

## IRM PROCEDURAL UPDATE

**DATE:** 12/16/2024

**NUMBER:** ts-21-1224-1221

**SUBJECT:** Updated Balance Due Procedures; Removed APP. 40; Updated Exhibit 1-1

**AFFECTED IRM(s)/SUBSECTION(s):** 21.1.1

**CHANGE(s):**

**IRM 21.1.1.3.1(2) - Updated to provide guidance to accounts below tolerance.**

**IRM 21.1.1.3.1(2) - Provides additional information on callers request on Installment Agreement status.**

**IRM 21.1.1.3.1(2) - Provides additional information on Offer-In-Compromise.**

(2) When responding to balance due issues as described above, **you must access and research** the account and address all non-collection account issues. See chart below for examples.

**Reminder: For joint filers, review information contained in IRM 21.6.8.3, Disclosing Taxpayer Data.**

**Note:** This chart is not all inclusive.

| <b>IF</b>                                    | <b>THEN</b>   |
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| The account contains a math error            | Adjust/correct the math error on the account. See IRM 21.5.4, General Math Error Procedures.  |
| The caller requests a hold on the account(s) | Place hold on the account per IRM 21.5.2.4.8.2, Suppressing Balance Due Notices.<br><br><b>Exception:</b> If the account is in status 22/24 or 26 <b>and</b> the caller is requesting a hold or STAUP on the account, transfer the call per specific guidance in paragraph (7) below for status 26 or paragraph (8) below for status 22 and 24. For accounts in status 23 (below tolerance), please see IRM 21.5.2.4.8.3, Clearance Tolerances. |
| The caller requests a penalty abatement      | Use Reasonable Cause Assistant (RCA) for penalty abatement request per IRM 21.2.2.4.5.1, Reasonable Cause Assistant (RCA).<br><br>Requests for reasonable cause penalty abatement (including penalty appeals) <b>in status 22 must be</b>   |

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|   | <p><b>addressed by Automated Collection System Support (ACSS).</b> Use the following link for ACSS mailing address information: ACSS Support and Status 22 TAS Liaisons. For cases in Status 26, see paragraph (7) below.</p> <p>Penalty Abatement requests such as Civil Penalties and Exempt Organizations (EO) will be routed to the correct area that assessed the penalty. See IRM 20.1.1-4, Penalty Reference Numbers (500 Series), or IRM 20.1.1-5, Penalty Reference Numbers (600 Series), for Civil Penalty reference numbers and descriptions. Penalty request from Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations, and Form 5472, Information Return of a Foreign Owned Corporation, see the exception in IRM 21.3.3.4.8.2 (4), Campus Collection Function Correspondence/Inquiry/Notice.</p> |
| The caller requests information on missing or delinquent return(s)  | Provide information on which return(s) are missing, the address where to send return, wage, and income information as needed, etc. <b>If the caller is a third party</b> , review the guidance in IRM 21.1.3.3, Third-Party (POA/TIA/F706) Authentication, paragraph (2). Ensure you read all of this paragraph including the cautions, note and reminders.  |
| The caller requests transcripts   | Issue transcript for verbal transcript requests see IRM 21.1.3.2.3 (8), Required Taxpayer Authentication.  |
| The issue involves payment information, payment tracer or misapplied payment(s)   | Research and correct payment(s) on account per IRM 21.5.7.4, Resolving Missing Payments Procedures, and IRM 21.5.7, Payment Tracers.   |
| The caller requests an IA status or information such as payment date and payment amount   | Provide status of IA (default/current). If requested by the taxpayer, provide the payment amount and payment due date.<br><br><b>Note:</b> If the account is in good standing (status 60) and the caller is not requesting a payment change, skip payment or a date change, the caller does not need to be transferred.  |
| The caller requests information on return/ amended return filed   | Research the account and provide information on return/ amended return filed.  |
| The caller requests balance due/payoff amount to pay full balance <b>now</b><br><br><b>Exception: For accounts in status 22/23:</b> Transfer the caller | <ul style="list-style-type: none"> <li>• Provide payoff using CC INTST, the AMS Full Pay Calculator, the IAT Compliance Suite Payment Calculator, or CC COMPA according to the method of payment (see paragraph (3) below)</li> <li>• For restricted interest computation, refer to the IRM 20.2.1.4, Normal and Restricted Interest, IRM 20.2.1.4.2, Manual Calculation of Interest, and IRM 21.5.6.4, Freeze Code Procedures.</li> </ul>   |

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| <p>per specific guidance in paragraph (8) below.</p> <p><b>For accounts in status 26:</b> Transfer the caller per specific guidance in paragraph (7) below</p> | <ul style="list-style-type: none"> <li>• Ask the taxpayer if there is any recent payment(s) potentially affecting their account balance. Reduce the payoff amount by anticipated credits not yet pending on IDRS.</li> <li>• Input a STAUP if needed, refer to IRM 21.5.2.4.8.2, Suppressing Balance Due Notices, for further information.</li> <li>• Enter the pay date and amount on AMS comments or CC ENMOD, if no access AMS.</li> </ul> <p>For taxpayers with an unreversed TC 520 on the module, research the TC 520 closing code and freeze on the account and follow applicable IRMs to address bankruptcy.</p> <p><b>Note:</b> Advise the caller there may be other factors that can impact the account balance (e.g., unpaid IA user fee, payment sent in that has not been applied yet, etc.), that are not reflected in the payoff amount.</p>  |
| <p>The caller requests balance due/payoff amount to pay off balance in future regardless of status on account</p>  | <p>Remind the caller about self-help methods (i.e., <b>IMF</b> Voice BOT, Online Payment Agreement (OPA)) and electronic payment methods. See paragraphs (5) and (6) for further details.</p>  |
| <p>The caller requests information about where and how to send payments</p>  | <ul style="list-style-type: none"> <li>• Probe the taxpayer to determine which payment method they would prefer (i.e., mail in payment, electronic payment, etc.)</li> <li>• Remind the caller about self-help methods (i.e., Online Payment Agreement (OPA) electronic payment methods, <b>IMF</b> Voice BOT see paragraph (5) below for details concerning IMF Voice BOT, etc.), even if the taxpayer prefers a payment method other than self-help options.</li> <li>• Based on method the taxpayer intends to use to submit payment, advise as follows: <ul style="list-style-type: none"> <li>a. For payments to be mailed in, provide the caller with address to mail payments and information on how to annotate the check. See IRM 5.19.1.2.7.1, Taxpayer Responsibilities - When Submitting Payments by Check or Money Order.</li> <li>b. For electronic payments: see IRM 21.2.1.47, Electronic Federal Tax Payment Systems (EFTPS), IRM 21.2.1.48, Electronic Payment Options for Individuals and Business e-File Users and IRM 21.2.1.57,</li> </ul> </li> </ul> |

|   | Online Payment Agreement (OPA) for IMF Debts.  |
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| The caller requests a formal payment agreement (i.e. installment agreement, extension to pay, etc.) | Transfer the call per specific guidance in paragraph (8) below.  |
| The caller requests information on an Examination audit   | Provide the caller with information requested, per IRM 21.5.10, Examination Issues.  |
| The caller requests information on an AUR assessment  | Provide the caller with information requested, see IRM 21.3.1.6.52, Status of Individual Master File (IMF) Underreporter Cases.  |
| The caller requests account information and has previously submitted an offer in compromise (OIC)   | Provide the caller with information, see IRM 21.5.6.4.50, -Y Freeze.<br><b>Note:</b> If the account contains a TC 481 and no -Y freeze, this can mean a rejected offer. If so, transfer the call per specific guidance in paragraph (8) below.   |
| The caller believes they are a victim of identity theft   | Provide information as outlined in IRM 25.23.12.2, Identity Theft Telephone General, and IRM 25.23.12.4.7, Identity Theft Balance Due Issues.  |
| The caller requests a hold from SFR/ 6020(b) to send in missing returns                             | After providing services as outlined above, transfer the caller per specific guidance in paragraph (8) below.  |
| The caller requests a change or update to existing IA   | Transfer the caller per specific guidance in paragraph (8) below.  |
| The caller is calling to verify the identity of a Revenue Officer (RO) as an IRS employee           | <ul style="list-style-type: none"> <li>• Advise the taxpayer the IRS has a system in place to verify the RO's identity as an IRS employee</li> <li>• Inform the taxpayer you will transfer them to the Physical Security Office who will ask for the RO's 10-digit identification number to verify their identity, and</li> <li>• Transfer the call to UCCE extension 3285 or direct dial via Finesse 413285.</li> </ul> |
| The account is in status 22 or 03 <b>AND</b> contains a TC 971 AC 470                               | Transfer the caller App 1138/1139.<br><b>Note:</b> These are Special Compliance Personnel (SCP) calls and can be worked by SCP employees at those extensions. See IRM 5.19.1.3.4.3.7(1) - (3) for more information.  |

**IRM 21.1.1.3.1(6) - Provides additional information when there is difficulty with accessing on-line services.**

(6) For issues concerning balance due, ask the caller if they attempted to use the Online Payment Agreement (OPA) application on [www.irs.gov](http://www.irs.gov). Advise the caller of the benefits for the self-help method (i.e., no wait time, reduced fees, available balances). If the caller does not have internet access, has difficulty in establishing or cannot establish an IRS online services account, or does not want to use the self-help method, refer to paragraph (8) below.

**IRM 21.1.1.5(2) - Removed Covid Business Credit call procedures due to decommission of App 40.**

(2) Assistors staffing OPI applications must verify that the caller is properly routed and requires help in a language other than English or Spanish. After greeting the caller, probe to identify if the caller needs an interpreter.

- a. If the language required is other than English or Spanish, connect to the interpreter service.
- b. If the caller speaks English or Spanish, refer to the Telephone Transfer Guide for a list of topics and transfer numbers to which the customer can be referred.
- c. If you cannot identify the language needed, call the interpreter service and ask the operator for help.

**Exception:** Assistors staffing international product lines use the OPI service for all Limited English Proficient (LEP) callers, including Spanish.

**Exhibit 21.1.1-1 Added 25C Non-Business Residential Energy and Form 8936, Clean Vehicle Credit to Exhibit 21.1.1.-1, Miscellaneous as Out-of-Scope per Executive request.**

The following lists of out-of-scope topics and forms apply to both toll-free and non-toll free calls. Toll-free assistors see IRM 21.1.1.3 (5) - (7), Customer Service Representative (CSR) Duties.

| <b>International (includes Advanced International)</b>  |
|---|
| <ul style="list-style-type: none"><li>• Alternative Minimum Tax foreign tax computation</li><li>• Base Erosion Tax (Tax Reform)</li><li>• Branch Profits Tax - foreign corporations with branch in U.S. Any question beyond requirement to file Form 1120F, U.S. Income Tax Return of a Foreign Corporation, and due dates would be out of scope</li><li>• Deemed paid foreign tax credit</li><li>• Form 1120-DISC, Domestic International Sales Corporation Return</li></ul> |

- Earnings and Profit of foreign corporations
- E-Commerce
- Entity Classification Election - anything beyond telling a taxpayer about Form 8832 and where/when to file is out of scope
- Expatriates
- Extraterritorial income exclusion
- FDII (Foreign Derived Intangible Income) (Tax Reform)
- FISC (Foreign International Sales Corporation)
- Foreign Corporations including Foreign Sales Corporations - foreign corporations that specialize in international trade
- Foreign currency exchange rate gain - IRC 988
- Foreign Trusts
- Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships
- GILTI (Global Intangible Low-Taxed Income) (Tax Reform)
- International Boycotting Income
- Legal Advice
- Partnerships with foreign partners, Form 8804, Annual Return for Partnership Withholding Tax (Section 1446), Form 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax and Form 8813, Partnership Withholding Tax Payment Voucher (Section 1446)
- Passive Foreign Investment Company
- Possession Corporations - incorporated in U.S. but operating primarily in U.S. possessions, such as Puerto Rico
- Qualified Electing Funds
- Reorganizations
- Sec 367 rulings
- Sec 482 Adjustments
- Sec 78 gross up
- Startups
- Sub Part F - IRC 951 - IRC 964 - under limited circumstances foreign corporations do not pay U.S. tax on foreign sourced income
- Tax Planning Questions
- Transfer Pricing - IRC 482 - IRS authority to change prices of goods/services sold between related parties if not arm's length transaction
- Trusts other than grantor
- US Persons Overseas starting a business
- Withholding requirements for nonresident aliens and foreign entities, encompassing Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding; Form W-8 BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals); Form W-8 IMY, Certificate of Foreign Intermediary, Foreign Flow-Through Entity or Certain U.S. Branches for United States Tax Withholding and Reporting; Form W-8 EXP, Certificate of Foreign Government or Other Foreign Organization for United States Tax Withholding and Reporting; Form W-8 ECI, Certificate of Foreign Person's Claim That Income is Effectively Connected With the Conduct of a Trade or Business in the United States; Form W-8BEN-E, Certificate of Status of Beneficial Owner for United

States Tax Withholding and Reporting (Entities); and Form W8-CE, Notice of Expatriation and Waiver of Treaty Benefits

- Form 8288, U.S. Withholding Tax Return for Disposition by Foreign Persons of U.S. Real Property Interests
- Form 8938, Statement of Specified Foreign Financial Assets Foreign Account Tax Compliance Act (FATCA)

### **Partnership, Corporations, Exemption Organizations**

- 754 Elections
- IRC 481(a) adjustments (change of accounting method - Form 3115) - calculation of
- Corporate consolidations/mergers/reorganizations
- Deduction for Qualified Business Income (Tax Reform)
- Employment Compensation Reforms (Tax Reform)
- Entities changing their classifications (Corp--->S Corp, or Partnership---> Corp, for instance)
- Excise Tax on Investment Income for Private Colleges and Universities (Tax Reform)
- Insurance Industry Reforms (Tax Reform)
- Qualified Subchapter S Trust (QSST) Election under IRC 1361(d)(2)
- Net Operating Losses
- Unrelated Business Taxable Income Reforms (Tax Reform)
- Form 1066, U.S. Real Estate Mortgage Investment Conduit (REMIC) Income Tax Return
- Form 1118, Foreign Tax Credit - Corporations
- Form 1120-C, U.S. Income Tax Return for Cooperative Associations
- Form 1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation
- Form 1120-RIC, U.S. Income Tax Return for Regulated Investment Companies
- Form 1120-SF, U.S. Income Tax Return for Settlement Funds
- Form 1128, Application to Adopt, Change, or Retain a Tax Year
- Form 2032, Contract Coverage Under Title II of the Social Security Act
- Form 2438, Undistributed Capital Gains Tax Return
- Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains
- Form 3115, Application for Change in Accounting Method
- Form 4626, Alternative Minimum Tax Corporations (Tax Reform)
- Form 5452, Corporate Report of Non-Dividend Distributions
- Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations, (including Schedules J, M, N, and O)
- Form 6069, Return of Excise Tax on Excess Contributions to Black Lung Benefit Trust Under Section 4593 and Computation of Section 192 Deduction
- Form 8308, Report of a Sale or Exchange of Certain Partnership Interest
- Form 8827, Credit for Prior Year Minimum Tax - Corporations
- Form 970, Application to Use LIFO Inventory Method
- Form 972, Consent of Shareholder to Include Specific Amount in Gross Income
- Form 973, Corporation Claim for Deduction for Consent Dividends

- Form 976, Claim for Deficiency Dividends Deductions by a Personal Holding Company
- Form 966, Corporate Dissolution or Liquidation
- Form 1120 Schedule H, Section 280H Limitation for a Personal Service Corporation (PSC)
- Form 1120 Schedule N, Foreign Operations of U.S. Corporations of U.S. Corporation
- Form 1120 Schedule PH, U.S. Personal Holding Company (PHC) Tax

### **Trusts**

- Bankruptcy Estates
- Charitable Trusts, calculations for
- Dissolving a Trust (Actually closing one out. Questions beyond excess deductions distribution)
- Distributions to alien beneficiaries
- Electing Small Business Trusts (ESBT) – The rules for changing to/from an ESBT are generally complex and difficult, and can increase taxable errors or the election may be disallowed if completed improperly. Most questions that pertain to ESBTs will be beyond the scope of the program. Answer only those that can be addressed by the information in the 1041 instructions.
- Estate/trust funds - when and how someone can have access to
- Form 3520, Annual Return to Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts
- Form 3520-A, Annual Information of Foreign Trust With a U.S. Owner
- Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return
- Form 709, United States Gift (and Generation-Skipping Transfer) Tax Return
- Form 990, Return of Organization Exempt From Income Tax series
- Form 1041-N, U.S. Income Tax Return for Electing Alaska Native Settlement (Tax Reform)
- Ownership of assets and their valuation
- Rabbi Trusts – Taxability and establishment of the trust
- Tax prep software - questions

### **Rentals**

- Basis calculation in complex situations
- Form 8582, Passive Activity Loss Limitations, parts unrelated to the taxpayer's rental property
- Line-by-line help with any form
- Material participation for the taxpayer calculation of

### **Sale of Business/Depreciation**

- Actual calculation of the basis of property, depreciation recapture or the gain (loss) from the sale or other disposition of business property. (The discussion



of the formulas and rules for calculating basis, depreciation recapture or the gain/loss from the sale of business property is within scope.)

- Advising taxpayers about which method (e.g., installment sale, IRC 1031, etc.) is most advantageous for the prospective sale of business assets.
- Form 4562, Depreciation and Amortization (Including Information on Listed Property), line-by-line preparation.
- Form 4797, Sale of Business Property, line-by-line preparation.
- Form 6252, Installment Sale Income, line-by-line preparation.
- Form 8824, Like-Kind Exchanges, line-by-line preparation.
- Notice 2000-4, Calculation of Depreciation for Property Acquired in a Section 1031 (like-kind) Exchange
- IRC 1031 - Advising taxpayers on how to structure a transaction to meet the requirements of Section 1031 exchange (Explaining the statutory requirements of an IRC 1031 exchange is within scope.)
- IRC 1250 depreciation recapture using the applicable percentage to figure ordinary income because of other depreciation - calculation.
- IRC 179 - Advising taxpayers on what method of depreciation (including advice on electing the amount of IRC 179 deduction) is most advantageous.

### **Capital Gains and Losses**

**Note:** CAS call sites answer all non-complex capital gains questions. However, do not complete complex calculations for the taxpayer such as calculating actual basis in complex situations.

- Digital Assets, also referred to as Virtual Currency or Cryptocurrency (e.g., Bitcoin, Ether)
- Mark-to-market transactions
- Day trading
- Stock Options (hedging transactions; notional principle contracts; puts, calls, and straddles; statutory/non-statutory employee stock options)
- Egg Donors (capital gain or self-employment?)
- IRC 1031 Like-Kind Exchange
- Opportunity Zones (Tax Reform)

### **Miscellaneous**

- Form 23, Application for Enrollment to Practice Before the Internal Revenue Service
- Form 637, Application for Registration (For Certain Excise Tax Activities)
- Form 730, Monthly Tax Return for Wagers
- Form 1128, Application to Adopt, Change or Retain a Tax Year
- Form 4678A, Election to Be Treated as an Interest Charge DISC
- Form 4720, Return of Certain Excise Taxes on Charities and Other Persons Under Chapter 41 and 42 of IRC
- Form 5300, Application for Determination for Employee Benefit Plan
- Form 5300, Schedule Q, Nondiscrimination Requirements

- Form 5500, Annual Return/Report of Employee Benefit Plan, including all 5500 series and schedules
- Form 5695, Residential Energy Credits
- Form 6251, Alternative Minimum Tax - Individuals
- Form 8271, Investor Reporting of Tax Shelter Registration Number
- Form 8848, Consent to Extend the Time To Assess the Branch Profits Tax Under Regulations Section 1.884 - 2(a) and (c)
- Form 8994, Employer Credit for Paid Family and Medical Leave (Tax Reform)
- Sec 965, Transition Tax on Untaxed Foreign Earnings (Tax Reform)
- 529 Account Funding for Primary School Education (Tax Reform)
- Discharged Student Loans (Tax Reform)
- Excess Business Losses (Tax Reform)
- Health Savings Account (HSA)
- Legal Assessments
- General Rule for calculating taxation of distributions of pensions and annuities
- Qualified Bicycle Commuting Reimbursement (Tax Reform)
- Revenue Officers/Revenue Agents requesting account related inquiries, request technical support from their own BOD/functions.

**Exception:** ROs/RAs who need to request an Employer Identification Number (EIN) for a taxpayer, follow the instructions in IRM 21.7.13.3.8, Receiving EIN Applications From Field Compliance.

- 25C Non-Business Residential Energy
- Form 8936, Clean Vehicle Credit