of liquidating existing assets to partially pay the liability).

**Note:** Do not include any Affordable Care Act individual shared responsibility payment liabilities (MFT 35 and Mirrored MFT 65) on the waiver.

**Example:** The taxpayer owes individual income tax and is the beneficiary of a trust. The taxpayer will receive a monthly distribution from the trust that would be used to fund the PPIA. The taxpayer will not be entitled to the principal of the trust for two more years. The CSED will expire in one year. The only other asset is the taxpayer’s primary residence. The equity in the property is less than the net value of the trust but is available for immediate collection action. The taxpayer has been unable to secure a loan against the equity of the property due to numerous factors such as limited income and poor credit. The risk analysis was completed by the revenue officer and the taxpayer offered to extend the statute and to liquidate the trust in two years. The waiver was secured for two additional years.

**Example:** A corporate taxpayer cannot pay its payroll tax liability within the CSED. It can make partial payments for the remaining CSED period. The corporation is current with its federal tax deposits. The corporation has an interest in undeveloped real estate which is under development and will be completed in two years. Once the land is developed it will increase significantly in value and will be immediately sold. The CSED will expire in one year. Seizing and selling the assets of the business which would include the vacant land and construction equipment would not significantly reduce the liability and would impact the business’s ability to complete the development of the property. The corporate officers offer to



extend the statute to provide the opportunity to complete the development and pay the taxes along with other business debts. The trust fund recovery penalty will be addressed per IRM procedures.

- (2) A waiver is no longer required to be secured when the taxpayer's only ability to satisfy the tax liability after the CSED expiration is through a continuation of the installment agreement and there is no significant change in ability to pay as identified through the two year financial review process.

**Example:** The taxpayer cannot pay the liability within the CSED but can make monthly payments. The statute will expire in twelve months. The taxpayer has no distrainable assets. The taxpayer owes \$1,800 and can pay \$100 per month. Secure a PPIA for twelve months and no waiver is required. The statute would be allowed to expire.

**Example:** The individual taxpayer cannot pay the liability within the CSED but can make monthly payments. The statute will expire in three years. The taxpayer owns real property with minimal equity and they cannot borrow against the equity. The taxpayer owes \$10,000 and can pay \$200 per month. Secure a PPIA for three years and no waiver is required. There will be a two year financial review conducted. If there is no significant change in ability to pay, the payment amount will remain unchanged until the statute expires. A waiver could not be secured during the two year financial review process unless the taxpayer's financial condition has improved, the agreement is terminated, and a new one is granted.

**Example:** The taxpayer is likely to have a significant change in their ability to pay based on a foreseeable event, but the taxpayer refuses to sign a waiver. Secure a PPIA and note the case history with respect to the likely improvement in financial condition. This issue will be considered during the 2 year financial review.

- (3) The waiver can only be secured at the inception of the PPIA and not during the two year review process, unless a new PPIA is executed at that time. A waiver should not be obtained at the time the PPIA is reinstated. The length of the extension must be based on the time that it will take to make payments and cannot exceed five years plus one year to provide for other administrative actions.

**Note:** Do not secure waivers on installment agreements except on PPIAs as stated in IRM 5.14.2.1.3, *Responsibilities*.

- (4) When a Form 900, Tax Collection Waiver, is secured, the CSED must be updated on ICS for all periods that are extended by the waiver by:
1. Selecting the module to be updated; then
  2. Select <MODULE DETAIL>, <UPDATE MODULE DATE>, and <NEW IDRS CSED DATE (TC 550)>; and then
  3. Update the CSED date, and
  4. Select the appropriate definer code from the drop down list. For FS 2 (married filing joint) modules, selection of Definer Code 01 (Form 900),

will generate a prompt to input “Waiver Signed Date” and “Waiver Secured for” information (Primary, Secondary or Both). Update as appropriate.

5. Click “Save” to save your information.

#### 5.14.2.2.4 (04-26-2019)

#### Preparing Partial Payment Installment Agreements for Approval and Processing

- (1) Ensure the taxpayer is in compliance with filing, withholding, federal tax deposit and estimated tax payment requirements (see IRM 5.14.1.4.2, Compliance and Installment Agreements).
- (2) Document ICS with the justification for the PPIA as the best case resolution.
- (3) Include all balance due accounts for which the taxpayer is liable, including pre-assessed modules.

**Note:** For assessments in the name and EIN of a Limited Liability Company where the identity of the liable taxpayer changes for different tax periods, follow the procedures in IRM 5.14.7, BMF Installment Agreements when establishing the installment agreement.

- (4) Use installment agreement closing option A (preferable method) or B on ICS.
- (5) Agreement Locator Numbers (ALNs) are four digit codes (XXYY) that indicate specific types of processing will occur at the Campus level. ICS selects the proper ALN for PPIAs.
- (6) For PPIAs granted to taxpayers whose accounts are not on ICS, choose the proper ALN for PPIAs as follows:
  - a. use ALN “12” in the “YY” position of the ALN;
  - b. generally use “02” in the “XX” position unless one of the conditions in Exhibit 5.14.1-2 or in the chart below, are present;
  - c. generally use “12” in the “XX” position of the ALN for multiple condition PPIAs (see table below for exceptions, including for Direct Debit and Payroll Deduction Agreements).

Type of PPIA:	ALN:
PPIA with no other conditions	0212
PPIA with pre-assessed module	1212 If other conditions exist, ICS will systemically assign the highest priority value for the “YY” indicator based on the priority list found in Exhibit 5.14.1-2 Exhibit 2, Installment Agreement Locator Numbers - (ALNs). All other selected values will be systemically written in the Additional Conditions section of the Form 433-D, Installment Agreement, and in the ICS history. This information will NOT be included in the taxpayer’s letter.



Type of PPIA:	ALN:
Direct Debit PPIA	<p>0312</p> <p><b>Note:</b> "03" must be used in the "XX" position for Direct Debit IAs. If other conditions exist, ICS will systemically assign the highest priority value for the "YY" indicator based on the priority list found in Exhibit 5.14.1-2 Exhibit 2, Installment Agreement Locator Numbers - (ALNs). All other selected values will be systemically written in the Additional Conditions section of the Form 433-D, Installment Agreement, and in the ICS history. This information will NOT be included in the taxpayer's letter.</p>
Payroll Deduction PPIA	<p>1112</p> <p><b>Note:</b> "11" must be used in the "XX" position for Payroll Deduction IAs. If other conditions exist, ICS will systemically assign the highest priority value for the "YY" indicator based on the priority list found in Exhibit 5.14.1-2 Exhibit 2, Installment Agreement Locator Numbers - (ALNs). All other selected values will be systemically written in the Additional Conditions section of the Form 433-D, Installment Agreement, and in the ICS history. This information will NOT be included in the taxpayer's letter.</p>

Type of PPIA:	ALN:
Report Currently Not Collectible if PPIA defaults	1212 <b>Note:</b> If other conditions exist, ICS will systemically assign the highest priority value for the “YY” indicator based on the priority list found in Exhibit 5.14.1-2 Exhibit 2, Installment Agreement Locator Numbers - (ALNs). All other selected values will be systemically written in the Additional Conditions section of the Form 433-D, Installment Agreement, and in the ICS history. This information will not be included in the taxpayer’s letter.

- (7) Review Suppress Indicators (RSI) instruct Campuses to reissue installment agreements under certain conditions after the two year review. ICS selects the proper RSI for PPIAs granted using ICS, however for PPIAs granted to taxpayers whose accounts are not on ICS, use RSI “5” and choose a review cycle two years in the future.

**Example:** If the current date is February 14, 2019, choose the review cycle that contains that date in the year 2021 (202107).

- (8) Mark the top of the Installment Agreement form (Form 433-D), in red as “PPIA”.
- (9) If a Form 900 is secured in conjunction with a PPIA, a copy of the installment agreement and the original Form 900 will be sent to CCP using a **manually** prepared Form 3210 addressed to:
- Internal Revenue Service  
2970 Market Street  
Mail Stop 5-E04.114  
Philadelphia, PA 19104
- (10) The original Form 900 will be maintained in CCP for three years beyond the latest date to which the CSEDs are extended (See IRM 5.4.10.8.1(10), Inputting and Filing Form 900 Waiver).
- (11) If Option B on ICS is used to close the case as a PPIA, use the systemically generated Form 3210 to route the agreement to the appropriate Mail Stop at CCP. Closed case files should be routed to CCP at Mail Stop 5-E04.115.

# Partial Payment Installment Agreements and the Collection Statute Expiration Date (CSED) 5.14.2

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5.14.2.2.5  
(06-05-2025)

## Group Manager Approval of Partial Payment Installment Agreements

(1) All PPIAs require managerial approval. The group manager must review these cases to ensure that they reflect the following documentation:

- thorough analysis of financial statement(s)
- consideration of other available and appropriate means of collection including, but not limited to liquidation of assets, levy, and offer in compromise
- the rationale for allowing the taxpayer to retain assets with equity
- the RO did not ask the taxpayer to take actions with respect to requiring liquidation of assets that put him or her into a hardship situation

(2) If a manager does not believe that the PPIA is the appropriate resolution follow the procedures in IRM 5.14.9.7, Independent Administrative Review after Recommended Rejection of Installment Agreement Requests. The case history should be documented with a statement as to why the PPIA was not granted.

**Note:** Managers must approve PPIAs that Appeals has decided to grant and forward to the Field for processing.

5.14.2.2.6  
(04-26-2019)

## Referrals from Campus

(1) If taxpayers have assets and request PPIAs from campus functions (including ACS) and meet the equity thresholds provided below, cases will be transferred for revenue officer assignment. (See IRM 5.19.1, Balance Due, for campus procedures.)

**Note:** Campus employees will request that assets be liquidated; cases will only be transferred after taxpayers do not borrow upon or sell assets after requested to by campus employees.

(2) These referrals from campus will be sub coded on ICS depending on where the case originated:

- ICS Sub code 904: POTENTIAL SIGNIF EQTY – FRM CAMPUS
- ICS Sub code 903: POTENTIAL SIGNIF EQTY – FRM ACS

(3) Significant equity thresholds used by campus for transfers to revenue officers:

property.

5.14.2.3  
(04-26-2019)

## Collection Statute Expiration Date (CSED): Law, Policy and Procedures

(1) The American Jobs Creation Act of 2004 amended IRC 6159 to provide the authority for the IRS to enter into partial payment installment agreements (i.e., installment agreements that do not provide for full payment of the liabilities). If full payment cannot be achieved by the Collection Statute Expiration Date (CSED), and taxpayers have some ability to pay, the IRS can grant Partial Payment Installment Agreements (PPIAs). IRC 6502(a)(2)(A) provides that statutory periods for collection may be extended in connection with granting installment agreements. As a policy matter, CSED extensions are permitted only in conjunction with PPIAs and only in certain situations. CSED extensions are limited to five years beyond the original CSED (and where applicable, any previous extensions due to statutory suspension of the CSED) for each tax

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account plus up to one year (see IRM 5.14.2.2.3). Group managers must approve CSED extensions.. If the taxpayer enters into more than one PPIA, the CSED may be extended more than once for each balance due account.

- (2) Be aware of the CSED when granting installment agreements. Use the IAT Compliance Suite Payment Calculator to verify that the agreement will fully pay all liabilities for which the taxpayer is liable prior to the CSED and include a copy with the case file. If the projected date for full payment is prior to the CSED, the agreement may be approved. If the projected date for full payment is not prior to the CSED, a Partial Payment Installment Agreement may be considered (see IRM 5.14.2.2.1).
- (3) When working CSED issues pertaining to International cases, taxpayers residing outside of the United States and Commonwealth Territories, or taxpayers who may have lived outside the United States for the applicable length of time since assessment and are now living back in the United States, refer to IRM 5.1.19.3.7, Collection Statute Expiration, Taxpayer Living Outside the United States, for processing procedures.
- (4) The Internal Revenue Service limits the length of installment agreements to the 10-year statutory collection period except in connection with PPIAs.
  - a. IRC 6502(a)(2)(A) provides that statutory periods for collection may be extended in connection with the granting of an installment agreement. CSED extensions are permitted only in conjunction with Partial Payment Installment Agreements in certain situations (See IRM 5.14.2.2.3).
  - b. On March 9, 2002, the Job Creation and Worker Assistance Act amended IRC 6331(k)(3) by referencing IRC 6331(i)(5) to state the statute of limitations for collection (CSED) is suspended for an installment agreement during these time frames: (a) proposed installment agreement is pending; (b) thirty days following the rejection of an installment agreement; (c) thirty days following termination of an installment agreement; and (d) during any appeal of the termination or rejection of the installment agreement.
  - c. The systemic suspension of the CSED during the time a proposed IA is pending is built into Masterfile (MF) processing and is triggered by the TC 971 AC 043, TC 972 AC 043 or TC 971 AC 063, and TC 971 AC 163 (as applicable) dates. No TC 550 posts to Masterfile. The suspension systemically updates the CSED field on IDRS.
- (5) Do not secure CSED waivers on non-PPIA agreements. Generally, do not secure waivers on PPIAs; however, a Form 900, Tax Collection Waiver, may be secured only in connection with partial payment installment agreements that extend beyond the CSED in certain situations (see IRM 5.14.2.2.3).
- (6) CSEDs may *not* be extended *during* installment agreements. CSEDs *may* be extended only in connection with *new* PPIAs after mailing CP 523 or Letter 2975, during the default period if a *new* PPIA is entered into (not a reinstatement), or after agreements are terminated. CSED waivers may be secured for any or all of the balance due accounts:
  - included in the original agreement; and
  - not included in the original agreement.

**Note:** (See IRM 5.14.2.3 and IRM 5.14.9.2 regarding the manner in which a “new” agreement can include the balances due in an “old” agreement; and IRM

5.14.11.7 regarding defaults, terminations and CSED extensions.)

- (7) Extensions of the statutory period for collection are limited to no more than five years, plus up to one year to account for changes in the agreement. (See IRM 5.14.2.3.

**Note:** Approve CSED waivers in connection with new PPIAs only.

- (8) If the taxpayer enters into more than one PPIA, the period for collection may be extended in connection with each PPIA so long as the total of the extensions for each balance due account is not longer than 5 years from the original CSED, plus the periods described in IRM 5.14.2.3.
- (9) Prior *suspensions* of CSEDs due to offers in compromise or legal proceedings do *not*:
- bar *extensions* of CSEDs with PPIAs,
  - *change the length of extensions* beyond the limits provided in this section. Therefore, CSED suspensions may result in longer periods for collection than provided otherwise by this section (as illustrated in Exhibit 5.14.2-1).

#### Example of CSED Suspended:

- while the IRS and the Office of Appeals consider a request for an installment agreement or an offer in compromise
- from the date the taxpayer requests a CDP hearing until Appeals issues a CDP Notice of Determination or, if the taxpayer seeks review in the Tax Court, until the Tax Court's decision becomes final, including appeals to a United States Court of Appeals
- from the date the taxpayer requests innocent spouse relief until a final Notice of Determination is issued or, if the taxpayer seeks review in the Tax Court, the date the Tax Court decision becomes final and for 60 days thereafter. If, however, the taxpayer appeals the Tax Court's decision to a United States Court of Appeals, the collection period will begin to run 60 days after the filing of the appeal unless a bond is posted with the appeal
- for tax periods included in a bankruptcy while the automatic stay is in effect, plus an additional six months

**Example:** The IRS is unable to collect for 6 months while the taxpayer is in bankruptcy and the automatic stay is in effect. Thus, the period for collection is suspended for 12 months under IRC 6503(h). After adjusting the CSED to reflect the bankruptcy, the CSED may still be extended by agreement for a period of five years if there is a partial payment installment agreement and the other criteria for securing a Form 900, Tax Collection Waiver, have been met.

**Note:** See IRC 6503 for other examples of situations that suspend the CSED.

- (10) All tax modules for which the taxpayer is liable must be included in extension calculations using the IAT Compliance Suite Payment Calculator. Extensions will be calculated from the *latest* CSED balance due account modules, but the waiver extends the CSED for all assessments on the tax module. On accounts with multiple CSED dates determine if the earliest CSED is still valid. To verify the CSED consider using the CCALC tool found at *FY25 CCalc v6.2*. If a TC 534 with a 0 or dollar amount appears on the module the CSED has expired for the associated CSED. Do not include this amount in your calculations. If there is more than one assessment on tax modules, and part of the balance due is from the earlier assessment(s), list these assessment dates on the waiver, along with the latest assessment date.

**Note:** This may result in extensions *longer* than six years for parts of some balance due tax modules.

- (11) All tax modules for which the taxpayer is liable may be combined on one Form 900, Tax Collection Waiver. Ensure it is clear which tax periods and assessment dates correspond to which CSEDs on the form.

**Note:** For liabilities assessed in the name and EIN of an LLC, different entities may be identified as the liable taxpayer for different tax periods. Ensure that only those tax periods included in the PPIA are listed on the Form 900, Tax Collection Waiver.

- (12) Form 900, Tax Collection Waiver, will only be executed in connection with PPIAs. (See IRM 5.14.2.1.3 for additional information.) Use the IAT Compliance Suite Payment Calculator to determine payment schedules, and share the results with the taxpayers. Provide taxpayers with information regarding the manner in which penalty and interest are computed.
- (13) Using IAT Compliance Suite Payment Calculator, two methods – described in (a) and (b) immediately below – may be used for determining the length of CSED extensions. For both methods:
- Include all tax modules in the computation;
  - Compute the extension separately for each module;
  - Begin the computation using the module with the earliest CSED; and,
  - Add additional modules to the computation until all are included.

**The Two Methods for Determining the Length of CSED Extensions:**

Method (A) provides for computation of separate CSEDs for each module.

Method (A) - Extend CSEDs on all modules to *separate dates* (for each module) up to one year past the latest CSED on the module, ensuring no CSED extension is longer than five years (plus one year as specified in IRM 5.14.2.3(8)).

Method (B) provides for extending CSEDs to one date for all modules.

Method (B) - Extend CSEDs to the *same date for all modules*, ensuring no CSED extension is longer than five years, plus one year.



**Note:** Instructions on using the IAT Compliance Suite Payment Calculator can be found at: *IAT Compliance Suite*.

- (14) Form 900, Tax Collection Waivers, may be requested only with regard to certain PPIAs (See IRM 5.14.2.2.3 for examples where a waiver would be considered).
- Notify taxpayers they have the right to refuse to sign a waiver.
  - If an installment agreement request is being considered and a taxpayer refuses to sign a waiver, inform the taxpayer the request will be considered and recommended for rejection, then refer the case to the independent administrative reviewer. (See IRM 5.14.9.7(6), Routine and Manually Monitored Installment Agreement Dispositions, Independent Review and Appeals).
- (15) Taxpayers whose agreements were previously terminated, with all appeal time frames exhausted regarding the termination (see IRM 5.14.11.4, Defaults and Terminations: IDRS Monitored Agreements), may be granted *new* installment agreements (not reinstatements). CSED waivers may only be secured along with new partial payment installment agreements and only in certain situations (see IRM 5.14.2.2.3), even if there were prior extensions of CSEDs.
- (16) If installment agreements are in default (but 90 days have not passed since issuance of CP 523/Letter 2975, see IRM 5.14.11, Defaulted Installment Agreements, Terminated Agreements and Appeals of: Proposed Terminations (Defaults), and Terminated Installment Agreements) reinstatements may include new periods. (See IRM 5.14.2.3 regarding securing waivers with new agreements.)
- (17) Partial payment installment agreements that extend beyond the original CSED (and where applicable, any previous extension due to statutory suspensions) require group manager approval. Delegation Order 25-2 (Rev. 3), Authority to Execute Agreements to Extend the Period of Limitations on Assessments or Collection and to Accept Form 900, Tax Collection Waivers, to Collection, Examination and Specialty Programs Field group managers; Technical Services and Planning and Special Programs (PSP) group managers; GS-11 Revenue Agents or GS-11 Tax Compliance Officers in Technical Services and PSP functions, and Campus Compliance Services Department Managers. See IRM 1.2.2.15.2, Delegation Order 25-2 (Rev. 3) (formerly DO-25-2 and DO-42, Rev. 28) for delegated authority for other functions. In addition, Delegation Order 25-2 provides authority to *approve* Form 900 Tax Collection Waivers, to Collection, Examination, Specialty Programs Field Group Managers; Technical Services Group Managers; Insolvency Unit Managers, and Field Compliance Services Department Managers.

**Caution:** Approving officials must ensure the procedures in this IRM 5.14.2.2 are followed with regard to approval and processing of Form 900 waivers.

- (18) Revenue Officers will:
- complete Form 900, including printing the Area Director's name on the line titled "Area Director's name";

- print the group manager's name and title in the "By Delegated Representative" block (leaving room for manager's signature);
- submit the Form 900 and agreement together for group manager approval.

(19) Group Managers, Case Processing Managers or Technical Services Managers will:

- ensure extension computations are accurate when reviewing Forms 900 for approval;
- indicate approval of Form 900 by signing in the "By Delegated Representative" block;
- approve Forms 900 and related installment agreements on the same date.

(20) When the Form 900 is approved, update the IDRS CSED date on ICS using the "Update Module Date" section and the TC 550 is uploaded to IDRS.

5.14.2.3.1  
(08-05-2010)

**Additional CSED  
Information: Case  
Transfers To and From  
Appeals**

- (1) Regardless of the time remaining on CSEDs, timely appeals of installment agreement rejections, terminations, and proposed terminations must be referred to Appeals. When referring balance due accounts with CSEDs that expire within 120 days, notify Appeals of the imminent CSED(s). Cases will not be considered transferred to Appeals unless confirmation of transfer is received, and documented, by the referring function.
- (2) Appeals will attempt to resolve all issues prior to CSED expiration. If Appeals returns balance due accounts with CSED(s) that expire within 120 days (to referring functions) it will notify the function(s) of the imminent CSED(s). Cases will not be considered transferred to other functions (by Appeals) unless confirmation of transfer is received and documented by Appeals. (See IRM 5.14.9, Routine and Manually Monitored Installment Agreement Dispositions, Independent Review and Appeals, for additional Appeals information.)

5.14.2.3.2  
(09-19-2014)

**CSED Expiration Legal  
References: 1.) 90 Day  
Rule for Installment  
Agreement CSED  
Extensions; 2.)  
Non-Installment  
Agreement CSEDs**

- (1) CSED extensions based on waivers secured with installment agreements *actually* expire 90 days after the expiration of any period for collection agreed upon in writing by the Secretary and the taxpayer at the time the installment agreement was entered into. (See IRC 6502(a)(2)(A), and Treas. Reg. 301.6502-1(b)(1).) These waivers remain in effect regardless of:
  - a. whether agreements fully pay taxes, and
  - b. lengths of extensions.
- (2) For CSED extensions/waivers obtained prior to January 1, 2000 and *not* secured with installment agreements, the statutory period for collection will expire on December 31, 2002, or at the end of the original ten year statutory period for collection if after December 31, 2002. (See IRC 6502(a)(2) and section 3461(c)(2) of RRA 1998).



# Partial Payment Installment Agreements and the Collection Statute Expiration Date (CSED) 5.14.2

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## Exhibit 5.14.2-1 (10-18-2023)

### CSED Extension and Suspension Example

An example of events that could impact a collection statute expiration date (CSED).

#### Example of CSED Extension:

Assuming the date the taxpayer's tax was assessed is 5-10-2010, the original collection statute expiration date (CSED) is 5-10-2020.

The CSED is suspended during the time taxpayers are in bankruptcy, plus an additional 6 months by law. See IRC 6503(h)(2), Cases Under Title 11 of the United States Code.

**Example:** If the above-referenced taxpayer is in bankruptcy from 1-5-2011 to 1-5-2014, the CSED will be suspended for those 3 years plus an additional 6 months. Based on the suspension and extension due to the taxpayer's bankruptcy, the new CSED is 11-10-2023.

As a policy matter, a maximum CSED extension of 6 years may be created when the taxpayer and the IRS agree to the extension at the time a partial payment installment agreement (PPIA) is entered into. See IRM 5.14.2.3(8).

**Example:** If the above-referenced taxpayer and the IRS agree to a CSED extension at the time of entering a PPIA, the CSED will be extended 6 years. Based on the suspension and extension due to the taxpayer's bankruptcy plus the taxpayer and the IRS agreeing to an extension at the time of entering a PPIA, the new CSED is 11-10-2029.

