



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

5.14.11

MARCH 14, 2022

EFFECTIVE DATE

(03-14-2022)

PURPOSE

- (1) This transmits a revision to IRM 5.14.11, Installment Agreements, Defaulted Installment Agreements, Terminated Agreements and Appeals of: Proposed Terminations (Defaults), and Terminated Installment Agreements.

MATERIAL CHANGES

- (1) IRM 5.14.11.1 updated to include internal controls under Program Scope and Objectives.
- (2) Editorial changes were made throughout this section to add clarity and update or correct citations.

EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 5.14.11, dated December 11, 2014.

AUDIENCE

SB/SE Compliance Employees

Kareem Williams
Acting Director, Collection Policy
Small Business/Self Employed

5.14.11

Defaulted Installment Agreements, Terminated Agreements and Appeals of: Proposed Terminations (Defaults), and Terminated Installment Agreements

Table of Contents

5.14.11.1 Program Scope and Objectives

5.14.11.1.1 Background

5.14.11.1.2 Authority

5.14.11.1.3 Responsibilities

5.14.11.1.4 Program Management and Review

5.14.11.1.5 Program Controls

5.14.11.1.6 Terms

5.14.11.1.7 Acronyms

5.14.11.1.8 Related Resources

5.14.11.2 Reason for Termination of Installment Agreements Without Notice to Taxpayers

5.14.11.3 Reasons for Proposing Termination (Defaulting) of Installment Agreements

5.14.11.4 Defaults and Terminations: IDRS Monitored Agreements

5.14.11.5 Considerations after Default or Termination, Including Reinstatement

5.14.11.6 Lien Determinations: Defaulted/Terminated Installment Agreements

5.14.11.7 Appeals of Defaulted and Terminated Agreements

Defaulted Installment Agreements, Terminated Agreements and Appeals of: Proposed Terminations (Defaults), and Terminated Installment Agreements 5.14.11

page 1

5.14.11.1
(03-14-2022)
Program Scope and Objectives

- (1) **Purpose:** This IRM section provides guidelines to complete when taxpayers fail to comply with the tax laws or do not meet the terms of their payment agreements. As a result of their noncompliance, the agreement may be terminated. This chapter provides procedures for termination of (place in default) installment agreements for any of the following reasons:
 - a. failure to make an installment payment according to the payment plan agreement;
 - b. failure to pay another tax liability at the time when the liability arose;

Note: This includes related TINs for the same taxpayer. Examples would be a sole-proprietor BMF and an IMF or a partnership BMF and an IMF.

Note: Affordable Care Act (ACA) individual shared responsibility payment liabilities do not default an existing installment agreement.

 - c. failure to provide an updated Collection Information Statement (CIS) upon request;

Note: An example would be when the IRS grants a Partial Payment Installment Agreement (PPIA), the IRS requests updated financial information for the 24-month review to determine if financial circumstances have changed.

 - d. providing financial information that is inaccurate or incomplete prior to the date the agreement was entered into; and
 - e. fails to pay modified payment amount based upon submitted updated CIS.
 - f. IRS determines the taxpayer's financial condition has significantly changed.
- (2) **Audience:** These procedures and guidance apply to Field Collection revenue officers and group managers.
- (3) **Policy Owner:** Director, Collection Policy, SBSE is the owner of this IRM.
- (4) **Program Owner:** Collection Policy, SBSE, Case Resolution Alternatives (CRA) is the program of this IRM.
- (5) **Primary Stakeholders:** The primary stakeholders that are affected by these procedures or have input into these procedures are:
 - Field Collection
 - Independent Administrative Review
 - Civil Enforcement Advise and Support Operations (CEASO)
 - Appeals
 - Taxpayer Advocate Service (TAS)
- (6) **Program Goals:** Installment agreements can be a viable case resolution for many delinquent accounts. By following the direction in this IRM section, employees can ensure that they afford taxpayers the rights to which they are entitled by properly identifying and processing pending installment agreement proposals, and make the correct determination as to whether to accept or reject the taxpayer's installment agreement proposal based on the facts and circumstances of each case.

- 5.14.11.1.1
(03-14-2022)
Background
- (1) The IRS defines default of an installment agreement as providing inaccurate or incomplete information, or not meeting required terms of the agreement. In this case, the IRS may propose termination of installment agreement and terminated installment agreements. Taxpayers may appeal proposed terminations. Taxpayers that do not meet the terms of the installment agreement will be notified in writing and given 30 days to comply with the terms of the agreement before the termination of the installment agreement. When this happens, taxpayers receive a notice called a CP 523 or Letter 2975. The notice will inform the taxpayer about the default and the action the IRS can take to recoup the taxes owed. If the taxpayer appeals the proposed termination, the taxpayer may not appeal again after the termination takes effect.
- 5.14.11.1.2
(03-14-2022)
Authority
- (1) IRC 6159, Agreements for Payment of Tax Liability in Installments.
(2) IRC 6331(d), Levy and Distraint, Requirement of Notice Before Levy.
(3) IRC 6331(k), Levy and Distraint, No levy while certain offers pending or installment agreement pending or in effect.
- 5.14.11.1.3
(03-14-2022)
Responsibilities
- (1) The Director, Collection Policy is the executive responsible for the policies and procedures to be employed by collection personnel.
(2) Field Collection group managers and territory managers are responsible for ensuring the guidance and procedures described in this IRM are complied with.
- 5.14.11.1.4
(03-14-2022)
Program Management and Review
- (1) Program Reports:
a. Monthly Installment Agreement Trend Report. Sourced from the Collection Activity Report (CAR), Case Resolution Alternative (CRA) generates and reviews a monthly Installment Agreement trend report that captures data on the various types of installment agreements and compares year-over-year data on installment agreement inventory levels, the number of installment agreements initiated, default rates, full pay rates, and dollars collected. Any anomalies are identified and researched for potential causes. Negative trends are identified, and causes addressed.
(2) Program Reviews:
a. The Collection Activity Report (CAR) will conduct ad hoc installment agreement program reviews as necessary to verify compliance with IRM requirements, address TIGTA/GAO findings, and get behind any trends that appear.
b. Case reviews are conducted by group managers to ensure compliance with this IRM.
c. Operational reviews are conducted by the territory manager and area director annually to evaluate program delivery and conformance to administrative and compliance requirements.
- 5.14.11.1.5
(03-14-2022)
Program Controls
- (1) Independent administrative review is required of all rejected installment agreement proposals. In addition, all rejection, modification, and termination decisions are subject to appeals procedures.

Defaulted Installment Agreements, Terminated Agreements and Appeals of: Proposed Terminations (Defaults), and Terminated Installment Agreements 5.14.11

- (2) The Integrated Collection System (ICS) ensures that taxpayer conditions meet requirements for Streamlined or In-Business Express installment agreement processing criteria, that there are no unfiled returns, and requires group manager approval for all non-streamlined installment agreements.
- (3) The Integrated Data Retrieval System (IDRS) programming requires that all open modules be included in an installment agreement for input to be successful.

5.14.11.1.6
(03-14-2022)
Terms

- (1) Frequently used terms in this IRM along with their definition:
 - a. Delinquent Taxes: balance due, ACS balance due accounts and/or notice status accounts;
 - b. Accrued Taxes: unassessed amounts due on returns, missed Estimated Tax (ES) payments, under-withheld or under-deposited Federal Tax Deposits (FTDs) as of the date of contact; and
 - c. Current Taxes: Federal Tax Deposits (FTDs) and Estimated Tax (ES) payments that become due after the date of contact.

5.14.11.1.7
(03-14-2022)
Acronyms

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

Acronyms	Definitions
AC	Action Code
ACA	Affordable Care Act
ACS	Automated Collection System
AO	Area Office
ALN	Agreement Locator Number
CAP	Collection Appeals Program
CCP	Centralized Case Processing (Collection)
CDP	Collection Due Process
CIS	Collection Information Statement
CNC	Currently Not Collectible
CSED	Collection Statute Expiration Date
CSCO	Compliance Service Collection Operation
DDIA	Direct Debit Installment Agreement
EIN	Employer Identification Number
ES	Estimated Tax Payment

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
OIC	Offer In Compromise
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
TIGTA	Treasury Inspector General for Tax Administration

5.14.11.1.8
(03-14-2022)

Related Resources

(1) IRM Resources:

- IRM 4.20.4, Examination Collectibility - Installment Agreements
- IRM 5.4.11, CCP Installment Agreements
- IRM 5.14.1.6, Multi-functional Installment Agreement Authority
- IRM 5.19.1.2.6.3, Installment Agreements
- IRM 8.20.7.41.1, Installment Agreement (IA) APS General Information
- IRM 8.22.7.5, Installment Agreement Appeals

(2) Web Resources

- Centralized Case Processing (CCP): <http://mysbse.web.irs.gov/collection/ccpcoll/default.aspx>
- ICS User Guide: <http://mysbse.web.irs.gov/collection/collsystems/ics/default.aspx>
- MySBSE website: <http://mysbse.web.irs.gov/default.aspx>

Defaulted Installment Agreements, Terminated Agreements and Appeals of: Proposed Terminations (Defaults), and Terminated Installment Agreements 5.14.11

5.14.11.2
(09-26-2008)
Reason for Termination of Installment Agreements Without Notice to Taxpayers

- (1) The Internal Revenue Service may terminate installment agreements without advance notice if the Secretary (or his duly authorized representative, e.g. revenue officer or other contact employee) believes that collection of the tax covered by the installment agreement is in jeopardy.

Caution: See IRM 5.14.1.5 *Installment Agreements, Securing Installment Agreements* regarding levy restrictions. Collection is considered to be in jeopardy (see IRM 5.14.1.5(2)) if one of the conditions allowing a jeopardy assessment exists. See Policy Statement P-4-88, found at IRM 1.2.13.1.27 *Service-wide Policies and Authorities, Policy Statements for the Examining Process* for the list of conditions under which a jeopardy assessment will be made, and IRM 5.11.1.3.9 *Notice of Levy, Background, Pre-Levy Actions, Restrictions on Levy & Post Levy Actions* regarding Notices of Levy.

5.14.11.3
(01-01-2015)
Reasons for Proposing Termination (Defaulting) of Installment Agreements

- (1) The Internal Revenue Service may propose termination of (place in default) installment agreements if taxpayers:

- a. fail to pay an installment payment when due under the terms of an agreement;
- b. fail to pay another tax liability at the time such liability is due;

Note: This includes related TINs for the same taxpayer. Examples would be a sole proprietor and an IMF or a partnership and an IMF.

Note: Affordable Care Act individual shared responsibility payment liabilities do not default an existing installment agreement.

- c. fail to provide an updated financial statement upon request;
- d. provided information prior to the date such agreement was entered into that was inaccurate or incomplete; or,
- e. fail to pay a modified payment amount based upon updated financial information. (See IRM 5.14.4.1.1 *Installment Agreements Financial Reviews, Below Deferral Level Accounts, Joint and Several Liability Relief Under Section 6015, Withdrawals and Multiple Entities*)

- (2) Use the following procedures (if applicable) for defaulting agreements for each of the above reasons.

- a. For IRM 5.14.11.3(1)(a) (fails to pay an installment payment when due under the terms of the agreement), non-receipt of the installment payment is grounds for proposing default. These defaults may be completed either systemically or manually (See IRM 5.14.11.4 and IRM 5.14.11.5). Defaults may be initiated by field, Centralized Case Processing (CCP), ACS or Campus personnel.
- b. For IRM 5.14.11.3(1)(b) (fails to pay another tax liability at the time such liability is due), non-receipt of a payment is grounds for proposing default. These defaults may be completed either systemically or manually (See IRM 5.14.11.4 and IRM 5.14.11.5). Defaults may be initiated by field, Centralized Case Processing, ACS or Campus personnel.
- c. For IRM 5.14.11.3(1)(c) (fails to provide an updated financial statement upon request), non-receipt of requested information is grounds for

proposing default. These defaults may be completed manually or systematically. Defaults may be initiated by field, Centralized Case Processing, ACS or Campus personnel.

- d. For IRM 5.14.11.3(1)(d) (provides information prior to the date such agreement was entered into that was inaccurate or incomplete), document case histories regarding the circumstances of the case. These defaults may be completed manually by field, Centralized Case Processing, ACS or Campus personnel.
- e. For IRM 5.14.11.3(1)(e) (fails to pay a modified payment amount based upon updated financial information), non-receipt of a payment is grounds for proposing default. These defaults may be completed manually only. Defaults may be initiated by field, Centralized Case Processing, ACS or Campus personnel.

- (3) Installment agreements may not be defaulted nor terminated for reasons other than those listed in this section.

Note: IDRS allows coexistence of delinquent return status and status 60 (i.e., an entity can have an open Del Ret on one module and status 60 on other modules). The Del Ret does not cause default of the status 60 balance due accounts.

5.14.11.4
(01-01-2015)

**Defaults and
Terminations: IDRS
Monitored Agreements**

- (1) When a taxpayer does not meet the terms of an installment agreement, she or he will be notified in writing and given 30 days to comply with the terms of the agreement before the agreement is terminated.
- (2) A taxpayer with an IDRS monitored installment agreement will receive Notice CP 523, Installment Agreement Default Notice — Notice of Intent to Levy. The notice or letter is sent by certified mail for taxpayers with domestic addresses, or by registered mail if taxpayers have foreign addresses.

Note: For taxpayers filing jointly, the notice or letter will be sent to both spouses separately, even if the spouse live at the same address.

- (3) Defaulted Installment Agreement notices must be provided for all defaulted agreements (except in jeopardy situations) including those proposed terminations because the taxpayer provided inaccurate or incomplete information prior to entering into the agreement. See IRM 5.14.1.5(2), Installment Agreements, Securing Installment Agreements, for cases involving jeopardy situations.
- (4) An account on which the taxpayer has received Notice CP 523 or Letter 2975 (DO) is commonly referred to as a “defaulted agreement”, but the agreement will not be *terminated* until the expiration of the 30 day period beginning on the date the notice is issued.
- (5) No levies may be issued on tax periods included in agreements for 90 days after mailing Notice CP 523 or Letter 2975 (DO). (See IRM 5.14.1.5 – *Installment Agreements, Securing Installment Agreements, Levy Restrictions and Installment Agreements.*) Note that this 90 day period includes the following timeframes:
 - a. thirty (30) days after a Notice CP 523 is mailed, proposing termination of an agreement. For IDRS monitored agreements, the Notice 523 is mailed when the account status changes from 60 to 64.

Note: Allow an additional 15 days beyond this timeframe for taxpayers to mail appeals of defaulted agreements.

- b. For an additional 30 days after the date of the termination of the agreement.

Note: Although the termination date of record for the agreement is 30 days from the date of the Notice CP 523, allow an additional 15 days beyond this second 30 day period for taxpayers to mail appeals of terminated agreements.)

Note: No levies may be issued on individual shared responsibility payment liabilities under the Affordable Care Act.

- (6) If there is no response from the taxpayer, the account status will change from status 64 to either status 22 or 26. This status change occurs thirteen (13) weeks (or cycles) after mailing Notice CP 523. The 13 cycle period allows for 90 days between the date of the notice and the change to balance due status.
- (7) TC 971 AC 063 remains on tax modules for taxpayers in installment agreement status until 90 days have passed since the mailing of Notice CP 523. The TC 971 AC 063 may not be reversed during this period of time. See IRM 5.14.1.5 *Installment Agreements, Securing Installment Agreements, Levy Restrictions and Installment Agreements*.

Note: If the installment agreement included a backup Form 53, "Report of Currently Not Collectible Taxes", when the installment agreement defaults the 530 code is input, the taxpayer receives Notice CP 523 and the TC 971 AC 163 automatically uploads.

- (8) If installment agreements are not reinstated after they default and the agreements are terminated, then, at the end of 13 cycles, Masterfile generates TC 971 AC 163 to reverse TC 971 AC 063 at the end of 13 cycles. This process is triggered by the status change from 6X to any Master file status other than Status. 26. This means for defaulted IBTF-Express I/As and defaulted DDIA IBTF-Express I/As, request the input of TC971 AC163 through ICS. CCP will request the input of TC971 AC163 on IBTF-I/As and SMO/LLC IBTF-I/As prior to sending the case back to the field after default.
- (9) The systemic upload of TC 971 AC 163 also provides for:
 - a. change in failure to pay penalty rate, if previously reduced, to one-half (0.5) percent;
 - b. removal of the installment agreement indicator; and
 - c. allow systemic levies.

Use TC 972 AC 063 only when TC 971 AC 063 was input in error.

Note: Before 01-01-2000, TC 971 AC 163s were not generated by status changes.

- (10) Notice CP 523 directs taxpayers to reply to a Campus contact that is based on the location of the taxpayer.

5.14.11.5
(01-01-2015)

**Considerations after
Default or Termination,
Including Reinstatement**

- (1) If a revenue officer is contacted in response to a defaulted or terminated installment agreement notice, appropriate action should be taken based on the circumstances of the case. Before reinstating a defaulted or terminated agreement, consider:
 - a. the taxpayer's reason for default or termination.
 - b. the taxpayer's ability to pay (see IRM 5.14.9.2, *Installment Agreements, Routine and Manually Monitored Installment Agreement Dispositions, Independent Review and Appeals*, for managerial approval requirements on defaulted or revised installment agreements);
 - c. the statute expiration date (see IRM 5.14.2, *Installment Agreements, Partial Payment Installment Agreements and the Collection Statute Expiration Date*);
 - d. updating levy sources, address, and telephone numbers;
 - e. a payroll deduction agreement or directdebit installment agreement;
 - f. the necessity of filing or refiling a Notice of Federal Tax Lien (NFTL) (See IRM 5.14.11.6, *Installment Agreements, Defaulted Installment Agreements, Terminated Agreements and Appeals of Proposed Terminations (Defaults), and Terminated Installment Agreements*. and IRM 5.14.1.4.2 *Installment Agreements, Securing Installment Agreements*);
 - g. if the taxpayer is in compliance with estimated tax requirements and/or has adequate withholding;
 - h. if the taxpayer is in compliance with federal tax deposits; and,
 - i. if the taxpayer is in compliance with filing of all required returns due.
- (2) Defaulted or terminated agreements may be reinstated with no managerial approval, and no financial statement analysis only if:
 - a. The agreement is in default or was terminated because of an additional liability and if addition of that new liability will result in no more than two additional monthly payments and the agreement will not extend beyond the Collection Statute Expiration Date (CSED). A lien determination is required for these agreements.
 - b. The agreement meets streamlined criteria and the taxpayer has not defaulted an installment agreement in the 12 months prior to the current default. (See IRM 5.14.5.2, *Installment Agreements, Streamlined, Guaranteed and In-Business Trust Fund Express Installment Agreements*, regarding Streamlined criteria.)
- (3) In all other cases, except those listed in IRM 5.14.11.5(2), financial statement analysis is required to re-evaluate the taxpayer's ability to pay.

Note: If agreements are in default (not yet terminated) they must be reinstated if taxpayers remedy the default (unless there is another reason for default). (See list of reasons for default/termination in IRM 5.14.11.3.)

- (4) If the agreement is in default or was terminated solely due to missed payments under the terms of the agreement, whether or not the taxpayer was given a systemic skipped payment before receiving the CP 523, subsequent skipped payments may be permitted in emergency situations. Managerial approval is required. Do not allow skipped payments if the agreement will not fully pay the taxes before the CSED.

Note: CSED waivers may only be secured with new partial payment installment agreements. Waivers secured with existing installment agreements, including with reinstatements of existing agreements, will not be approved. (See IRM 5.14.2.2(4) and IRM 5.14.9.2(7)).

- (5) If a taxpayer skips more than two payments in a twelve-month period, including the systemic skip, the agreement will be defaulted by CSCO unless the taxpayer provides a new or revised financial statement. Taxpayers need not appear in person for re-evaluation of their financial condition. Re-evaluation may take place by telephone, by FAX, or by other correspondence.
- (6) If routine IDRS research shows that the taxpayer has moved out of the area, use the ICS transfer process to reassign the case to the appropriate location. If contact is made with taxpayers in these situations:
 - a. attempt to secure the taxpayer's telephone number, any new income and asset information and the taxpayer's new address.
 - b. If the taxpayer indicates that her/his financial condition is significantly different, note the file before transferring the case.
 - c. Advise the taxpayer to contact the new office for financial review.
 - d. If the installment agreement has less than twelve months remaining, it should not be transferred unless the taxpayer has requested transfer or the agreement is in default status.
- (7) In the event an agreement or other IDRS action is required, except as noted in IRM 5.14.11.5(9), prepare Form 4844, Request for Terminal Action. The reason for the revision and managerial approval, as required by IRM 5.14.9.2, will be noted in the Remarks Section of Form 4844. Attach new Forms 433-D or 2159 and CIS to the form, if appropriate.

Note: If the agreement is a DDIA, a new Form 433-D, Installment Agreement , signed by the taxpayer and the group manager (if applicable) must be secured and submitted to Compliance Service Collection Operations (CSCO) if the taxpayer changes banks, the taxpayer changes the bank routing number or if the taxpayer changes the bank account number.

Note: If the agreement is a DDIA, a new Form 433-D, signed by the taxpayer and the group manager (if applicable) must be secured and submitted to CSCO if the amount of the monthly payment is increasing from the previous monthly DDIA amount.

- (8) If the taxpayer contacts the area office and the interview determines that the account is currently not collectible, prepare Form 53 and file a Notice of Federal Tax lien, if appropriate (see IRM 5.12.2, Federal Tax Liens, Notice of Lien Determinations, for Lien Filing Requirements.) Secure necessary approval of Form 53 and forward the entire assembly, including a copy of the lien, to CSCO. Explain the required CSCO action in the Remarks Section of Form 4844.
- (9) Correspondence responses received in the area office and requiring CSCO action on the installment agreement will be transmitted to CSCO.

- (10) Revised installment agreements must include any outstanding balance due shared responsibility payment accounts.

5.14.11.6
(01-01-2015)

**Lien Determinations:
Defaulted/Terminated
Installment Agreements**

- (1) Notice of Federal Tax Lien Filing on Periods Covered By Agreement:

Note: A Notice of Federal Tax Lien will not be filed on any individual shared responsibility payment liabilities under the Affordable Care Act.

- a. If, upon approval of an installment agreement the taxpayer is notified that a Notice of Federal Tax Lien has already been filed by seeing that the Service checked the box on Forms 433-D or 2159, Payroll Deduction Agreement, or it is indicated in the case history; will be filed immediately; or will be filed when tax is assessed, then no action is necessary beyond ensuring that the Notice of Federal Tax Lien was filed in the proper jurisdiction.

Note: If the taxpayer moved to a new jurisdiction, a Notice of Federal Tax Lien may be filed in the new jurisdiction immediately (see IRM 5.12.7.3(4) *Federal Tax Liens, Notice of Lien Preparation and Filing*, IRM 5.12.7.3(13), 5.12.7.10(1), and IRM 5.17.2.3.3(4), Legal Reference Guide for Revenue Officers, Federal Tax Liens.

- b. If, upon approval of an installment agreement, the taxpayer was notified (either by checking a box on Form 433-D or Form 2159, or per the case history) that a Notice of Federal Tax Lien “may be filed if this agreement defaults”, then a Notice of Federal Tax Lien may be filed immediately when the CP 523/Letter 2975 is mailed (or given to the taxpayer, or left at the taxpayer’s last known address or place of business.)
- c. If no information regarding filing of the Notice of Federal Tax Lien was provided in the case history, nor on Form 433-D or Form 2159 (no box was checked) and it is determined the government’s interest is at risk, a Notice of Federal Tax Lien may be filed when the CP 523/Letter 2975 is mailed, (given to the taxpayer, or left at the taxpayer’s last known address or place of business. (See IRM 5.12.7.7 for other distinctive filing considerations.)
- d. If no information regarding filing of the Notice of Federal Tax Lien was provided in the case history, nor on Form 433-D or Form 2159 (no box was checked) and collection is in jeopardy, then the Notice of Federal Tax Lien may be filed. (See IRM 5.1.4 Jeopardy, Termination, Quick and Prompt Assessments.)
- e. If no information regarding filing of the Notice of Federal Tax Lien was provided in the case history, nor on Form 433-D or Form 2159 (no box was checked) and collection is not in jeopardy or the government’s interest is not at risk, the Notice of Federal Tax Lien should not normally be filed for 90 days after the date CP 523/Letter 2975(DO) is issued.

- (2) Notice of Federal Tax Lien Filing on Pre-assessed Periods:

If a NFTL will be required on pre-assessed tax period(s), the request for filing must be manually submitted on Form 12636, Request for Filing or Refiling Notice of Federal Tax Lien, to the Centralized Lien Unit (CLU) once the tax is assessed and ten days have passed. CCP will **NOT** hold or process any request for NFTL filing on a pre-assessed period submitted with an installment agreement.

- (3) Documentation:

When filing a Notice of Federal Tax Lien on taxpayers with defaulted or terminated installment agreements, document case histories regarding the lien determination.

- (4) Case Closure - If a Notice of Federal Tax Lien was filed on a period and the 45 days have not passed and the installment agreement is granted:
 - a. if in the judgment of the revenue officer a CDP appeal is likely the case may be kept open until 45 days have passed.
 - b. if it was determined the case should remain open and 30 days pass after filing Notice of Federal Tax Lien and the taxpayer or power of attorney verifies no request was made, close the case without waiting the additional 15 days.
 - c. if the taxpayer does appeal the Notice of Federal Tax Lien, the revenue officer is responsible for processing the taxpayer's appeal in accordance with procedures in IRM 5.1.9 *Field Collecting Procedures, Collection Appeal Rights*.

5.14.11.7
(03-14-2022)
**Appeals of Defaulted
and Terminated
Agreements**

- (1) Taxpayers may request a Collection Appeals Program (CAP) hearing with Appeals for both:
 - proposed terminations (also known as “defaults”) of installment agreements and
 - actual terminations of installment agreements.

The right to this type of appeal is provided in Notice CP 523 and Letter 2975(DO). Taxpayers who request an appeal will follow the instructions in IRM 5.1.9.4.2, “Request for a CAP Appeal.” No levy action may be taken on the periods included in the agreement, during the time period when taxpayers may appeal defaulted and terminated agreements. See IRM 5.1.9.4, Collection Appeal Rights, and IRM 5.14.9.8 on the “Collection Appeals Program.”

- (2) The right to appeal a termination of an installment agreement is provided by law. Therefore, the taxpayer has 30 days from the date of proposed termination (default) of the installment agreement (Letter 2975(DO)/CP 523) to submit Form 9423, “Collection Appeal Request.” Once the agreement is terminated, the taxpayer has an additional 30 days to submit Form 9423, “Collection Appeal Request.” If a CAP hearing is requested prior to termination, the taxpayer may not appeal the decision again once the termination takes effect. Also, 15 days is allowed for each Form 9423 submission for mailing time.
- (3) Taxpayers need to be advised of the requirements and timeframes for requesting CAP hearings for defaults or terminations.

