IRM PROCEDURAL UPDATE

DATE: 11/15/2024

NUMBER: sbse-05-1124-1134

SUBJECT: Updated for Language Clarity the Exclusion of Any Individual SRP Balances From CNC Exception; Updated Broken Links; Including Taxpayer Services (TS) Title Formerly Wage and Investment (W&I)

AFFECTED IRM(s)/SUBSECTION(s): 5.19.17

CHANGE(s):

IRM 5.19.17.2.1.2 Hardship Closure Authority Levels For language clarity added the exclusion of any individual SRP balances from CNC Exception criteria.

(1) This section provides the authority levels and IRM references to procedures for closing IMF and/or BMF out of business accounts as CNC - Hardship.

(2) When the collection of the liability would create a hardship for taxpayers by leaving them unable to meet necessary living expenses, employees must follow the procedures in IRM 5.19.17.2.4, CNC Unable to Pay - Hardship, prior to the disposition of the case.

(3) The following table provides the authority levels and IRM references for closing IMF and/or BMF out of business accounts as CNC - Hardship. Treasury Regulation § 301.7701-2 states that on or after January 1, 2009, single member owners of LLCs are treated as corporations. Therefore, after that date, these closing codes should not be used for single member owner LLCs. A trust fund recovery penalty investigation must be conducted and assessed if applicable.

Closing Codes	Dollar Criteria & IRM References
24	**All employees:** less than #▮▮▮▮▮▮# AAB (CC SUMRY) excluding any individual SRP balances. See IRM 5.19.17.2.4.1, CNC Exception Processing.
24 - 32	**Field Assistance (FA):** • Up to #▮▮▮▮▮▮▮# AAB (CC SUMRY) (IMF), and **CSCO employees:**

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Closing Codes	Dollar Criteria & IRM References
	• Up to **#** ▮▮▮▮ **#** AAB (CC SUMRY) (IMF), and • Up to **#** ▮▮▮▮ **#** AAB (CC SUMRY) (BMF) OOB BMF **ACS and ACSS employees:** • Up to **#** ▮▮▮▮ **#** AAB (CC SUMRY) (IMF), and • Up to **#** ▮▮▮▮ **#** AAB (CC SUMRY) (BMF) OOB BMF **Reminder:** Hardship codes can **only** be used for individual or joint IMF assessments, and OOB BMF sole proprietorships, general partnerships, and LLCs, where an individual owner is identified as the liable taxpayer.

(4) **CNC Managerial Approval Requirements:** To ensure recommendations meet established standards of thoroughness and integrity, managerial approval for CNC determinations is required for all hardship determinations (cc 24-32), except those less than **#** ▮▮▮▮ **#** AAB (CC SUMRY).

IRM 5.19.17.2.2.1 Requesting Approval and Input of Accounts into CNC Status Added note in paragraph (2) providing the managerial determination timeframe approval response via letter.

(2) Ensure AMS is properly documented and when the account is ready for approval follow the guidelines shown below.

Reminder: Document AMS with approval when an expedite passport decertification is being submitted.

Note: For telephone contact requests requiring managerial review, advise the taxpayer they will receive a letter from us with our determination of the request within 14 days.

Take the following actions based upon your function:

If ...	And ...	Then ...
ACS, ACSS and FA	All Modules in ST 22	• CR must Input "TOC0, 05,NCXX" (ACS & FA) "TOS0, 05,NCXX" (ACSS) **Note:** This includes Individual SRP (MFT 35) modules. • If approved, the manager **must** input"NCXX,,53APP".

If ...	And ...	Then ...
ACS, ACSS and FA	At least one module in ST 22 & other(s) in non-ST 22 modules	- Input CC STAUP 2200 to bring non ST 22 accounts to ACS, then: - Input "TOC0, 12,NCXX" (ACS & FA) "TOS0, 12,NCXX" (ACSS) **Note:** This includes Individual SRP (MFT 35) modules. - If approved, the manager **must** input"NCXX,,53APP"once all balance due modules are in ACS.
ACS, ACSS and FA	All non- ST 22 modules	- Document AMS with the CNC decision and provide IDRS print to the manager. - If approved, manager must document AMS that the CNC was approved by inputting "53 APP". - If approved, the manager **must** input TC 530 cc XX to IDRS. - In Remarks enter "CNC".
CSCO	Regardless of status	- Document AMS with the CNC decision and provide IDRS print to the manager. - If approved, manager must document AMS that the CNC was approved by inputting "53 APP". - If approved, the manager **must** input TC 530 cc XX to IDRS. - In the remarks area input "CNC".

Note: XX = the appropriate CNC cc.

IRM 5.19.17.2.4.1 CNC Exception Processing For language clarity added the exclusion of any individual SRP balances from CNC Exception processing.

(1) Under certain conditions, securing financial information is not required before reporting an account CNC. CNC Exception Criteria cases have an AAB (CC SUMRY) including any prior CNCs, less than **#** ▮▮▮▮▮ **#** excluding any individual SRP balances and one or more of the following conditions exist:

- Taxpayer has a terminal illness or excessive medical bills.
- Taxpayer is incarcerated.
- Taxpayer's only source of income is Social Security, welfare, or unemployment.
- Taxpayer is unemployed with no source of income (excluding the seasonal unemployed which fall under normal CNC consideration and processing).

Note: Input TC 530 cc 24. See IRM 5.19.17.2.1, CNC Closure Authority Levels.

(2) Employees should confirm the taxpayer's circumstances to the extent possible prior to declaring the account uncollectible. This could be accomplished by verbal communication with taxpayer or utilizing internal resources. Document all case actions and research on AMS. If the taxpayer is claiming that a levy on salary or wages is creating a hardship, follow the procedures in IRM 5.19.4.4.10, Levy Release: General Information.

Note: There is no requirement that taxpayers who are closed under the exception criteria and experiencing economic hardship be in filing or payment compliance before a levy is released. See Vinatieri v. Commissioner, 133 T.C. 392 (2009).

(3) To close a case CNC using Exception Criteria, follow the steps below based on your function and account status.:

If ...	And ...	Then ...
ACS, ACSS and FA,	At least one module in ST 22 & other(s) in non-ST 22,	• CR must input "TOC0, 21,CNCEXC" (ACS & FA). • "TOS0, 21,CNCEXC" (ACSS). • Input TC 530 cc 24 on IDRS utilizing either IAT REQ77 (mandated) or IAT Compliance Suite (suggested) Tools. In the remarks area, enter **CNCEXC**.
ACS, ACSS, FA, CSCO	All non— ST 22 modules,	• Document AMS CNCEXC • Input TC 530 cc 24 on IDRS utilizing either IAT REQ77 (mandated) or IAT Compliance Suite (suggested)Tools. In the remarks area, enter "CNCEXC".

Reminder: When inputting CNC closures on IDRS ensure that the appropriate RUC (Responsibility Unit Code)/Jurisdiction Code is used. See Exhibit 5.19.17-1 IDRS Input of CNCs, CC REQ77/FRM77

(4) Once a closure is approved under Exception Criteria, you must inform the taxpayer/POA of the CNC terms and that the CNC was approved by issuing Letter 4624C, Case Closed - Currently Not Collectible; Lien filing notification on Currently Not Collectible, to the taxpayer/POA.