



**INTERNAL
REVENUE
SERVICE**

**PRIVATE COLLECTION
AGENCY (PCA)
POLICY AND PROCEDURES GUIDE**

July 1, 2008

THE GUIDE INCORPORATES ALERTS 08-001 AND 08-003

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Department of the Treasury
Internal Revenue Service

www.irs.gov

Publication 4708 (8-2008)
Catalog Number 51836A

TABLE OF CONTENTS

1. INTRODUCTION.....	- 6 -
2. TRAINING OF PCA EMPLOYEES.....	- 6 -
3. DATA SECURITY.....	- 7 -
3.1. PROTECTION REQUIRED FOR TAX INFORMATION	- 7 -
3.2. DESTRUCTION OF TAX INFORMATION	- 7 -
3.2.1. <i>Methods of Destruction</i>	- 7 -
3.2.2. <i>Timing of Destruction</i>	- 8 -
3.3. “OFFICIAL USE ONLY” INFORMATION.....	- 9 -
4. INVENTORY MANAGEMENT	- 9 -
4.1. INVENTORY CONTACTS	- 10 -
4.2. BALANCING INVENTORY	- 10 -
4.3. DEAD CYCLES	- 10 -
4.4. MAINTAINING THE TAXPAYERS ACCOUNT	- 11 -
4.5. FILE/CASE RETENTION	- 12 -
5. CONTACT LETTERS	- 13 -
5.1. DUAL NOTICES.....	- 13 -
5.2. MULTIPLE TAX PERIODS	- 14 -
5.3. INITIAL CONTACT LETTERS	- 14 -
5.3.1. <i>Initial Contact Letter/Certified Mail Requirement</i>	- 15 -
5.3.2. <i>Letter Reconciliation Requirement</i>	- 16 -
5.4. IA LETTER.....	- 17 -
5.4.1. <i>IA Acceptance Letter</i>	- 18 -
5.4.2. <i>Monthly IA Reminder</i>	- 19 -
5.4.3. <i>IA Default Letter</i>	- 19 -
5.5. RECALL LETTER SPECIFICATIONS	- 19 -
6. TAXPAYER RIGHTS	- 19 -
6.1. UNAUTHORIZED DISCLOSURES/ACCESSES	- 20 -
6.2. LOCATING TAXPAYERS	- 21 -
6.3. TELEPHONE CONTACT WITH TAXPAYERS.....	- 21 -
6.3.1. <i>Securing Telephone Numbers</i>	- 22 -
6.3.2. <i>Providing Updated Telephone Numbers</i>	- 22 -
6.3.3. <i>Answering Machines</i>	- 23 -
6.3.4. <i>Cordless Devices</i>	- 23 -
6.3.5. <i>Interpretive Service</i>	- 24 -
6.3.6. <i>Prohibited Telephone Contact Issues</i>	- 24 -
6.3.7. <i>Requirements during Telephone Contact</i>	- 26 -
6.3.8. <i>False Names or Pseudonyms</i>	- 26 -
6.3.9. <i>Telephone Scripts</i>	- 26 -
6.3.10. <i>Known Persons to the PCA Representative</i>	- 27 -
6.3.11. <i>Taxpayer Satisfaction Survey</i>	- 27 -
6.4. TAXPAYER AUTHENTICATION	- 28 -
6.4.1. <i>Required Authentication Probes</i>	- 29 -
6.4.2. <i>Additional Authentication Probe</i>	- 29 -
6.5. INFORMATION REQUEST.....	- 30 -
6.6. THIRD PARTY AUTHORIZATIONS AND CONTACTS	- 30 -
6.6.1. <i>Third Party Authorization Levels</i>	- 31 -
6.6.2. <i>Power of Attorney (POA)</i>	- 32 -
6.6.3. <i>Tax Information Authorization (TIA)</i>	- 35 -
6.6.4. <i>Third Party Contacts</i>	- 36 -
6.7. TAXPAYER NEW ADDRESS	- 38 -
6.7.1. <i>Written Taxpayer Address Correction Request</i>	- 39 -
6.7.2. <i>Oral Taxpayer Address Correction Request</i>	- 39 -

7	CORRESPONDENCE.....	- 40 -
7.1	FREEDOM OF INFORMATION ACT (FOIA) OR THE PRIVACY ACT.....	- 41 -
7.2	LAWSUITS	- 41 -
7.3	MISDIRECTED PAYMENTS.....	- 41 -
7.4	MISDIRECTED TAX RETURNS	- 41 -
7.5	SUSPICIOUS PACKAGES AND LETTERS.....	- 41 -
8	PAYMENTS	- 42 -
8.1	ACCOUNT PAYOFF INFORMATION	- 42 -
8.2	PAYMENT METHODS	- 43 -
8.2.1	<i>Payments Made by Mail.....</i>	- 43 -
8.2.2	<i>Payments Made via EFTPS.....</i>	- 43 -
8.2.3	<i>Payments made by Credit Cards.....</i>	- 44 -
8.2.4	<i>Payment at a Taxpayer Assistance Center.....</i>	- 44 -
8.3	MISDIRECTED PAYMENTS.....	- 45 -
8.3.1	<i>Cash Received by the PCA.....</i>	- 45 -
8.3.2	<i>Reporting and Sending Payments to IRS.....</i>	- 46 -
8.4	THEFTS – LOSSES AND SHORTAGES.....	- 46 -
9	COLLECTION STATUTE EXPIRATION DATE (CSED)	- 47 -
10	EXTENSION OF TIME TO PAY	- 47 -
10.1	REFUND OFFSETS	- 48 -
11	SECURING AN INSTALLMENT AGREEMENT (IA)	- 48 -
11.1	IA REQUIREMENTS	- 49 -
11.2	FULL COMPLIANCE.....	- 50 -
11.2.1	<i>Returns to be Filed Per PCA Request.....</i>	- 51 -
11.3	INSTALLMENT AGREEMENTS WITH EQUAL PAYMENTS	- 52 -
11.4	INSTALLMENT AGREEMENTS WITH VARIED PAYMENTS	- 53 -
11.5	PENDING IAS	- 53 -
11.6	IAS FOR SEPARATED OR DIVORCED TAXPAYERS	- 54 -
11.7	IAS MULTIPLE TAX PERIODS / SEPARATED OR DIVORCED TAXPAYERS	- 54 -
11.8	PCA IA ACCEPTANCE CRITERIA	- 55 -
11.9	IA BEYOND PCA AUTHORITY	- 56 -
11.9.1	<i>Collection Information Statement</i>	- 58 -
11.9.2	<i>Financial Statement Discussion Items</i>	- 59 -
11.9.3	<i>Financial Substantiation and Allowable Expenses.....</i>	- 59 -
11.10	ITEMS THAT THE PCA MUST COVER WITH THE TAXPAYER.....	- 60 -
11.11	PAYROLL DEDUCTION IA.....	- 61 -
11.12	IA USER FEES.....	- 61 -
11.12.1	<i>Reduced User Fee for Low Income Taxpayers</i>	- 62 -
11.13	MONITORING IAS	- 63 -
11.13.1	<i>Retention of IA Accounts.....</i>	- 63 -
11.13.2	<i>Defaulted IAs.....</i>	- 63 -
11.13.2.1	<i>Missed Payments</i>	- 63 -
11.13.2.2	<i>New Balance Due Modules</i>	- 64 -
11.13.2.3	<i>Issuing IA Default Letter</i>	- 65 -
11.13.2.4	<i>Appeal of Defaulted IA.....</i>	- 65 -
11.13.2.5	<i>Terminated IAs</i>	- 66 -
11.13.3	<i>Revise/Reinstatement of IA.....</i>	- 66 -
11.14	IA ANNUAL STATEMENT.....	- 67 -
12	ACCOUNTS REQUIRING SPECIAL PROCESSING.....	- 68 -
12.1	IRS EMPLOYEE.....	- 68 -
12.2	OFFER IN COMPROMISE (OIC).....	- 68 -
12.3	TAXPAYER ASSETS LOCATED.....	- 69 -
12.4	CURRENTLY NOT COLLECTIBLE (CNC) – UNABLE TO PAY	- 69 -

12.5	INCARCERATED TAXPAYER.....	- 70 -
12.6	DECEASED TAXPAYER.....	- 70 -
12.7	BANKRUPTCY	- 71 -
12.8	IDENTITY THEFT.....	- 72 -
12.9	AUTOMATED LEVY PROGRAMS.....	- 73 -
12.9.1	<i>Alaska Permanent Fund Dividend Levy Program (AKPFD)</i>	- 74 -
12.9.2	<i>Federal Payment Levy Program (FPLP)</i>	- 74 -
12.9.3	<i>State Income Tax Levy Program (SITLP)</i>	- 75 -
12.10	DISASTER/EMERGENCY.....	- 75 -
12.10.1	<i>Where to find Disaster/Emergency Relief Information</i>	- 76 -
12.10.2	<i>What to do when Contacted by a Taxpayer in a Disaster/Emergency Area</i>	- 76 -
12.11	THREATS	- 78 -
12.12	JOINT AND SEVERAL LIABILITY.....	- 79 -
12.13	INNOCENT SPOUSE RELIEF	- 79 -
12.14	TAXPAYER CHOOSES NOT TO WORK WITH PCA	- 80 -
12.15	TAXPAYER DISPUTES	- 81 -
12.16	CONGRESSIONAL INQUIRIES	- 82 -
12.17	COMBAT ZONE	- 82 -
12.18	MILITARY DEFERMENT	- 84 -
12.19	CASES WITH NOMINAL BALANCE DUES	- 86 -
12.20	ACCOUNTS WITH “MINOR” AS PART OF NAME LINE	- 86 -
13	PROVIDING INFORMATION BY FAX	- 86 -
13.1	FAXING OF FORM 4442 AND OTHER CASE INFORMATION TO THE RU	- 87 -
14	RECALL AND RETURN OF ACCOUNTS.....	- 87 -
14.1	RECALL AND RECALL ACKNOWLEDGEMENT.....	- 88 -
14.2	RETURN OF CASE	- 89 -
14.3	TEMPORAL RECALLS.....	- 89 -
14.3.1	<i>PCA Temporal Recall Acknowledgement</i>	- 90 -
14.3.1.1	<i>PCA Recall Acknowledgement Report Format</i>	- 90 -
14.3.2	<i>PCA Temporal Case Information Transfer</i>	- 91 -
14.4	SIX MONTH RULE.....	- 92 -
14.5	TWELVE MONTH RULE.....	- 92 -
14.6	CLOSE OUT OF CONTRACT.....	- 93 -
15	TAXPAYER ADVOCATE SERVICE (TAS) PROCEDURES	- 93 -
15.1	BACKGROUND AND AUTHORITY	- 93 -
15.2	NOTIFICATION REQUIREMENTS OF PRIVATE COLLECTION AGENCIES (PCA)	- 93 -
15.2.1	<i>Initial Taxpayer Contact</i>	- 93 -
15.2.2	<i>Additional Notification Opportunities</i>	- 94 -
15.2.3	<i>Content of Notice</i>	- 94 -
15.3	PROCEDURES FOR REFERRING ACCOUNTS	- 94 -
15.3.1	<i>Methods for Taxpayers to Request TAS Assistance</i>	- 94 -
15.3.2	<i>Required Referral Actions</i>	- 94 -
15.3.3	<i>Case Reconciliation</i>	- 95 -
15.4	CRITERIA FOR REFERRING AN ACCOUNT.....	- 95 -
15.5	SUBSEQUENT ACTIONS ON CASES REFERRED TO TAS.....	- 96 -
16	COMPLAINT PROCESS	- 96 -
16.1	PCA REQUIREMENTS.....	- 97 -
16.2	TYPES OF COMPLAINTS	- 97 -
16.3	IRS RESPONSE.....	- 98 -
17	PRODUCTION REPORTS.....	- 98 -
17.1	WEEKLY ANALYTICAL REPORTS.....	- 98 -
17.2	TELEPHONE REPORTS.....	- 99 -
17.2.1	<i>Out Bound Telephone Reports</i>	- 99 -

17.2.2	<i>In Bound Telephone Reports</i>	- 99 -
17.3	PROJECT STAFF ROSTER.....	- 100 -
17.3.1	<i>Staffing Levels</i>	- 100 -
17.3.2	<i>Weekly Active Employee Roster</i>	- 100 -
17.3.3	<i>Separation Roster</i>	- 100 -
17.4	MONTHLY INVOICE.....	- 100 -
18	PCA REVIEWS	- 101 -
18.1	TELEPHONE REVIEWS.....	- 102 -
18.2	CASE ACTION REVIEWS.....	- 102 -
	EXHIBITS	- 103 -
	EXHIBIT A – CONTACT LIST	- 104 -
	EXHIBIT B – TIMEFRAME SUMMARY	- 106 -
	EXHIBIT C - FORM 4287 RECORD OF DISCOVERED REMITTANCES	- 109 -
	EXHIBIT D - FORM 3244 PAYMENT POSTING VOUCHER	- 109 -
	EXHIBIT D - FORM 3244 PAYMENT POSTING VOUCHER	- 110 -
	EXHIBIT E - FORM 4442 INQUIRY REFERRAL FORM	- 111 -
	EXHIBIT F – FORM 433-F COLLECTION INFORMATION STATEMENT (CONTINUED)	- 114 -
	EXHIBIT F – FORM 433-F COLLECTION INFORMATION STATEMENT (CONTINUED)	- 115 -
	EXHIBIT G- PCA IA REQUESTS	- 117 -
	EXHIBIT H—REVIEW ATTRIBUTES	- 118 -
	EXHIBIT I—REPORT FORMATS	- 123 -
	EXHIBIT J – 2008 POSTING CYCLES	- 129 -
	EXHIBIT K – COMPLAINT ACTIVITY REPORT	- 130 -
	EXHIBIT L – FORM 911 TAXPAYER ADVOCATE ORDER	- 132 -
	EXHIBIT M – SAMPLE TELEPHONE SCRIPT AND CONTACT CHECKLIST	- 135 -
	EXHIBIT N – SAMPLE TRANSMITTAL FORM 3210	- 137 -
	EXHIBIT O – CAF AUTHORITY LEVELS	- 141 -
	EXHIBIT P – FORM 13844	- 142 -
	EXHIBIT Q - WEEKLY LETTER RECONCILIATION BREAKDOWN	- 143 -
	EXHIBIT R – ADDITIONAL INFORMATION ON ADDRESSING DELINQUENT TAX RETURNS	- 144 -
	EXHIBIT S – CD PREPARATION	- 147 -

ADDENDUMS

Addendum 1 - Acronyms, Abbreviations and Definitions

Addendum 2 - Security, Disclosure and Privacy Policy and Procedures Guide

1. INTRODUCTION

The United States Department of the Treasury, Internal Revenue Service (IRS) received the authority to enter into contracts with private collection agencies (PCAs) to pursue delinquent taxes with the passage of the American Jobs Creation Act in October 2004. Internal Revenue Code (IRC) Section (§) 6306 authorizes the IRS to enter into a qualified tax collection contract, which is any contract for the services of any person to:

- ▶ Locate and contact any taxpayer specified by the Secretary
- ▶ Request full payment from such taxpayer of an amount of federal tax specified by the Secretary, and if such request cannot be met by the taxpayer, to offer the taxpayer an installment agreement (IA) providing for full payment of such amount during a period not to exceed 5 years
- ▶ Obtain financial information specified by the Secretary with respect to such taxpayer.

The IRS is providing the PCA with this *Private Collection Agency Policy and Procedures Guide* in compliance with the IRS contract.

Note: The IRS response timeframes outlined in this guide are guidelines and should ordinarily be followed by the Service when responding to the PCA.

2. TRAINING OF PCA EMPLOYEES

PCA officers and employees who need access to federal tax information must comply with confidentiality, privacy, and safeguards procedures and instructions. Training on confidentiality, privacy, and safeguards will be provided to all employees who have access to return information. This training must be provided prior to any employee working with actual taxpayer data and then annually during the project lifecycle. This training includes the following topics:

- ▶ Taxpayer rights
- ▶ Unauthorized access of taxpayer information (UNAX)
- ▶ The Privacy Act
- ▶ The Fair Debt Collection Practices Act
- ▶ Security
- ▶ Disclosure
- ▶ Taxpayer Advocate Service

Training will also include:

- ▶ All applicable aspects of § 1203 of the IRS' Restructuring and Reform Act of 1998.
- ▶ The PCAs standard operating procedures, applicable laws and regulations, IRS policies, and the *Private Collection Agency Policy and Procedures Guide* issued by the IRS.
- ▶ Operational procedures, laws, or regulations as they are modified or updated. (Note: The PCA will provide updates to the user training manual when system changes are made.)

- ▶ The role of Taxpayer Advocate Service (TAS) including an overview and its statutory obligation to advocate on behalf of taxpayers, and its authority to issue Taxpayer Assistance Orders. Additionally, all PCAs employees must be trained by TAS on statutory and procedural rights of taxpayers when dealing with various tax administration issues, including the collection of tax.
- ▶ Guidance regarding the training of subcontractors is documented in the Statement of Work (SOW). Training plans for subcontractors should be included in the operational plan submitted to the IRS for approval.

3. DATA SECURITY

Federal tax returns and return information are extremely sensitive and must be treated in a secure manner.

3.1. Protection Required for Tax Information

The PCA work space and the electronic systems that store taxpayer data, must meet security standards outlined in the IRS contract and provided during training.

Access to federal tax information must be restricted to only those employees with duties that require access to that specific information. Laws prohibiting IRS employees from “browsing” accounts not being worked by that employee or making unauthorized disclosures also apply to PCA employees.

To comply with the required protections for tax information, the PCA must:

- ▶ Ensure access to federal tax information is restricted to only those persons whose official duties or responsibilities require access.
- ▶ Protect sensitive taxpayer data in a manner consistent with IRS guidelines for data security.
- ▶ Ensure the privacy of taxpayer data and taxpayer data systems.

3.2. Destruction of Tax Information

The confidentiality of tax information must be protected. This protection extends to any copies as well as any “spoiled” printed output. When tax information is no longer needed or spoiled material must be disposed of, the material must be either provided to the IRS or destroyed in the secure manner specified in the IRS contract. Federal tax data must never be disclosed during disposal. Material requiring secure disposition includes both materials supplied by the IRS to the PCA and PCA generated material such as extra copies, photo impressions, computer printouts, carbon paper, notes, and work papers.

3.2.1. Methods of Destruction

Non-electronic documents must be destroyed by burning, mulching, pulping, shredding, or disintegrating to standards specified in the IRS contract.

After it has served its purpose, magnetic tape containing federal tax data must not be made available for reuse by other PCA offices or released for destruction without first being subjected to electromagnetic erasing. When reuse is not intended, the tape must be electromagnetically erased and destroyed by cutting into 18 inches or less or by burning it until it is completely incinerated.

Whenever disk media leaves the physical or systemic control of the PCA for maintenance, exchange, or servicing, any federal tax data on it must be destroyed by:

- ▶ Completely overwriting all data tracks a minimum of three times, using maximum current that will not damage or impair the recording equipment: or
- ▶ Running a magnetic strip, of sufficient length to reach all areas of the disk, over and under each surface a minimum of three times.

When the information cannot be destroyed by one of the methods indicated directly above, the disk will be damaged in an obvious manner to prevent use in any disk drive unit and discarded.

3.2.2. Timing of Destruction

The PCA must, according to federal and/or state laws, destroy or dispose of any records containing personally identifiable information which are not returned to the IRS Contracting Officer's Technical Representative (COTR) two years after the expiration of the contract. These records must be destroyed or disposed of in a way that prevents any unauthorized disclosure.

The PCA shall ensure that any spoilage or any intermediate hard copy printout, which may result during the processing of IRS data, shall be given to the IRS Contracting Officer or his/her designee. When it is not possible to provide spoilage or intermediate hard copy print out to the IRS COTR, the PCA is responsible for the destruction of these materials.

The spoilage or intermediate output must be destroyed as soon as practical, but no less frequently than weekly. The guideline for destruction of FTI on a no less frequent than weekly schedule must be adhered to at any and all locations where FTI is generated under the contract. By Wednesday of the week following FTI destruction at the PCA location, a statement will be provided to the COTR citing the date of destruction; name address and phone of the vendor who performed the destruction; name and title of vendor employee(s) who performed the destruction; name and title of the PCA employee who witnessed the destruction; full description of material destroyed, e.g. 10 lbs of paper, 5 CDs; and the method used for the types of material destroyed. If there is disclosure of any FTI during the destruction process, it must be immediately reported to the COTR and reported as a Type III Complaint. Any lapses in adhering to the weekly destruction schedule must be reported on and explained in the statement. **See Exhibit I.9 FTI Destruction Report.**

3.3. “Official Use Only” Information

Any IRS information made available, or to which access is provided, and that is marked or should be marked “Official Use Only”, must be used only for the purpose of carrying out the provisions of the contract and must not be divulged or made known in any manner to any person except as may be necessary in the performance of the contract.

Disclosure to anyone other than an officer or employee of the PCA requires prior written approval of the IRS. Requests for disclosure should be addressed to the COTR.

At the request of the IRS or at the time of contract expiration, any and all IRS “Official Use Only” and other proprietary information supplied to the PCA under the contract must be returned or destroyed per **Section 3.2 Destruction of Tax Information** above.

4. INVENTORY MANAGEMENT

The IRS will electronically transfer accounts to the PCA in a manner that ensures the confidentiality of taxpayer data. The accounts referred will be for individual balance due accounts.

These balance due accounts resulted either from voluntarily filed tax returns or from an IRS compliance related assessment where the taxpayer has demonstrated some agreement with the assessment. For example, IRS completes a compliance assessment when the taxpayer has not filed an individual return. The tax, penalty, and interest due is computed and assessed based on information submitted by payers combined with other internally available information. Another type of compliance assessment is an adjustment of the taxes and penalties based upon an audit of a taxpayer’s filed return.

The data provided for these accounts will include, at a minimum, the taxpayer’s name(s), Social Security Number (SSN), last known address(es) per IRS records, primary taxpayer’s date of birth (DOB) (if available), collection statute expiration date (CSED), tax period, secondary SSN (if applicable), power of attorney (POA) information, and account balance. The balances due will be comprised of combinations of assessed tax, penalties, interest and fees owed to the IRS.

Additional files provided to the PCA include the Address of Record (AOR) and Power of Attorney File (POA). The AOR file will be supplied for an account if the primary taxpayer has at least one tax period with a secondary SSN present. The AOR file will reflect the address of record for both taxpayers when applicable. Two address of record (AOR/ARF) are created each week. One file (AOR) contains new AOR records associated with weekly inventory processing, as well as updates for the primary taxpayer. The second file (ARF) contains changes for secondary taxpayers identified by a refresh process. Two POA files (POA/PRF) are created each week. The POA file will contain Power of Attorney (POA) and Taxpayer Information Authorization (TIA) information for new modules in the associated Inventory file/Transaction file. Existing

modules will receive a weekly refresh (PRF), which will identify any changes that have been made to the authorized representative information.

4.1. Inventory Contacts

For most inventory issues, the PCA will work directly with the IRS Referral Unit (RU) employees in either the Kansas City or Philadelphia campus. The appropriate RU contact location is determined by the taxpayer's state of residence from the last known address provided by the IRS at the time the account is assigned to the PCA (see **Exhibit A – Contact List**).

Note: The designated RU will **not** change with subsequent address updates.

In some instances, the PCA will work directly with the IRS Oversight Unit (OU) for specific procedures as detailed in the PCA Policy and Procedures Guide. An IRS COTR will be assigned to work with the PCA on contract issues and procedures.

The IRS COTR must be provided with an updated list of all PCA employees, including the employee identification numbers, working on the IRS Private Debt Collection (PDC) program. The PCA must continually update this list as employees are hired, removed or terminated. The COTR will keep historical records of this list indefinitely. The RU will validate the identity of all PCA employees from this list before discussing any taxpayer data. When the RU cannot validate a PCA employee, the PCA employee must notify their manager to ensure the employee list is updated.

4.2. Balancing Inventory

The PCA's assigned inventory will change as new cases are distributed and previously provided cases are recalled or returned. To maintain accurate inventory records, the PCA should balance the expected volumes that they receive on the file updates with the information that is loaded into their systems. Each PCA is required to provide production reports that will be used to reconcile IRS records. See **Section 17.1 Weekly Analytical Reports** for the information that is required for inventory balancing. When discrepancies between the PCA records and IRS inventory volumes are found, they must be reported to the COTR.

4.3. Dead Cycles

IRS processing is based on weekly cycles. An example of a cycle chart can be found in **Exhibit J – 2008 Posting Cycles**. During the first three cycles of each calendar year, the IRS does not "post" updated account information to reflect any changes (i.e., payments, adjustments, etc.) to the taxpayer's account. This time period is known as dead cycles. For this three week period, no new cases will be assigned to the PCA; however, the PCAs will continue to receive daily files Thursday through Sunday. The daily files transferred will continue to reflect "pending" transactions. Pending data has yet to pass the IRS validity checks, but may be useful in identifying next steps on the

taxpayer's account. Any pending data during this three week period that is validated will post in week four.

The updates during the dead cycles should not be used to balance PCA records. PCAs may process existing cases normally during the dead cycles; however, the balance due will not be updated during the dead cycles. Contact the RU for direction if there are any account related issues (i.e., payoff amount) that appear to be the result of no updates.

Note: The PCAs will be provided with information each year about the impact of the impending dead cycles.

4.4. Maintaining the Taxpayers Account

When case assignments involve multiple tax periods for one account, this guide will refer to either the "entity" or "tax periods". The "entity" is defined as the primary TIN and all associated Master File Tax (MFT) and tax periods. When this guide refers to a "tax period" it is defined as a specific tax year and month, such as 200412.

The PCA must maintain a separate case history in the PCA's system for each entity worked. The case history must be maintained in chronological order and be used to record all significant actions (oral and written contacts with taxpayers, third parties, etc...), collection activity, and information gathered on the account. General comments maintained on an entity will apply to all tax periods. History items which apply only to a specific MFT and tax period must be clearly documented to allow a reader to understand that only a certain MFT and tax period is involved. Specific actions that must be recorded include:

- ▶ The basis for accepting an installment agreement (IA) (e.g. taxpayer stated that they could not pay in full, financial information collected, etc)
- ▶ **That the taxpayer was notified of an installment agreement user fee**
- ▶ All verbal or written contacts with taxpayers

The PCA must record and maintain the case history so it can be produced when requested by IRS. In addition, the PCA must retain and maintain correspondence received concerning the account. This correspondence must be maintained so it can be readily located and produced whenever requested by the IRS.

The PCA will receive the name line data for each module as contained in IRS records. The current name line may be for one taxpayer (primary) or two taxpayers (primary and secondary). For accounts with a secondary taxpayer, the AOR file will provide both the primary and secondary taxpayer name and address.

When inventory is passed to the PCAs from the IRS, the name control of the entity, which is the first four letters of a taxpayer's last name, is passed to the PCAs as well as the module name line.

In rare instances, the name control passed to the PCAs may not match the module name line passed (the surname on the name line). This might occur if a woman changes her last name upon marriage or divorce. A mismatch of these two items may cause confusion with the authentication process. To ensure accuracy, if there is a discrepancy between the name control and the module name line, the PCA should contact the RU to confirm the current entity name line before making contact with the taxpayer.

Note: The scan line on the payment voucher must match the entity name control passed to the PCAs.

In some instances, interest is restricted from being calculated on the IRS system and the Aggregate Accrued Interest field in the File Data Record will be all zeros. In this instance, the PCA must contact the RU for assistance in calculating pay-off amounts.

The PCAs should contact the RU if accounts appear to be missing information or if account updates appear incomplete. The PCA should hold collection action on the account until additional account verification is received from the RU.

4.5. File/Case Retention

The PCA must receive and maintain account information and correspondence at the PCA's site for the duration of the contract and for a period of two years after expiration. Imaged documents must be properly secured at all times and accessible for reproduction during the life of the contract and for two years after expiration. The retained material must be disposed of per **Section 3.2 Destruction of Tax Information** above.

The guidelines for retention of PCA collection work, reports (electronic or paper) and case related material are outlined in the various Procedural and Policy Guides already established for the various reporting units for all PCA cases. However, due to the unique nature of this project, oversight will be ongoing and the need for historical data is paramount. In order to maintain the integrity of the work and work processes, all casework and reports must be maintained.

Until such time that the retention guidelines are revised, all reports and Task Order related material will be maintained for historical purposes, for a minimum of one year, regardless of any destruction instructions in the various procedural or policy guides already established.

Note: This also includes any and all voice call recordings made and retained as part of the contract.

5. CONTACT LETTERS

All PCA letters will be submitted to the IRS COTR for approval prior to use, including any IA letters. Once approved, any proposed changes must be submitted to the IRS COTR for additional approval a minimum of 30 days prior to the planned use.

Caution: PCA letters must not imply the PCA is the IRS or a federal entity.

Manually generated letters whose templates are provided for approval by the COTR must prominently contain locations for the name, telephone number, and unique identifying number of the PCA employee responsible for the letter and whom the taxpayer should contact about the letter.

The following general requirements will apply to all PCA generated letters unless otherwise noted.

5.1. Dual Notices

A letter must be generated for each taxpayer when both "TIN" and "Secondary SSN" are present on the Inventory/Transaction file as defined below (see Installment Agreement section below for special handling):

- ▶ Letters should be addressed to the individual taxpayer by name.
- ▶ A POA should be provided a copy when applicable for that TIN, MFT and tax period.
- ▶ The appropriate address should be used for each taxpayer (in some instances the addresses of the primary and the secondary are the same).
- ▶ The Primary TIN should be used on the letter and the voucher. This includes the scan line.
- ▶ The individual taxpayer's name will be passed on the AOR file as field "Person Name" with that taxpayer's address of record as follows:
 - When the field "Primary TIN" and "TIN" are the same, the field "Person Name" is the primary taxpayer's name and address;
 - When the field "Primary TIN" and "TIN" are different, the field "Person Name" is the secondary taxpayer's name and address.

Exception: Whenever a secondary SSN is present and NO corresponding AOR record is received for the secondary taxpayer, both letters should be addressed using the default "Name Line 1" and address from the Inventory/Transaction File. (See special rules for Multiple Tax Periods.)

- ▶ On joint accounts a line should be added to the letter that references the Joint Account name. This line should be displayed within or before the introduction. (This does not apply when the above Exception rule is used.) The Joint Account name is passed on the Inventory/Transaction File as field "Name Line 1".

Example: John Doe

For account of: John and Mary Doe

5.2. Multiple Tax Periods

Entities will be assigned where the taxpayer(s) has a balance due on several tax periods. PCAs can choose to use a cover sheet with separate pages for each MFT and tax period and insert them all into one envelope. The cover sheet should always be addressed to the individual taxpayer as defined in the **Dual Notices** section above.

Example

Primary TIN	Secondary SSN	MFT	Tax Period	Primary Notice	Secondary Notice
111-11-1111	222-22-2222	30	200412	Cover with 2001, 2002, 2003 and 2004 enclosed	Cover with 200312 and 200412 enclosed
111-11-1111	222-22-2222	30	200312		
111-11-1111	333-33-3333	30	200212		200212 letter
111-11-1111		30	200112		N/A
222-22-2222		30	199812	Cover with 199812 and 199912 enclosed	N/A
222-22-2222		30	199912		N/A

NOTE: Copies to a representative should be mailed separately for each MFT and tax period as appropriate.

5.3 Initial Contact Letters

The PCA must mail an IRS approved initial contact letter no sooner than the Thursday of the week following case receipt, but no later than ten calendar days after case receipt, unless notified otherwise or collection is required to be suspended. Example: A PCA receives the IRS inventory file on Thursday, June 7. The PCA may send the initial contact letter on the *following* Thursday, June 14, to allow the taxpayer time to receive the IRS letter. When cases are released from suspense, the initial contact letter must be mailed within ten calendar days from release.

Include the following information in the initial contact letter:

- ▶ The taxpayer(s) account has been placed with a PCA who is a contractor to the IRS
- ▶ The PCA's toll-free number and mailing address for the taxpayer to contact the PCA
- ▶ The balance due provided by the IRS, including interest and penalties
- ▶ A detachable, scannable payment coupon in the format provided by the IRS which includes the IRS address for payments

When the PCA locates the taxpayer(s) at an address other than the last known address provided by the IRS, the PCA must reissue the initial contact letter(s) within one business day of finding a validated new address (see **Section 6.7 Taxpayer New Address**). The PCA is not required to reissue the initial contact letter if the taxpayer indicates receipt of the original initial contact letter. When notices are reissued, the PCA must ensure that the taxpayer is notified either verbally or in writing of the existence of the Taxpayer Advocate Service (TAS). The PCA should include the method of notification and the date that the taxpayer was notified of the existence of TAS in the case history.

If a PCA receives a new entity or module during weekly assignment and then receives a recall transaction for the same entity or module prior to the issuance of the initial contact letter, the PCA should not send out an initial contact letter. The PCA must follow the instructions in Section 5.5, Recall Letter Specifications, and send a recall letter to the taxpayer.

Note: As stated in Section 5.5, accounts with a zero balance do not require a recall letter.

5.3.1. Initial Contact Letter/Certified Mail Requirement

In the event a taxpayer or authorized representative indicates that they have not received the initial contact letter **and** also refuses to authenticate with the PCA, a second initial contact letter must be sent via certified mail. The PCA will keep the receipt portion of the certified mail sent to the taxpayer or authorized representative who refuses to authenticate.

Additional guidance on this process:

If	Then
The account is for a joint liability	The requirement to send a second initial contact letter only applies to the taxpayer that refused to authenticate.
There is an indication on the PDC system that the original initial contact letter, sent to the taxpayer refusing to authenticate, was returned as undeliverable	Second initial contact letter is not required unless an updated address has been provided to the PCA, by the IRS.
The 2nd initial contact letter is being sent to the taxpayer and an authorized representative is entitled to receive notices	<ol style="list-style-type: none"> 1. A second initial contact letter must be sent to the authorized representative. 2. This letter does not have to be sent certified mail.
The rare instance where it is the authorized representative that refuses to authenticate	<ol style="list-style-type: none"> 1. The second initial contact letter sent to the authorized representative must be sent certified mail. 2. The second initial contact letter sent to the taxpayer does not have to be sent certified mail.

- IRS Publication 4518 must be included with each certified letter sent to the taxpayer or authorized representative.
- The PCA is not required to send more than one certified letter to the taxpayer when the PCA attempts to authenticate with that same taxpayer (after the certified letter has been sent) and he/she still refuses to authenticate.

Do not count the second initial contact letter when completing the Letter Reconciliation as described in Section 5.3.2.

5.3.2. Letter Reconciliation Requirement

PCAs must document the volumes of initial contact letters generated on a weekly basis for new records by filling out the Excel spreadsheet (**see Exhibit Q Weekly Letter Reconciliation Breakdown**). The spreadsheet balances the data from the IRS files that are sent to the PCAs with the PCAs initial contact letter volumes to taxpayer/POAs. The difference should be those modules which have been recalled by IRS or removed by the PCA for various reasons.

The weekly files to the PCAs contain the following data which will be used to complete the Excel spreadsheet: total new records with primary information, total new records with secondary information, and total new records with CAF information. PCAs have all the information needed to fill out the Excel spreadsheet. The total of these represent the number of initial contact letters expected to be sent by the PCAs (column D13 on spreadsheet). It also represents the volume issued by the IRS.

Under the category of PCA letters removed (recalls), there are also four categories that will reduce the number of letters the PCAs will be required to send to taxpayers/POAs. These four categories include –

- ▶ Systemic recalls from the daily file (level H and level R recalls),
- ▶ RU faxed recalls prior to mailing (faxes from the RU indicating files initially sent by IRS should now be recalled and will not require PCA initial contact letters since IRS will be asking PCAs to send case back for certain reason(s)),
- ▶ PCA freezes (files that the PCA has determined will be sent back to IRS and will not require PCA to send out initial contact letter; Example – PCA gets a call from the taxpayer before PCA has sent out their initial contact letter indicating that they would like to opt out of the PCA process), and
- ▶ Other types of recalls – cases with extenuating circumstances that do not fall into the three categories above but are determined by the PCA to not need an initial contact letter. If any are shown in category 4, the PCA must explain at the bottom of the spreadsheet the reason for this type of recall. The total of these four categories will comprise the total PCA recalls (D22 on spreadsheet).

The total number of initial contact letters expected (column D13) minus total PCA recalls (column D22) will be shown on column D24. This number should equal the number of letters that the PCA intends to send out that week. Column D25 (total number of letters

printed by PCA) and D26 (total number of letters to be mailed out by PCA) should also equal the D24 column.

If there is a discrepancy with D25 and/or D26 not matching up to the D24 amount, **the PCA should stop the process of mailing of initial contact letters** until this issue is resolved and the numbers are reconciled. If the PCA is unable to reconcile, contact the appropriate COTR for assistance. It is important that all taxpayers and POAs get an initial contact letter as required by the IRS contract.

Once reconciled, the PCA can continue with the letter mailing process. The PCAs are required to keep copies of each weekly reconciliation spreadsheet and have them available for review at any time.

5.4 IA Letter

The PCA must also send an IRS approved letter to the taxpayer(s), POA, and TIA, when applicable, with a confirmation of the terms of any IA, default of any IA, and a monthly reminder of a payment due.

IA tax periods can be combined into one letter in all situations except when the Module Name line does not match on all MFT and tax periods. **Dual Notice processing does not apply to IA Letters.** The following rules should be applied:

- ▶ IA letters should be addressed to the taxpayer who is entering into the IA.

If	Then
Contact is made by phone to the Primary Taxpayer	The letter should be addressed to the Primary only.
Contact is made by phone to the Secondary Taxpayer	<ol style="list-style-type: none"> 1. The letter should be addressed to the Secondary only. 2. IA letters to the Secondary Taxpayer should always use the Primary TIN on the letter and the voucher to ensure accurate processing of the payment. 3. Only include MFT and tax periods on the notice that carry the Secondary SSN.
The IA request is received by mail and is signed by both taxpayers	The IA should be addressed to both taxpayers.
An agreement is for both taxpayers	Only include the MFT and tax periods on the letter when both the primary and the secondary TP are on all periods.

- ▶ A copy should only be sent to POA if the POA is the same (based on the CAF #) on all MFT and tax periods. If not the same, no copies should be sent to the POA.

5.4.2 Monthly IA Reminder

A monthly IA voucher must be provided to the taxpayer following the general procedures above in **Section 5.4 IA Letter**.

5.4.3 IA Default Letter

The IA default letter must be sent by certified mail and must contain information regarding the taxpayer's right to request an appeal and prominently contain the name, telephone number, and unique identifying number of the PCA employee responsible for the letter and whom the taxpayer should contact about the letter. Enclose IRS Publication 1660, *Collection Appeals Rights* (see **Section 11.13.2 Defaulted IA** for more details) and Publication 594, *The IRS Collection Process*.

5.5 Recall Letter Specifications

When any account is recalled, the PCA will provide a letter advising the taxpayer(s), POA or TIA (as applicable) that the account has been returned to the IRS, unless the account has a zero balance due. The Recall Letter must include all of the MFT and tax periods being returned to the IRS as appropriate. If a recall is for multiple tax periods and the module name line is not the same on all MFT and tax periods, separate recall letters must be issued. If the IRS is only recalling one MFT and tax period, the letter must state such. The Recall Letter must be issued within five business days from the date the recall file is received. Any exceptions must be approved by the COTR.

6 TAXPAYER RIGHTS

IRC § 6103 establishes the taxpayer's right to privacy of tax information. IRC § 6103(a) establishes the general rule that returns and return information are confidential and can only be disclosed to the extent the disclosure is specifically authorized in IRC § 6103 or by another section of the Internal Revenue Code. The PCA employee must be certain valid information is provided to the correct taxpayer or authorized representative.

IRC § 7213, 7213A, and 7431 provide criminal penalties and civil remedies to ensure taxpayer returns and return information remain confidential.

In compliance with the above laws, one of the most critical and sensitive responsibilities of every PCA employee is the confidential handling of tax account information. The employee must not disclose any tax information until certain the person with whom the employee is speaking is the taxpayer or an authorized POA. The employee must not access tax return or return information, unless authorized to access that information.

When accounts contain several tax periods extra caution is required to avoid disclosing information to individuals not authorized to receive account related data. When the entity is composed solely of tax periods with only one name on each tax period, the

taxpayer is entitled to account information for all tax periods. When tax periods have more than one name (i.e. returns for married individuals) special attention is required. Account information can only be disclosed to the individuals listed for the tax period.

For example: If the entity contains two tax periods and the name line for tax period 200512 is John Smith and the name line for tax period 200412 is John and Mary Smith, caution must be exercised. If the PCA speaks with or receives correspondence from John Smith, then both tax periods may be discussed since John is listed on both tax periods. If the PCA deals with Mary, only account information for tax period 2004 may be discussed. Since Mary is not listed on tax period 2005, she cannot receive any account information for that period.

When a taxpayer files a joint return and later becomes separated or divorced, both taxpayers remain responsible for the full amount of tax due on the jointly filed return. Use caution to ensure the address of one spouse is not disclosed to the other. An employee may not reveal any information regarding the other spouse's new name, location, telephone or fax number, or any information about the other spouse's employment, income, or assets.

It is the responsibility of all PCA employees to protect confidential taxpayer information, and to understand what is and what is not an authorized access or authorized disclosure under the applicable laws. This includes the protection of information displayed on a computer screen.

For questions on Disclosure and the Privacy Act, refer to the training documentation.

6.1 Unauthorized Disclosures/Accesses

An unauthorized disclosure occurs when a PCA employee discloses tax information, Privacy Act information or information IRS has designated Official Use Only (or another sensitive classification) to someone who is not authorized to receive the information. An unauthorized access occurs when a PCA employee accesses tax information, Privacy Act information, or Official Use Only information classified sensitive by IRS which the employee is not authorized to access.

Inadvertent disclosures or accesses, while still unauthorized, are those disclosures where neither gross negligence nor willful intent is involved. Examples include, but are not limited to the following:

- ▶ Machine malfunctions, such as machine stuffing errors
- ▶ Misdirected mail
- ▶ Double stuffing of envelopes
- ▶ Loss or theft of government property not resulting from inadequate safeguard measures
- ▶ Misrepresentation of identity or authority by a person contacted by a PCA employee

Note: Mail sent to the address of record but opened by a third party is not considered an unauthorized disclosure.

Immediately upon discovery employees must report any and all unauthorized disclosures or unauthorized accesses directly to their immediate supervisors. The supervisors, in turn, are expected to immediately bring these disclosures or unauthorized accesses to the attention of the COTR if the discovery is made during normal business hours (Monday through Friday 8 am to 4 pm). The COTR should be notified as soon as possible the next business day if the discovery occurs after normal business hours.

The supervisor must prepare a written statement outlining the unauthorized disclosure or access. The statement must include the following items:

- ▶ Name and contact information of who received the unauthorized disclosure
- ▶ Dates of the disclosure and when it was discovered
- ▶ Description of the information that was disclosed or accessed
- ▶ Explanation as to what caused the disclosure or access
- ▶ Actions taken to prevent recurrence
- ▶ Identification of the report's preparer and the supervisor who reviewed the report

The supervisor retains a copy of the statement and forwards the original to the COTR at the address provided in **Exhibit A – Contact List**.

Should the IRS determine that the unauthorized disclosure or access was the result of gross negligence or willful intent, the terms of the default clause (FAR 52.249-8), incorporated herein by reference, may be invoked, and the Contractor will be considered to be in breach of contract.

6.2 Locating Taxpayers

The PCA will perform skip-tracing actions as outlined in the PCA's approved operational plan to locate a new address whenever a taxpayer cannot be located at the address provided by IRS (see **Section 6.7 Taxpayer New Address**).

6.3 Telephone Contact with Taxpayers

Telephone contact will be one of the primary methods for reaching taxpayers. PCA employees may not contact taxpayers by telephone any sooner than the Saturday following the mailing of the initial PCA contact letter. The guidelines for this contact are outlined below with other critical components included in **Section 6 Taxpayer Rights**. Some contacts cannot be made without the prior consent of the taxpayer. These include:

- ▶ Contacting the taxpayer at any unusual time or place, or at a time or place an employee knows, or should know, is inconvenient to the taxpayer
- ▶ Contacting the taxpayer at work if the taxpayer has instructed not to do so or if there is reason to believe the employer does not allow this

- ▶ Directly contacting a taxpayer when the IRS or the taxpayer has informed the PCA that the taxpayer has an authorized representative and the PCA is able to determine the representative's name, address, telephone number, and authority with respect to the taxpayer.

Note: When an authorized representative does not have authority for all tax periods, the PCA should contact the taxpayer directly. The taxpayer should submit a new authorization if they wish to have their representative cover all the tax periods.

PCA employees can generally contact the taxpayer after 8:00 AM and before 9:00 PM local time at the taxpayer's location, unless there is reason to know otherwise. "Local time at the taxpayer's location" for purposes of PCA employee / taxpayer contacts refers to the time-zone where the taxpayer is located – where the phone being called is going to ring. For purposes of contacting taxpayers, the applicable Time Zone will be based on the taxpayer's location. Unless determined to be otherwise, the taxpayer's location will be the Address of Record (AOR).^{*} This means that if a taxpayer has an Address of Record in California (Pacific Time Zone) and a phone number with a New York Area Code (Eastern Time Zone), the Pacific Time Zone will be used to determine the allowable time period for contacting the taxpayer. The Area Code of the phone number being dialed will not be used to determine the allowable calling period. Using the scenario above, a taxpayer located in California could be called after 8:00 A.M (PT) and before 9:00 PM (PT). If, the call to the taxpayer in California originates in the Eastern Time Zone, it must originate after 11:00 AM (ET) and before 12:00 AM (ET).

* If the taxpayer's location is different from the AOR and in a different Time Zone it must be fully documented and explained in the taxpayer account history. Only then may the allowable contact period be based on a taxpayer location other than the AOR.

6.3.1 Securing Telephone Numbers

In some instances, the PCA may secure a secondary phone number for the taxpayer using skip tracing technology. This secondary phone number may be the personal phone of the taxpayer's child in the household as shown on a paper or electronic directory. If it is determined that this secondary phone number is indeed the child's number in the same household, the PCA may not call that number in an attempt to contact the taxpayer.

6.3.2 Providing Updated Telephone Numbers

When the PCA secures a new or updated telephone number for a taxpayer (phone numbers obtained from and verified by the taxpayer) the PCA will include the new or updated telephone number on either the PCA IA Request Form or Form 4442. The PCA needs to specify if the phone number they are providing is the taxpayer's home, business or cell phone number and the best time to call if specifically stated or provided by the taxpayer.

6.3.3 Answering Machines

When a PCA employee makes a call to a taxpayer in an effort to resolve the tax debt and reaches an answering machine that the PCA employee reasonably believes to be one where the taxpayer will pick up the message, the only information a PCA employee may leave on a recording is:

- The PCA employee name,
- The PCA telephone number,
- The appropriate reference number for the inquiry,
- That he/she works for the PCA,
- That the PCA is calling about a debt (not a tax debt),
- That the call is on behalf of the IRS.

Do not leave any other information such as SSN, tax period, details of a case, etc.

The information described above should be preceded by the PCA employee's statement on the message that "This is a private message for [taxpayer's name]. If this is not [taxpayer's name], please disconnect or hang up now. [Pause two seconds]." The PCA employee may reasonably believe the answering machine is one where the taxpayer will pick up the message if the taxpayer's name is referred to on the receiving machine's message or if the taxpayer has previously indicated to the PCA that this is a telephone number where the taxpayer may be reached directly. If the PCA employee does not reasonably believe the answering machine to be one where the taxpayer will pick up the message, then no message should be left on the answering machine.

6.3.4 Cordless Devices

When the PCA receives a call from the taxpayer or a representative, the PCA is under no obligation to determine if the caller is using a cordless device, e.g. cell phone. However, as soon as the PCA becomes aware it is a cordless device (e.g. the PCA knows that the number that the caller is calling from is a cell phone because he/she has previously indicated it is, or when he/she mentions during the conversation that it is a cell phone) then the PCA must tell the caller about the risks of using a cordless device to discuss tax information. Cordless devices use unsecured lines and the conversation may be heard on another device. Get the callers permission to continue and document in the case history. If the caller does not agree to continue the call, advise the caller to call back on a more secure "land" line. This requirement applies to each contact, even if the taxpayer has previously indicated their willingness to discuss tax information on a cordless device.

When the PCA makes a call to a taxpayer or representative, and they know or become aware that the number being called is a cordless device, e.g. cell phone, inform the taxpayer or representative that you will be discussing tax information, and if it's permissible to proceed. If not, the taxpayer or representative should be asked if there is a land line where they can be reached. This requirement applies to each contact, even if

the taxpayer has previously indicated their willingness to discuss tax information on a cordless device.

Without the taxpayer's prior consent, a PCA should not use a predictive dialer to attempt to contact a taxpayer at a known cell phone number.

6.3.5 Interpretive Service

To resolve the taxpayer's unpaid liability, the PCA employee must interview the taxpayer.

Upon initial contact, the PCA may provide some information if there is a reasonable belief that the person answering the telephone is the taxpayer.

- The information that may be provided is the caller's name,
- The caller's telephone number,
- An appropriate reference number for the inquiry,
- That he/she works for the PCA,
- That the call concerns an attempt to collect a debt,
- That the call is on behalf of the IRS.

Then follow the steps in **Section 6.4 Taxpayer Authentication**. A taxpayer may involve a language, sign, or speech/voice interpreter in a telephone call. However, the taxpayer must be present on the telephone during the conversation.

6.3.6 Prohibited Telephone Contact Issues

During telephone contacts, employees **must not**:

- ▶ Use or threaten the use of violence or other criminal means to harm the person, reputation or property of any person
- ▶ Suggest or imply that the employee may be able to initiate enforced tax collection activity (e.g., file a lien, issue a levy, make a seizure, or commence a legal action) against a taxpayer or third party either through the PCA or by recommending such action to the IRS. However, the employee may indicate that he or she will provide financial information it obtains from the taxpayer to the IRS
- ▶ Use obscene or profane language regardless of any that may be used by the person contacted
- ▶ Contact any third party (including the taxpayer's non-liable spouse, children, employer, or neighbors, but not including a taxpayer's authorized representative), without advance IRS approval, for any information about the taxpayer. Such advance IRS approval is required, even if the taxpayer gives the PCA employee "consent" to contact third parties (other than an authorized representative) outside of the taxpayer's presence

Exception: Advanced approval is not required when contacting third parties in efforts to locate or contact the taxpayer. For instance, it is permissible for the PCA, in efforts to locate or contact the taxpayer, to contact the taxpayer's employer. The PCA can also record and utilize any information from a third party who volunteers information about the taxpayer (without any probing by the PCA).

The PCA account history should reflect that the information was received from a third party.

- ▶ Indicate to third parties or a person whose identity is uncertain during efforts to locate the taxpayer or to bring the taxpayer to the phone that the contact relates to collecting taxes or any debt. A PCA employee may identify his or her employer (the PCA) and that they are calling on behalf of the IRS but only if the third party asks what the call concerns. Additional information (answers to questions the third party may have) may not be shared with the third party in an attempt to assist the third party with the assurance that this is indeed a legitimate call, or their attempt to assist with the resolution of the case.
- ▶ Cause a telephone to ring or engage any person in telephone conversation repeatedly or continuously with intent to annoy, abuse, or harass any person at the called number.
- ▶ Suggest or imply that the taxpayer's failure to pay the tax debt may affect the taxpayer's credit rating or that the employee (or the IRS) would not be violating the laws if the PCA (or the IRS) reported the unpaid tax debt to a credit bureau.

Caution: When a PCA employee attempts to contact a taxpayer by telephone and someone other than the taxpayer answers, the employee must not identify him or herself as a PCA employee calling on behalf of the IRS unless specifically asked by the third party what the call concerns, nor should he or she state the reason for the attempted contact (see **Section 6.6.4 Third Party Contacts**).

NOTE: Keep in mind that employees may ask a third party if the taxpayer is available to come to the phone and may contact third parties in first efforts to locate the taxpayer.

During telephone contacts, employees can:

- ▶ Ask questions of the person who answers the telephone to locate and contact the taxpayer at his or her abode or place of employment
- ▶ Use commonly asked questions such as "What is a good time to call back?", "Is there another or better number for the taxpayer?", "Does the taxpayer still reside at XYZ address?", "Does the taxpayer still work here?" and "Do you know where the taxpayer works?" are appropriate
- ▶ If a PCA calls a POA and the POA says they no longer represent the taxpayer, ask the same types of location questions
- ▶ Generally, use any other unsolicited information in addition to the information secured by asking the above approved questions to resolve the account issues(s).

6.3.7 Requirements during Telephone Contact

The objective of the telephone contact is to satisfy the balance due. During initial contact with a taxpayer, attempt to secure/verify home, work and cell phone numbers when speaking to authenticated taxpayers or their authorized representatives.

During all authenticated taxpayer contacts, employees **must**:

- ▶ Identify him or herself by name (no false name or pseudonym may be used), the company he/she works for, provide a unique identifying number (e.g. employee number) and the fact he/she is collecting an IRS debt, and
- ▶ Always convey a professional, businesslike manner when making a call.

The following items must be discussed at a minimum during initial contact (or during subsequent contacts if the PCA was unable to address during the initial contact) with the taxpayer and documented in the case history:

- ▶ Request immediate full/part payment to the IRS on the delinquent accounts, using a PCA-supplied scannable payment coupon, wherever possible.
- ▶ Request payment details (e.g., dates, amounts, and periods for which payments were designated) when the taxpayer indicates all or a portion of the tax was paid. See **Section 12.15 Taxpayer Disputes** for additional details.
- ▶ If the taxpayer has on-going compliance issues (i.e. a balance due for the most recent tax year or frequently files a balance due return which requires payment after the due date) advise the taxpayer how to avoid future delinquencies through making estimated tax payments or increasing withholding (Tip: Refer to Publication 919, *How Do I Adjust My Tax Withholding*, and Form 1040ES *Estimated Tax for Individuals*).

NOTE: Do not solicit unfiled tax returns from taxpayers during the initial contact, until it has been determined that the ultimate resolution of the case will be an installment agreement. (See Section 11.2 – Full Compliance for additional details.)

6.3.8 False Names or Pseudonyms

Because PCA employees will be located in remote call centers from the taxpayer, the IRS believes that PCA employees will be unable to establish any “adequate justification,” within the meaning of the IRS’ Restructuring and Reform Act of 1998, for the use of a false name or pseudonym when making contact with a taxpayer or other person. A PCA employee must always use his/her real name when contacting the taxpayer or any other person with respect to a qualified tax collection contract. If the need arises for the use of a pseudonym, adequate justification must be provided and approval must be obtained from the COTR.

6.3.9 Telephone Scripts

All scripts used by the PCAs for telephone calls must be approved by the IRS prior to making any phone contacts. **Exhibit M – Sample Telephone Script and Contact**

Checklist is provided to assist in the development of scripts for telephone calls. At a minimum, PCAs must develop scripts for the following types of contacts:

- ▶ Initial Contact with taxpayer
- ▶ Initial Contact with POA
- ▶ Initial Contact with third party (not POA)
- ▶ Initial Contact with answering machine
- ▶ Initial Contact – child answers telephone
- ▶ Follow up contact with taxpayer/POA

6.3.10 Known Persons to the PCA Representative

In some instances, the PCA employee may unknowingly work a case (i.e., phone contact with the taxpayer or research being done on a taxpayer case) of a close relative, acquaintance, an ex-spouse, parent, friend, an individual or organization for which the PCA employee or their spouse is an officer, trustee, partner, agent attorney, consultant, contractor, employee, or member, or any other individual or organization with which the PCA employee may have a personal or outside business relationship that could raise questions about his or her impartiality in handling the tax matter.

As soon as it is known that the PCA employee is working a case described above, the PCA employee must cease the contact with the taxpayer and indicate to the taxpayer that the case will be referred to a supervisor for reassignment. Immediately after the contact, the PCA employee will notify the PCA supervisor. The PCA supervisor will notify the COTR of the incident and that the case will be reassigned. The PCA supervisor will reassign the case.

In instances where the PCA employee recognizes examples of the above on a case before making the telephone contact, the PCA employee should not initiate contact, and refer the case to the PCA supervisor for reassignment.

6.3.11 Taxpayer Satisfaction Survey

On all calls where the PCA collector has made a contact with the taxpayer/POA, the PCA collector will ask the taxpayer if he or she would like to take part in an automated survey/questionnaire to help determine the effectiveness of the Private Debt Collection project. This includes calls made by PCA collectors and calls made to the PCA by taxpayers/POAs **on accounts currently assigned to the PCA**. PCA collectors will be trained by local PCA management. PCA collectors will follow a prewritten script to allow taxpayers to decide whether or not they are interested in taking the survey. After that, the automated survey system will do the rest.

Note: Results of this survey will NOT be used to evaluate individual employees at PCA sites. Results of this survey are sent to a private contractor. Neither IRS nor the PCAs have access to the individual data that is secured by the private contractor. The private contractor will provide to the IRS compiled data on the effectiveness of the phone

contacts on a periodic basis. To assist with the quality and effectiveness of PCA phone contacts, the IRS will share the results of the data with the PCAs periodically.

6.3.12 Limited English Proficiency/Non-English Speaking Taxpayers

A limited English proficiency taxpayer is an individual whose primary language is not English and who cannot speak, read, write, or understand English at a level that permits them to effectively obtain benefits and services to which they may be entitled or to meet their Federally-mandated responsibilities.

A non-English speaking taxpayer is an individual who lacks full command of the English language to understand and meet their tax responsibilities.

A taxpayer may use a language interpreter during a telephone call. However, the taxpayer must be present on the telephone during the conversation.

Additional procedures for assisting taxpayers with a limited English proficiency are in development.

6.4 Taxpayer Authentication

The PCA employee must know with whom he/she is speaking and the purpose of the call/contact. For incoming calls, it may be necessary to ask if the caller is an authorized third party.

Caution: The PCA must not discuss tax information without adequate authentication of a taxpayer. Discussing tax information without adequate authentication of a taxpayer may be viewed by a court as "unauthorized disclosure" of tax or return information. When an employee makes an unauthorized disclosure, possible maximum criminal penalties include a felony conviction for willful unauthorized disclosure. A civil cause of action by the taxpayer whose return information has been disclosed may also be made against the employee.

Note: Do not proceed with authentication probes when the caller or person called is an unauthorized third party.

During the course of completing an authentication probe, prior to authentication if the employee has a reasonable belief that the person reached is the taxpayer the PCA employee may reveal his/her name, telephone number, an appropriate reference number for the inquiry, that he/she works for the PCA, that the call concerns an attempt to collect a debt, and that the call is on behalf of the IRS.

Caution: When a PCA employee attempts to contact a taxpayer by telephone and someone other than the taxpayer answers, the employee must not identify him or herself as a PCA employee calling on behalf of the IRS unless specifically asked by

the third party what the call concerns, nor should he or she state the reason for the attempted contact (see **Section 6.6.4 Third Party Contacts**).

6.4.1 Required Authentication Probes

Required authentication probes for all calls are as follows:

- a) Name - A taxpayer who changes his or her last name due to marriage, divorce, etc. must provide both his or her **previous last name and the new last name**.
- b) SSN - Verify the taxpayer's SSN. If the taxpayer is reluctant to provide their SSN, offer to provide any four digits of the SSN as chosen by the taxpayer. The digits do not have to be sequential. If the taxpayer agrees, provide the requested digits and then ask the taxpayer to verify the remaining digits of their SSN.
- c) Current Address – Ask the taxpayer for their current address. Do not disclose the address of record to the taxpayer. If the taxpayer fails to provide the correct address of record, but correctly responds with the name and SSN, ask the taxpayer if they have moved. If the taxpayer can provide the address of record (i.e. their old address), proceed with the call. When the taxpayer has a new address, follow the procedures in **Section 6.7 Taxpayer New Address**.

When authenticating an address for a taxpayer and he/she does not indicate the street/lane/drive/parkway portion at the end of the address, (123 Main instead of 123 Main St.), it is acceptable to take 123 Main as the full street address, if all other related information is accurate, i.e., the zip code is correct. The assistor may ask the taxpayer if the St. portion is applicable to assist the taxpayer with this part of the authentication.

Note: Please indicate on Form 4442 the address the taxpayer provided.

6.4.2 Additional Authentication Probe

If a taxpayer is able to authenticate name and SSN, **but** is unable to provide the complete address of record (address, city, state and zip), then ask the taxpayer for the primary taxpayer's date of birth (DOB).

- a) Date of birth (DOB) of primary taxpayer - Ask the taxpayer for his/her (primary) date of birth.

Note: Secondary taxpayer DOB information is not available for joint accounts; therefore, a secondary taxpayer must provide the primary's DOB to authenticate.

If a taxpayer is unable to authenticate name, SSN, complete address of record (address, city, state and zip) and date of birth (when applicable) advise the taxpayer that he/she will be contacted by the original account holder who will assist them (do not mention IRS). Terminate the call, refer the case via Form 4442, *Inquiry Referral*, to the RU for contact with the taxpayer, and suspend collection. List the taxpayer's name the

PCA was attempting to reach during the phone call, the phone number called and why the disclosure probe could not be completed. The RU will contact the taxpayer, perform additional disclosure probes to authenticate the taxpayer, and return the Form 4442 to the PCA within 7 business days. The PCA may then contact the taxpayer who will have all the information necessary for authentication. **Note: Form 4442 is not required if the taxpayer fails to provide their current or previous address and you have authenticated the name, ssn and DOB.**

Caution: The PCA employee must be certain the taxpayer, TIA, or POA is entitled to receive all of the requested information. Secondary taxpayers may only receive account information about tax periods for which they are liable. Carefully check each tax period to identify the liable parties. **(See Section 6.6 Third Party Authorizations and Contacts** for additional information).

6.5 Information Request

The taxpayer may request additional tax account information not available to the PCA. After satisfactory taxpayer and address verification, prepare Form 4442, *Inquiry Referral*, describing the information the taxpayer is requesting. Clearly state which taxpayer is requesting the information, the specific MFT(s), and the tax period(s) involved. Also, clearly state the information that the taxpayer is requesting (i.e. transcript of the account or an explanation of the penalties and interest that were assessed). Fax the completed Form 4442 to the appropriate RU for processing. See **Exhibit E – Form 4442, Inquiry Referral** for a copy of the form and instructions. Explain to the taxpayer the IRS will process his/her request and will mail information directly to the taxpayer. Never make a three way telephone call to the IRS RU with the taxpayer on the line.

6.6 Third Party Authorizations and Contacts

There are two major reasons for the taxpayer to grant a third party authorization for the purpose of resolving his or her federal tax issues. The first reason for granting an authorization is for the purpose of allowing a person to represent them in tax matters before the IRS. This authorization is a **Power of Attorney** and is submitted using [Form 2848](#), *Power of Attorney and Declaration of Representative*. These authorizations are recorded by the IRS for verification.

The second reason is to allow another person, a taxpayer appointee, to exchange tax information for the taxpayer's benefit. This is a **Tax Information Authorization** (TIA) and is submitted using [Form 8821](#), *Tax Information Authorization*.

When there is multiple tax periods assigned for an entity, check each tax period for any authorized representatives.

If	Then
An authorization does not cover all the tax periods	<ol style="list-style-type: none"> 1. Contact the taxpayer directly and advise that not all delinquent periods are covered on the third party authorization. 2. Ask if the taxpayer wishes to have all periods included so the PCA can work directly with the POA
The taxpayer wants to have their representative address all the tax periods	<ol style="list-style-type: none"> 1. A new authorization should be submitted to the IRS. 2. Suspend activity for 30 days to allow the taxpayer to obtain a newly signed Form 2848

Note: Taxpayers may revoke or representatives may withdraw a third party authorization by submitting a copy of the original Form 2848 or Form 8821 annotating “Revoke” in the top margin of the copy and affixing a current dated signature. Taxpayers should send requests to revoke the authorization to the appropriate RU, see **Chart in 6.6.2 Power of Attorney (POA)**.

6.6.1 Third Party Authorization Levels

The IRS will provide information for all approved authorized POAs and TIAs on accounts provided to the PCA. The information will be provided on the weekly CAF file when an account is newly assigned and anytime an authorization has been added, deleted or updated for an existing PCA account. For each tax period the following information will be provided:

- ▶ Taxpayer’s SSN – this SSN may not be the primary taxpayer’s SSN. If the SSN listed is for the secondary taxpayer then the authorization applies only to the secondary taxpayer.
- ▶ MFT
- ▶ Tax Period – note that a valid authorization may not be present for each tax period present in the entity.
- ▶ Representative (CAF) number,
- ▶ Source Form – either a Form 2848 or Form 8821.
- ▶ Authorization Level – only present for tax periods with a valid POA submitted using a Form 2848.
 - A--Attorney or student in good standing.
 - B--Certified Public Accountant (CPA) or student.
 - C--Enrolled Agent (EA).
 - D—Bona fide officer of taxpayer’s organization.
 - E--Full-time employee of the taxpayer.
 - F--Member of taxpayer’s immediate family.
 - G--Enrolled actuary.

H--Unenrolled return preparer.
K--Student Attorney.
L--Student CPA.

- ▶ Notice Indicator – if a Y is present, it means the PCA can issue a copy of the taxpayer’s notice to the third party. PCAs are only required to send subsequent notices to the third party, not copies of prior notices sent to the taxpayer.
- ▶ Name
- ▶ Address
- ▶ Phone number

See **Exhibit O - CAF Authority Levels** for additional information related to Third Party Authorizations.

6.6.2 Power of Attorney (POA)

A POA allows the third party to represent a taxpayer regarding tax information. POAs may include attorneys, certified public accountants, enrolled agents, general partners, full time employees, family members, and others. POAs must be in writing to the IRS using [Form 2848](#).

The authorized individual can advocate, negotiate, and sign on the taxpayer’s behalf for specified taxes and tax periods, unless the POA’s authority is specifically limited.

Exception: a POA with an authorization level of “H” is not allowed to negotiate the resolution of a balance due for the taxpayer. The PCA should initiate contact directly to the taxpayer instead of a level “H” POA. Whenever the IRS provides a POA’s name and address for an account (see note below), the PCA must contact the POA to discuss and resolve the taxpayer’s situation. The POA must receive copies of all letters associated with the taxpayer’s account when the Notice Indicator of “Y” is present, unless otherwise excluded per **Section 5 Contact Letters**. This notice requirement includes level “H” representatives.

When contacting a POA by phone, the PCA employee must authenticate he/she is the authorized third party by asking them to provide:

- ▶ Name
- ▶ Representative (CAF) number – This is a unique ID number assigned by the IRS once the Form 2848 has been approved. Verify this against the information provided by the IRS. If the POA cannot verify their CAF number, attempt to verify the address of the POA. If the caller cannot verify either the CAF number or address on record, have them contact the RU for assistance. Do not disclose any information about the taxpayer until the POA can verify the CAF number or address.

Note: Taxpayer accounts may include more than one year. The IRS will provide POA information based on the authorized year(s).

POA states that he/she no longer represents the taxpayer.	
If	Then
After authentication, the POA states that he/she no longer represents the taxpayer	<ol style="list-style-type: none"> 1. Ask the POA if he/she has the taxpayer's current phone number and address. 2. Tell the POA that the taxpayer will be contacted directly and the taxpayer will be informed that the POA declined to represent them. 3. Tell the POA he/she will need to revoke the authorization by submitting a copy of the original Form 2848, annotating "Revoke" in the top margin of the copy, affixing a current dated signature, and submitting to the IRS location where they normally would mail/fax the form or to the RU.
The representative does not have a copy of the original Form 2848	Tell the POA they may send a signed, dated statement to the IRS indicating that the authority of the representative is revoked or withdrawn and listing the tax matters (e.g. Income Tax Form 1040, 2003 and 2004) and the name, TIN, and address (if known) of the taxpayer.

After receiving verbal notification from an authenticated POA that they no longer represent a taxpayer, the PCA may contact the taxpayer directly if there are no other POAs listed on the taxpayer's account.

Contacting the taxpayer after the POA states that he/she no longer represents the taxpayer:

- ▶ Properly authenticate the taxpayer in accordance with Section 6.4
- ▶ Inform the taxpayer that their POA was contacted and that he/she declined to represent the taxpayer
- ▶ Ask the taxpayer if they have another POA they are working with

If	Then
The taxpayer states they have another representative	<ol style="list-style-type: none"> 1. Request that the taxpayer fax the Form 2848 to the PCA and explain to the taxpayer that the PCA will contact the new POA once the form has been received and verified. 2. Once the PCA receives the Form 2848 from the taxpayer, the PCA should contact the RU to verify that the information on the form is

	<p>accurate and to obtain the CAF # and authorization level for the POA.</p> <ol style="list-style-type: none"> 3. Once verified, the PCA may update the POA information on the taxpayer's account and contact the POA. 4. The faxed Form 2824 will be maintained until the IRS provides the updated POA information in the electronic update file.
The RU does not have the POA on file	<ol style="list-style-type: none"> 1. The PCA will complete Form 4442 and fax the Form 2848 to the RU. 2. The RU will investigate and notify the PCA within one business day if the PCA can contact the POA.
The PCA is unable to contact the POA	The PCA will inform the taxpayer and resume contact with him/her.
The taxpayer states they do not have another representative	<ol style="list-style-type: none"> 1. The PCA will work directly with the taxpayer to resolve the outstanding tax liability. 2. Tell the taxpayer he/she may want to revoke the authorization by submitting a copy of the original Form 2848, annotating "Revoke" in the top margin of the copy, affixing a current dated signature, and submitting to the IRS location where they normally would mail/fax the form or to the RU.
The taxpayer does not have a copy of the original Form 2848	Tell the taxpayer they may send a signed, dated statement to the IRS indicating that the authority of the representative is revoked or withdrawn and listing the tax matters (e.g. Income Tax Form 1040, 2003 and 2004) and their name, TIN, and address.

When contact is made with the taxpayer when it should have been made with the POA, apologize to the taxpayer, ask if the POA is still in effect and verify phone numbers. Contact the RU to verify authorizations when information regarding the authorization was not received from the IRS. Once the POA information is confirmed by IRS, immediately update the POA information on the taxpayers account and call the POA.

When a call is received from a third party regarding a taxpayer's account, and the individual indicates he/she has a third party authorization on file with the IRS, ensure the individual's name was provided by IRS as the taxpayer's POA, before providing any tax account information.

Caution: Third party authorizations are nullified by a taxpayer's death. When a taxpayer is deceased follow procedures found in **Section 12.6 Deceased Taxpayer**.

A PCA may **not** bypass a taxpayer's representative on the basis of a representative's "unreasonable delay or hindrance" (IRC 7521(c)) or the representative's "fail[ure] to respond within a reasonable period of time" (15 USC 1692c(a)(2)) without first obtaining written permission for bypassing the taxpayer's representative from the COTR.

Special care must be exercised when attempting to establish an installment agreement on behalf of a taxpayer with an authorized representative and a TDI indicator is present. The PCA may state that, as a condition for granting an installment agreement, the IRS requires the filing of all delinquent returns.

If	Then
The POA mentions that not all return(s) have been filed	The PCA may not discuss the status of those returns without having the proper authority (Form 2848 on file for those periods)
They do not have Form 2848 on file for those periods	Then any questions would be directed to the taxpayer
The POA does not mention that not all return(s) have been filed and there is a TDI indicator present	Complete a Form 4442, stating the terms proposed by the authorized representative and submit it to the RU within one business day.

Note: Do not notify the authorized representative of any unfiled return(s) or return information provided by IRS. Unless the POAs authorization for those years are on file.

The RU will advise the PCA to secure additional information from either the authorized representative or to by-pass the authorized representative and contact the taxpayer directly for the unfiled return(s).

Power of Attorneys may wish to address several taxpayer accounts while speaking with the PCA during a single telephone call. The PCA may honor the Power of Attorney's request, however they must follow all required authentication probes for each taxpayer account the POA wishes discuss. (See **6.6 Third Party Authorizations and Contacts** and text above)

6.6.3 Tax Information Authorization (TIA)

Tax Information Authorizations (TIAs) allow taxpayer appointees to receive information for the tax matters and periods the taxpayer specifies. The appointee of a TIA can be anyone the taxpayer chooses, including "family and friends".

TIAs can be submitted in writing or over the phone. The paper [Form 8821](#), *Tax Information Authorization*, has the same authority as an Oral Tax Information Authorization. It allows the taxpayer's appointee to receive verbal or written account information (transcripts) and copies of correspondence. [Form 8821](#) can be mailed, faxed, or delivered to the IRS. The taxpayer can provide an Oral Tax Information Authority by calling the appropriate RU directly. The RU will notify the PCA when an authorization is added to the account. The TIA **does not** permit the third party to represent the taxpayer before the IRS or the PCA (as an example, establishing an IA). Third parties granted a TIA status will be assigned a CAF number.

When contacting a TIA by phone, the PCA employee must authenticate he/she is the authorized third party by asking them to provide:

- ▶ Name
- ▶ Representative (CAF) number – This is a unique ID number assigned by the IRS once the Form 8821 or oral authorization has been approved. Verify this against the information provided by the IRS. If the caller cannot verify their CAF number, attempt to verify the address of the caller. If the caller cannot verify either the CAF number or address on record, have them contact the RU for assistance. Do not disclose any information about the taxpayer until the caller can verify the CAF number or address.

Another oral but limited TIA is the Oral Disclosure Consent which allows the taxpayer's appointee to exchange verbal information. The consent is only valid for the tax periods specified by the taxpayer. The taxpayer must contact the RU if they wish to establish an Oral Disclosure Consent for a third party. The RU will then notify the PCA when such an authorization is added to an account. Third parties granted an Oral Disclosure Consent will not receive a CAF number. They are only authorized to receive oral information about the taxpayer's account. They will not receive copies of notices, unless they specifically ask for a notice. As with a regular TIA, these third parties cannot negotiate IAs for the taxpayer. They may only receive tax account information on the taxpayer's behalf. The only items that are required to be verified before speaking to a third party granted Oral Disclosure Consent is the caller's full name and telephone number.

6.6.4 Third Party Contacts

There must be no communications concerning the taxpayer's debt to persons other than the taxpayer or the taxpayer's designated representative unless requested by the taxpayer and pre-approved by the IRS. The PCA employee cannot disclose the nature of the call with any contact other than the taxpayer, or the taxpayer's POA or TIA. This means the PCA employee may not even disclose the nature of the call to the taxpayer's spouse, if the spouse is not jointly liable for the debt or is not a TIA for the liable spouse. Contact the COTR if the taxpayer requests that the PCA employee contact a third person that the RU has not previously indicated is an authorized POA or TIA for the taxpayer.

Note: Keep in mind relatives are third parties and the limitations outlined apply to them. Third party contact limitations do not apply to a husband and wife on a joint return account, but when a spouse did not file a joint return with the taxpayer, that spouse may not be given information regarding the taxpayer's debt without written or oral authorization from the primary taxpayer. Refer to **Section 6 Taxpayer Rights** for special disclosure instructions regarding divorced taxpayers.

When a primary SSN is the only SSN received from the IRS, authorization to discuss the liability does not include a spouse without written or oral authorization from the primary taxpayer.

PCAs are required to secure specific approval from the IRS for any third party contacts initiated in the performance of this contract. **NOTE: Advanced approval is not required when contacting third parties in efforts to locate and contact the taxpayer.** If a form of third party contact is not pre-authorized by this handbook or the RU, a PCA manager must contact the COTR for pre-approval of the contact.

The provisions of IRC §6103 and corresponding regulations apply to all third-party contacts.

For third-party contacts made for the purpose of collecting a tax liability, IRC §7602(c) requires the IRS to:

- ▶ Provide advance notice to the taxpayer that third-party contacts may be made
- ▶ Periodically provide a list of all third-party contacts to the taxpayer
- ▶ Provide a list of third-party contacts to the taxpayer upon request

For purposes of IRC §7602(c), a third-party contact has been made when an employee initiates contact with a person other than the taxpayer and asks questions about a specific taxpayer with respect to that taxpayer's federal tax liability.

When a PCA employee attempts to contact a taxpayer by telephone and someone other than the taxpayer answers the phone, the employee may identify him or herself as a PCA employee calling on behalf of the IRS if the third party asks what the call concerns.

Note: Merely identifying yourself as a PCA employee working on the behalf of the IRS, if requested by the contact to provide such information, does not constitute third party contact, but the PCA employee should not volunteer the identity of his or her employer (the PCA) or of the PCA's principal (the IRS) in the course of contacting third parties in efforts to locate the taxpayer.

The following are **not** improper third-party contacts:

- ▶ Searches made on computer databases that do not require any personal involvement on the other end
- ▶ Contacts made with any office of any local, state, federal or foreign government entity, such as the United States Postal Service (USPS), to obtain the taxpayer's current address. (Exception: Contacts concerning the taxpayer's business with

the government office contacted, such as the taxpayer's contracts with or employment by the office)

- ▶ Returning unsolicited phone calls or speaking with persons other than the taxpayer as part of an attempt to speak to the taxpayer
- ▶ **Contacts with the taxpayer's employer in an attempt to speak to or locate the taxpayer**
- ▶ Contacts with individuals who have a valid POA or TIA for the taxpayer.
- ▶ Contacts made with IRS employees in the scope of an employee's official duties, such as the RU, OU, or IRS COTR

When speaking with persons other than the taxpayer as part of an attempt to speak to the taxpayer, the PCA employee must take care to ensure no information regarding the taxpayer is released. The PCA employee may accept **unsolicited** information from any third party even if he/she does not have a written or oral authorization from the taxpayer. **Generally, the employee may use any unsolicited information provided by third parties to resolve the account issues(s).** PCA employees may provide company contact information in order to receive materials by fax, phone or mail.

6.7 Taxpayer New Address

When the PCA locates a taxpayer at an address other than the one provided by the IRS, the PCA must reissue the initial contact letter within one business day of finding the new address. The PCA is not required to reissue the initial contact letter if the taxpayer indicates receipt of the original initial contact letter. The PCA must also provide a taxpayer's verified new address to the RU within one business day of a taxpayer's verification that he/she resides at any new address identified by the PCA. See procedures below for verifying a taxpayer's new address and for notifying the RU of the taxpayer's new address.

Address changes occur due to a variety of reasons. However, care must be taken to ensure the address change is warranted and from a reliable source. An address change may be accepted either in writing or over the phone as long as it contains the information required and is from the taxpayer or their authorized representative.

Do not process a request for a TEMPORARY address change from a taxpayer. The IRS must retain permanent address information. Advise the taxpayer requesting a temporary address change will remove his or her permanent address from IRS records.

Do not process an address change request when the address information is received from an "unauthorized" third party.

When a PCA employee is speaking directly to the taxpayer or their authorized representative, inform the taxpayer/representative of the importance of updating their address information through the USPS National Change of Address (NCOA) database. This will ensure all IRS mail (including tax forms) will be received at their new address.

6.7.1 Written Taxpayer Address Correction Request

An authorized written address change is clear and concise written notification by the taxpayer or his or her authorized representative requesting an address change.

Note: The documentation/notification must be signed by the taxpayer(s) or the authorized representative.

Information to change the address submitted in writing must be complete. Complete address change requests contain the following information items:

- ▶ New address
- ▶ Old address
- ▶ Taxpayer(s) full name(s)
- ▶ SSN(s) (See **Section 6.4 Taxpayer Authentication** if the taxpayer is reluctant to provide a full SSN)
- ▶ Taxpayer's signature or the signature of an authorized representative

Note: In circumstances where contact with the taxpayer has been made and documented, **fax signatures are acceptable**. Contact with the taxpayer may be by telephone or correspondence.

When any of the required information listed above is missing, do not send the address to the IRS unless the **only** information missing is the taxpayer's old address. If other required information is missing, return the address change request to the new address provided and ask for the missing information.

When **either** taxpayer reports a new address for the joint liability, identify if the address change is for **BOTH** taxpayers. When the address change involves **both taxpayers sharing the same address**, send the address to the IRS as explained at the end of these procedures.

For joint liabilities, when either taxpayer establishes a separate residence, the taxpayer who establishes a separate residence must **send clear and concise written notification of his or her current address**. For joint liabilities where the IRS has provided separate addresses, **one taxpayer cannot make a valid address change request for the other.**

Provide all address change information received to the appropriate RU for updating the account by submitting a Form 4442, *Inquiry Referral*, along with a copy of the written request, within one business day of taxpayer verification. Explain on the Form 4442 how the information was received (see **Exhibit E – Form 4442, Inquiry Referral**).

6.7.2 Oral Taxpayer Address Correction Request

When the taxpayer or his or her authorized representative requests an address change/correction through telephone contact, ensure it is the "correct" taxpayer or his or her authorized representative.

Note: Due to identity theft, it is extremely important to ensure changes, updates, and corrections to a taxpayer's address are warranted and necessary. To ensure the PCA employee is speaking directly with the correct taxpayer(s) or the authorized representative, reference must be made to **Section 6.4 Taxpayer Authentication** for guidance.

The taxpayer or his or her authorized representative must provide the following information before completing the address change request through telephone contact:

- ▶ Taxpayer full name
- ▶ Secondary taxpayer name, when applicable
- ▶ Former address (last known address)
- ▶ SSN(s)
- ▶ Complete new address information

When the PCA employee doesn't have all the required information to accept an oral address change but the taxpayer still wishes to change his or her address, take the following actions:

- ▶ Direct the taxpayers with internet access to the IRS web page at www.irs.gov to obtain a Form 8822, *Change of Address*,
- ▶ Advise taxpayers they may also receive Form 8822, *Change of Address* by calling toll free 1-800-829-3676 and requesting the form, or
- ▶ Mail a Form 8822 to the taxpayer

Provide all address change information received to the appropriate RU for updating the account by submitting a Form 4442, *Inquiry Referral* within one business day of taxpayer verification. Explain on the Form 4442 how the information was received (see **Exhibit E – Form 4442, Inquiry Referral**).

7 CORRESPONDENCE

The PCA must date stamp all incoming correspondence and record the received date in the case history. Do not obscure information on the document with the date stamp. The date stamp must include both "Received by [PCA name]" and "[the date received]". The PCA must process routine incoming correspondence within ten business days of receipt. When the correspondence received is outside the PCA's criteria to resolve (i.e. any correspondence that is not specifically addressed in this guide), fax the correspondence to the appropriate RU for processing and document in the case history. The RU will immediately review the correspondence and will advise the PCA whether to suspend collection activities. If the taxpayer's TIN is not present on the correspondence, the PCA must write the TIN on the correspondence in the same area as the PCA received date stamp. If the taxpayer is requesting an appeal of a rejected or defaulted IA, the PCA will immediately suspend all collection activity. The PCA will fax a copy of the appeal request to the RU within one business day of discovery.

7.1 Freedom of Information Act (FOIA) or the Privacy Act

The PCA shall forward any inquiry referencing the **Freedom of Information Act (FOIA)** or the **Privacy Act** to the COTR within one business day of receipt. If the correspondence or inquiry pertains to a specific account, or series of accounts, in the PCA inventory, the PCA shall suspend any and all collection activity on the account(s). The IRS will respond to each inquiry. IRS will recall any account for which the Contractor has failed to forward inquires of this nature within the required time period. Failure by the PCA to cease collection activity as required will result in the recall of the account by IRS and will negatively impact the PCA's performance review.

7.2 Lawsuits

The PCA shall forward to the COTR a copy of any **lawsuit** referencing an account within one business day of receipt and shall immediately cease collection activity on the account in question. Pursuant to I.R.C. 6306(d), the United States is not liable for any act or omission of any person performing services under a qualified tax collection contract. Accordingly, unless the United States, the IRS, or an IRS employee is improperly named as a defendant in the lawsuit against the PCA, the IRS will not respond to the lawsuit against the PCA directly, unless the United States decides to intervene in the lawsuit in the best interests of the United States. The PCA is not authorized to accept service of process on behalf of the Government or represent the Government in any court proceedings.

7.3 Misdirected Payments

Any payment received directly at the PCA's site must be immediately forwarded to the IRS following the instructions in **Section 8.3 Misdirected Payments**. Please see **Exhibit A – Contact List** for the address to send payments.

7.4 Misdirected Tax Returns

Any tax return inadvertently received by the PCA must be forwarded on the same day received to the IRS by express mail. See **Exhibit B.2 – Case Activity and Suspense Period Timeframes, Misdirected Tax Returns**. The PCA must fax a copy of the entire return to the RU on the same day the return is identified. See **Exhibit A – Contact List** for the RU fax number.

Note: Under no circumstances will the PCA request original or copies of tax returns or retain tax returns that are inadvertently sent to them by the taxpayer. See **Exhibit B.2 – Case Activity and Suspense Period Timeframes, Misdirected Tax Returns** for the address to send tax returns.

7.5 Suspicious Packages and Letters

A PCA employee who identifies a suspicious package should not move or touch the package, should cordon off the area, and immediately notify a supervisor. PCA

supervisors should use judgment in determining whether a package is unusual or suspicious. If a package is determined to be unusual or suspicious, immediately notify local police and TIGTA as well as the IRS COTR. The COTR will inform IRS management as necessary and will follow through to resolution of the event. The PCA may not resume normal operations in the affected area until local police or TIGTA have deemed it to be safe.

A suspicious package may consist of, but is not limited to:

- ▶ Excessive postage
- ▶ Excessive weight and/or a feel of a powdery, sticky or grainy substance
- ▶ Excessive securing materials such as masking tape, string, etc.
- ▶ Handwritten or poorly typed addresses
- ▶ Incorrect titles
- ▶ Misspellings of common words
- ▶ No return address
- ▶ Oily stains or discolorations
- ▶ Protruding wires or tinfoil
- ▶ Restrictive markings such as "Confidential," "Personal," etc.
- ▶ Titles, but no names

8 PAYMENTS

The PCA must **never** ask the taxpayer to mail a payment to the PCA location or make a check payable to the PCA. Taxpayers must be directed to mail any paper checks to the IRS address provided in **Exhibit A – Contact List, Payment Processing**. Secondary taxpayers submitting payments must identify the primary taxpayer's SSN on any payments submitted to the IRS. If the secondary taxpayer does not have the primary taxpayer's SSN, it is acceptable for the PCA to provide the primary SSN to the secondary taxpayer if all taxpayer authentication requirements are met (see **Section 6.4, Taxpayer Authentication**).

8.1 Account Payoff Information

The PCA will be provided with two payoff figures for each tax period. A payoff computed for two weeks forward and one month forward is provided with the weekly updates. To compute the one month payoff, add the aggregate assessed balance to the 30-day interest and 30-day penalty amounts. Add the payoff figures for all of the tax periods together to determine the total amount due for the entity. When a taxpayer requests a payoff figure by telephone, the PCA employee will use the IRS provided payoff figures as appropriate. For payoff figures beyond those provided with the account, the PCA employee must call the appropriate RU for updated information (see **Exhibit A – Contact List**). Never make a three way telephone call to the IRS RU with the taxpayer on the line.

8.2 Payment Methods

The four payment methods available to taxpayers are as follows:

- ▶ Taxpayers may mail a check or money order to the IRS.
- ▶ Taxpayers may make electronic payments (direct debit transactions) through the official IRS Electronic Federal Tax Payment System (EFTPS) using either a computer or telephone.
- ▶ Taxpayers may initiate a credit card payment by calling a toll-free number or accessing a web site.
- ▶ Taxpayers may make a payment at a Taxpayer Assistance Center (TAC).

Note: Advise the taxpayer that they will be charged a convenience fee by the service provider based on the amount being paid when they are making credit card payments.

8.2.1 Payments Made by Mail

All PCA related payments will be processed at one lockbox location. See **Exhibit A – Contact List, Payment Processing** for the payment address. Whenever possible, a taxpayer should include a PCA provided voucher when mailing his or her check or money order to the IRS.

Correspondence or telephone contacts with taxpayers who want to make a payment by mail must include the following instructions:

- ▶ Make checks or money orders payable to the “United States Treasury”
- ▶ Do NOT send cash
- ▶ Include name and address, when not already preprinted on the check or money order
- ▶ Write “Form 1040”, the tax year for which the payment is being made, and the primary taxpayer’s SSN on the check or money order.
- ▶ Enclose, but do not staple or attach, a voucher when one is available.

8.2.2 Payments Made via EFTPS

EFTPS is a free tax payment system designed with all taxpayers in mind. Taxpayers can schedule one-time or recurring (including IA) payments through EFTPS, either online or by phone.

EFTPS allows taxpayers to make tax payments 24 hours a day, seven days a week. EFTPS can be used to schedule payments for withdrawal from the taxpayer’s checking or savings account up to 365 days in advance. Taxpayers can also modify or cancel payments up to two business days before the scheduled withdrawal date.

To use EFTPS, a taxpayer must enroll. The taxpayer has two options for enrollment, as follows:

- ▶ The taxpayer can enroll online at www.eftps.gov

- ▶ The taxpayer can call toll-free 1-800-555-4477 or 1-800-945-8400 (24 hours a day, seven days a week) to receive an enrollment form and instructions by mail (TTY/TTD is available by calling 1-800-733-4829)

8.2.3 Payments made by Credit Cards

Taxpayers can use any of the following credit cards to make payments:

- ▶ American Express® Card
- ▶ Discover® Card
- ▶ MasterCard® card
- ▶ Visa® card

Taxpayers making credit card payments do not need to be enrolled to make a payment. The taxpayer may call toll free or visit the website of either service provider listed below:

Official Payments Corporation
1-800-2PAY-TAXSM (1-800-272-9829)
1-877-754-4413 (Customer Service)
www.officialpayments.com

Link2Gov Corporation
1-888-PAY-1040SM (1-888-729-1040)
1-888-658-5465 (Customer Service)
www.pay1040.com

The taxpayer will be charged a convenience fee by the service provider. The amount of the convenience fee is based on the amount being paid. Fees may vary between providers. Taxpayers will be told what the fee is during the transaction and will have the option to either continue or cancel the transaction. Taxpayers can also find out what the fee will be by calling the provider's toll-free automated customer service number or visiting the provider's website (provided above).

Taxpayers will be given a confirmation number at the end of the transaction.

8.2.4 Payment at a Taxpayer Assistance Center

If a taxpayer insists they would like to make a payment in person at their local IRS office, advise the taxpayer of the following:

- ▶ Make checks or money orders payable to the "United States Treasury"
- ▶ Include name and address, when not already preprinted on the check or money order
- ▶ Write "Form 1040", the tax year for which the payment is being made, and the primary taxpayer's SSN on the check or money order.
- ▶ Whenever possible include the PCA provided voucher with his or her check

If the taxpayer asks for the address of the nearest TAC, refer them to the IRS website at www.irs.gov.

8.3 Misdirected Payments

A misdirected payment is any taxpayer payment on an IRS case that is erroneously received at a PCA location. Misdirected payments may consist of cash, check, money order, or any other item of value (for example, uncanceled postage stamps, a taxpayer's credit card, etc.)

Any PCA employee discovering a misdirected payment must immediately notify his or her supervisor or the PCA designated contact. A supervisor or PCA designee must be available at all times during business hours to receive and immediately document any discovered misdirected payment. All misdirected payments must be documented using Form 4287, *Record of Discovered Remittances*, (see **Exhibit C—Form 4287, Record of Discovered Remittances**) using the date the payment is received at the PCA as "Today's Date". Update the case history to indicate a misdirected payment was received by the PCA.

Note: While all misdirected payments must be documented on a Form 4287, misdirected cash payments must be listed on a separate Form 4287 from other payment types received.

8.3.1 Cash Received by the PCA

When the misdirected payment is cash, the supervisor or PCA designee must count the cash in the presence of the employee who discovered the cash. Convert any cash to a bank/cashier's check, money order, or the equivalent, payable to "United States Treasury" the same day it was discovered.

After recording a discovered remittance on Form 4287, the remittance will be secured in a locked container. The locked container must be a metal container with riveted or welded seams that is locked and for which the keys and combinations are controlled. A copy of the check and voucher must be faxed to the RU on the same day it is discovered.

Every day, the responsible PCA supervisor will reconcile the Form 4287 by verifying and balancing the cash to the Form 4287 (dedicated for cash) and verifying and balancing the remittances to the Form 4287 (for all other discovered remittances). Once this has been done, the supervisor will initial and date the bottom of Form 4287. The purpose of reconciliation is to ensure all documented remittances have been forwarded to the IRS. The supervisor will immediately report any discrepancies to the COTR (see **Section 8.4 Thefts – Losses and Shortages**).

8.3.2 Reporting and Sending Payments to IRS

The remittance, along with a voucher and initialed Forms 4287 (pages 1 and 2), must be mailed the same day (or if after normal business hours, the next business day) the payment is discovered, via express mail, to the address provided in **Exhibit A – Contact List, Misdirected Payments**. Be sure to place the PCA return address on the Form 4287.

- ▶ When a payment is received with a tax return or a payment voucher, include the incoming document with the payment. If the payment is received with correspondence from the taxpayer, process the correspondence according to existing procedures in this guide. A copy of the correspondence must be sent to the IRS. **Date stamp the payment voucher with the date the payment was received at the PCA.**
- ▶ When a payment voucher is not received with the payment, prepare Form 3244, *Payment Posting Voucher* (see **Exhibit D – Form 3244, Payment Posting Voucher**). **Use the date the payment is received at the PCA as the “Transaction/Received Date”.**

The receiving office in the IRS will initial page 1 of the Form 4287 and return it to the PCA within 3 business days. If the receipt acknowledgement of this misdirected payment is not received within 10 days, the PCA should initiate an inquiry of the status of the misdirected payment through the COTR.

A new Form 4287 must be used for each day. The PCA must provide all Forms 4287 to the COTR upon request. Form 4287, pages 1 and 3, must be maintained for two years.

Within one business day of the receipt of a misdirected payment, the PCA must send a letter to the taxpayer giving the proper address for submitting payments.

8.4 Thefts – Losses and Shortages

The PCA is required to ensure adequate controls are in place to minimize or prevent thefts and losses.

Losses and shortages within the PCA tax collection process may occur under the following conditions:

- ▶ Embezzlement, misappropriation or other criminal acts
- ▶ PCA employee negligence
- ▶ Remittances in transit loss
- ▶ Unexplained loss

When a PCA manager becomes aware of an actual or potential theft/loss, it must be reported immediately by telephone to the COTR and to the Treasury Inspector General for Tax Administration (TIGTA) for investigation (see **Exhibit A – Contact List** for phone numbers).

To the extent possible, PCA management will obtain a statement covering all of the following:

- ▶ Date and loss/shortage occurred or was discovered
- ▶ The amount of the loss/shortage
- ▶ The SSN of the account where the shortage/loss occurred
- ▶ The circumstances involved with the shortage/loss
- ▶ The involved employee's signature, position, title, and the date the statement was provided

9 COLLECTION STATUTE EXPIRATION DATE (CSED)

The collection statute expiration date (CSED) is the date the statute expires for collection of tax, penalty, or interest. It is generally ten years from the date the IRS assessed the tax, penalty or interest. Note that the oldest tax period may not have the earliest CSED. Subsequent tax assessments or the late filing of tax returns will impact the CSED on tax periods. In the example below, the CSED for tax period 200412 will expire prior to the CSED for tax period 200312. Any IA secured by the PCA must pay off the balance due liability within the CSED, if possible (see **Section 11 – Securing an Installment Agreement**). If an IA were established for a taxpayer using the example below, tax period 200412 must be listed on the payment voucher since that CSED is the first to expire.

Tax Period	CSED
200312	06/10/2015
200412	05/21/2015
200512	11/05/2016

10 EXTENSION OF TIME TO PAY

When the taxpayer can full pay the balance due within 120 days, an extension of time to pay may be granted. Extensions may be granted for up to 120 days for all taxpayers. The taxpayer can request more than one extension as long as the total time doesn't exceed 120 days.

Example: The taxpayer's request for a 60-day extension to pay is granted. The taxpayer requests an additional 30 days to pay before the extension period expires, or at the time the 60-day extension is expiring and it is granted. The taxpayer now has up to 30 days left for an additional extension of time to pay.

Example: The taxpayer's request for a 90-day extension to pay is granted. The taxpayer requests an additional 30-day extension 35 days after the first extension period has expired, **do not** allow any additional time. The taxpayer has already exceeded the 120-day extension period.

Extensions of time to pay are *not* IAs and do not require periodic payments. No form is required to be completed and extensions may be granted by telephone or by correspondence. Extensions of time to pay do not suspend the further accrual of statutory interest or penalties the taxpayer may owe the United States on the unpaid amounts.

When an extension is granted on a balance due account, document the case history with the terms of the extension. See **Section 8.1 Account Payoff Information**, to obtain payoff figures beyond those provided to the PCA.

Taxpayers with extensions of time to pay must be advised to send payments to the address in **Exhibit A – Contact List, Payment processing** with a copy of their most recent notice.

10.1 Refund Offsets

Taxpayers will often indicate that they expect the refund from a recently filed tax return to satisfy their balance due. In most instances the processing of a tax return will be completed within six weeks of the filing date. If the taxpayer indicates the return was filed within the last six weeks, treat the account as a short term extension to pay. The PCA should follow up with the taxpayer if the balance due is not resolved as anticipated. The PCA should not contact the RU to obtain information about the status or amount of a taxpayer’s refund.

If a taxpayer has questions about their refund, they should contact the IRS directly by:

- ▶ Going to www.irs.gov and clicking on Where’s My Refund
- ▶ Calling 1-800-829-4477 24 hours a day, 7 days a week, for automated refund information
- ▶ Calling 1-800-829-1954 between 7 am and 10 pm local time. Note that taxpayers living in Alaska and Hawaii are treated as being in the Pacific Time Zone for this purpose.

Note: PCAs must not access a taxpayer’s account via the refund inquiry avenues stated above.

11 SECURING AN INSTALLMENT AGREEMENT (IA)

When a PCA employee identifies that full payment by the taxpayer is not possible either immediately or with a short extension to pay, follow the progression below:

- ▶ Attempt to establish terms with the taxpayer for a mutually agreed upon IA which would fully pay the tax liability within the lesser of three years or the CSED date (Additional information is available in **Section 11.8 - PCA IA Acceptance Criteria**).

If	Then
The taxpayer is unable to meet the	1. The PCA should explore with the

If	Then
aforementioned timeframes or expresses a desire for smaller payments or more time to pay	<p>taxpayer whether an IA with less preferred terms (e.g., a full pay IA within 5 years) would be feasible for the taxpayer (Additional information is available in Section 11.9 - IA Beyond PCA Authority).</p> <p>2. Under no circumstances will a PCA secure financial information from a taxpayer unless specifically directed to do so by the procedures contained in this guide.</p>
There is still no agreement	The PCA should pursue a full pay IA for longer than 5 years or an IA that will not result in full payment prior to the expiration of the CSED (Additional information is available in Section 11.9 - IA Beyond PCA Authority)

All IAs set up by PCA employees require a user fee. See instructions in **Section 11.12 – IA User Fees**.

Note: The PCA employee must tell the taxpayer that paying as soon as possible is best. Interest and penalty continue to be charged until the balance including tax, interest, and penalty is paid in full.

The amount of the taxpayer’s monthly or other periodic payment depends on his or her ability to pay. Ask the taxpayer about their current year’s anticipated tax liability. When it appears a taxpayer will have a balance due at the end of the current year, indicate that the taxpayer should pay the current year liability in full when they file their return. If taxpayer says they cannot pay the current year liability by the return due date, it may be included in a revised IA in the future. Advise the taxpayer to review their current withholdings and any estimated tax payments to prevent additional tax balances. (*Tip: Refer to Publication 919, How Do I Adjust My Tax Withholding, and the Form 1040ES Estimated Tax for Individuals*)

11.1 IA REQUIREMENTS

Certain requirements apply to IAs. Taxpayers must be advised of these requirements at the time the IA is discussed.

The taxpayer must be current in filing all returns prior to granting the IA. It is not a valid IA request if any returns are not filed (see **Section 11.2 - Full Compliance**).

The taxpayer must be current with filing and paying estimated taxes, if applicable; from the date the IA begins (see **Section 11.2 - Full Compliance**). This requirement must also be included in the IA acceptance letter the PCA mails to the taxpayer.

For the IA to remain in effect, the taxpayer must make periodic payments (typically, equal monthly payments or equal pay period distributions from a taxpayer's employer) as agreed, with increases (or decreases), as appropriate at agreed periodic intervals until the balance due plus all penalties and interest are paid in full. The IA may also be terminated when:

- ▶ A current financial statement is not provided when requested
- ▶ Additional tax liabilities are incurred for another tax period
- ▶ Financial analysis by the IRS shows an ability to pay more and the taxpayer disagrees

11.2 Full Compliance

To be granted an IA, a taxpayer must be in full compliance. To be in full compliance, all required tax returns must be filed and withholding or estimated taxes must be current. PCA employees must take the following actions:

- ▶ Ask the taxpayer if he/she has sufficient current year withholding to prevent an additional tax balance.
- ▶ Ask the taxpayer if he/she is making current year estimated tax payments, if required. If the taxpayer is not making these payments, inform the taxpayer that he/she must agree to start making estimated payments, if required, as of the date the IA is approved.
- ▶ Ask the taxpayer whether he/she has filed and fully paid all tax returns for the preceding six years for which he/she is required to file. Whenever the IRS has identified that the taxpayer needs to file one or more returns:
 - A Taxpayer Delinquency Investigation (TDI) indicator will be present as follows:
 - Primary taxpayer has a return delinquency (1),
 - Secondary taxpayer has a return delinquency (2), or
 - Both taxpayers have a return delinquency (3)
 - The tax period and type of tax due, for the primary taxpayer only, will be present

The IRS will provide TDI information to the PCA in an electronic format. Each PCA will determine how to display the information on their computer system.

The absence of a TDI indicator does not eliminate the requirement to ask the taxpayer if all their returns have been filed. The current filing year's return may be delinquent and not be reflected by the TDI indicator field. PCA employees should always ask about the taxpayer's filing history. Further instructions are provided in **Section 11.8 - PCA IA Acceptance Criteria** regarding RU reviews performed prior to IA acceptance.

If the primary taxpayer does not indicate the tax period(s) identified by the IRS as delinquent, you can specifically ask about the status.

Regardless of how the delinquent return is identified, the PCA will instruct the taxpayer to file the delinquent return with the proper IRS location, per approved IRS procedures, and pay any outstanding tax due with the return. Under no circumstances will a taxpayer be directed to send a tax return directly to a PCA. Filings of delinquent returns that create additional tax liability are subject to collection and may be assigned to the PCA.

When speaking with a taxpayer, do not address compliance on the current year return until after **June 15th**. If a taxpayer indicates that they have an extension to file the current year return, the tax return is not due until the date of the extension. For purposes of full compliance, the return is not delinquent until the extension has expired and will not prevent a taxpayer from being granted an installment agreement. PCA employees should instruct taxpayers to file the return by the due date and pay any balance due in full. The procedures in the following sections for submitting the proposed IA to the RU for review/approval should be followed. The RU will verify that the taxpayer has an extension to file for the period in question.

If	Then
The taxpayer identifies a balance due that is not assigned to the PCA	Include the balance due in the IA negotiations
The unassigned balance due is for a business or the taxpayer is uncertain of the approximate amount of the balance due	Contact the RU for additional account information. The contact with the RU can be by phone or Form 4442, <i>Inquiry Referral</i>

Note: Taxpayers who are in business as sole proprietors must be in compliance with both individual and business filing requirements. Additionally, in the case of divorce or separation, the spouse that the PCA speaks with is only required to have filed their own tax returns prior to establishing an IA.

The PCA employee must document in the case history when a full compliance check is conducted. Documentation must be clear that the compliance check was completed.

Example: "Taxpayer agreed to file Form 1040 for 2002" or "Taxpayer states all tax returns have been filed and withholding or estimated taxes are current".

11.2.1 Returns to be Filed Per PCA Request

When the taxpayer mentions he/she has not filed a tax return(s), advise the taxpayer to file the tax return within 30 days and full pay any balance due. Advise the taxpayer to mail the tax returns to the RU (see **Exhibit A – Contact List**). **The RU will provide the return filing information to the PCA once the return is processed. Contact the RU if no systemic information is provided within 45 days.**

If	Then
The taxpayer indicates that they do not	1. Complete a Form 4442, <i>Inquiry</i>

have the required income information to file a delinquent return	<i>Referral</i> , and fax to the appropriate RU. 2. Indicate on the Form 4442 for which tax period(s) the taxpayer needs the income information. 3. Note if income information is required for the primary taxpayer, secondary taxpayer or both taxpayers.
The taxpayer states the tax return was filed	1. Obtain information about when and where the tax return was filed. 2. Document the information in the case history.
The taxpayer states that immediate full payment of the balance due is not possible	1. Attempt to establish an IA. 2. Provide the filed tax return information to the appropriate RU when providing details about the IA.

Taxpayers may obtain tax forms by calling the IRS at 800-829-3676. Taxpayers may also access forms on-line at www.irs.gov.

Never request the taxpayer mail his or her tax return(s), original or copies, to the PCA or retain tax returns that are inadvertently sent to the PCA by the taxpayer. When an original tax return is received by the PCA follow procedures in **Section 7 - Correspondence**.

11.3 Installment Agreements with Equal Payments

IAs are typically set up to provide for equal monthly payments from the taxpayer for the full length of the IA until the final month of the IA when the final installment of unassessed statutory interest that has accrued on the debt (but was not typically considered when the payment schedule was first set up) is finally paid off. However, IAs may include an increase of large payments to fully or partially pay accounts when it is documented and verified taxpayers will receive funds to make the payment(s). These payments may be represented as increases in the installment payment. Situations that may call for this type of agreement include:

- ▶ Contract sales with determined payment date(s)
- ▶ Judgments resulting in fixed settlement and payment dates
- ▶ Beneficiary, distributee, or payee status in trusts, estates, or profit sharing plans resulting in expected payment(s) on certain date(s)
- ▶ Accrued equity in assets that the taxpayer plans to borrow when the monthly payment is scheduled to increase
- ▶ Other projected receipts of funds

11.4 Installment Agreements with Varied Payments

Payment schedules may incorporate varied payments. Support varied payment schedules with documentation. Examples of reasons for varied payment schedules include, but are not limited to, the following:

- ▶ Anticipated fluctuations in business cycles for businesses or "commission" employees
- ▶ Contract employment
- ▶ Self employment
- ▶ Seasonal employment
- ▶ Seasonal expenses (for example, child-care costs when school is out)
- ▶ Planned (scheduled) changes in employment status, such as plans to work part-time or reduced schedules, especially when the changes are made in order to facilitate a parent staying home with children, even when this means making numerous changes to monthly payment amounts over a period of time

For all agreements, the taxpayer may select a day of the month, from the 1st through the 28th, for the payment due date. When a taxpayer chooses the Payroll Deduction agreement, the employer will determine the payment date (see **Section 11.11 - Payroll Deduction IA**).

11.5 Pending IAs

During discussions with a taxpayer to establish an IA it may take longer than one business day to finalize the terms of the agreement. In these instances the taxpayer may have a **pending IA** if all of the following items are present:

- ▶ Provide information sufficient to identify the taxpayer, generally the taxpayer's name and identification number. If a taxpayer furnishes his or her name, but no ID number, and the taxpayer's identity can be determined, identify as pending installment agreement if all other information is made available and the taxpayer is current in filing
- ▶ Identify the tax liability to be covered by the agreement
Example: Taxpayer sends a request for an installment agreement attached to a balance due notice or calls or writes stating he or she is replying to the notice he just received. This would qualify as an installment agreement request under this section. The individual or business tax was identified as the liability; each separate tax period does not have to be identified
Example: Taxpayer writes or calls and states he or she owes money on his or her individual tax or 1040 tax and wants to pay \$150 a month. This would also qualify under this section as an installment agreement request. Individual tax was identified as the liability
Example: Taxpayer writes or calls and states he or she owes money and wants to send \$200 a month. This request would not qualify as a pending IA. The taxpayer has not identified the liability
- ▶ Propose a monthly or other periodic payment of a specific amount
- ▶ Be in compliance with all filing requirements, both individual and business

Once a pending IA is identified, prepare PCA IA Request Form or Form 4442, *Inquiry Referral* identifying the taxpayer and their SSN, the date of contact, the tax periods involved, the amount the taxpayer offered to pay and why the agreement could not be finalized. Fax the Form 4442 to the RU within one business day of identifying the pending IA. *Note:* the RU will make the final determination as to whether the case meets the pending IA criteria. While a case is in pending IA status the CSED is suspended and the account is blocked from enforced collection actions such as automated levies. The taxpayer will have appeal rights if the IA is not implemented. The RU will monitor the case and provide the taxpayer with appeal rights when appropriate.

For accounts with tax periods that have a primary and secondary taxpayer, the PCA must clearly state on the PCA IA Request Form or Form 4442, *Inquiry Referral* which taxpayer(s) are requesting the IA. See **Section 5.4 IA Letter** for additional information on processing IAs for joint liabilities.

11.6 IAs for Separated or Divorced Taxpayers

Special handling will be required in situations where the PCA receives a case with a name line containing two taxpayers who are now **separated or divorced**. If the PCA identifies taxpayers who are no longer filing jointly because of divorce or separation, it is possible that each spouse will have their own IA to resolve the balance due. It is extremely important that PCA employees do not reveal information about the other spouse. This would include the location or employer of the spouse or any other information that could be used to identify where the other spouse is living. When agreements are established with only one spouse on a joint liability, it is important to state this when submitting the agreement to the RU for review. As with any IA, the PCA will be required to monitor the agreements for payments and follow up with the appropriate taxpayer if payments are not received.

11.7 IAs Multiple Tax Periods / Separated or Divorced Taxpayers

Entities with multiple tax periods may also require special handling. The primary taxpayer will always have the ability to establish an IA for all of the tax periods because they are liable for each period. In some cases, the secondary taxpayer will only be liable for some of the tax periods and possibly be the primary for other tax periods. In this instance, the secondary taxpayer can only arrange to pay on modules for which they are liable. The PCA cannot discuss the additional balance due tax periods with the secondary taxpayer unless there is an authorization on file listing the secondary taxpayer. If the secondary taxpayer is liable for all tax periods they may establish an IA for all tax periods.

In the example below, there are multiple tax periods with balance dues. The name line for each tax period is different.

Primary SSN / Name	Secondary SSN / Name	MFT	Tax Period	Primary IA	Secondary IA
111-11-1111 /	222-22-2222 /	30	200412	200112,	199812,

John Doe	Mary Doe			200312, and 200412	199912, 200312, and 200412
111-11-1111 / John Doe	222-22-2222 / Mary Doe	30	200312		
111-11-1111 / John Doe		30	200112		
222-22-2222 / Mary Doe		30	199812		
222-22-2222 / Mary Doe		30	199912		

If	Then
Contact is made with John Doe	Establish an IA for all tax periods associated with John.
The contact is with Mary Doe	<ol style="list-style-type: none"> 1. Mary is liable for tax periods 200412 and 200312 with John's SSN as primary, and the tax periods under Mary as the primary SSN (199812 and 199912) 2. The PCA cannot discuss the 200112 balance due with Mary

The resolution of the scenario above will require two separate IAs if each taxpayer wants to resolve their balance due through an IA.

11.8 PCA IA Acceptance Criteria

An IA is within PCA acceptance authority when both of the following apply:

- ▶ The taxpayer proposes to make full payment within 36 months (**Exception:** The IA must result in full payment prior to the expiration of the CSED)
- ▶ The sum of the aggregate assessed balances due for **all tax periods** is \$25,000.00 or less

The "PCA IA acceptance amount" for accounts with an aggregate assessed balance due of \$25,000.00 or less is computed by either of the following methods:

- ▶ Divide the aggregate balance by 36 months, or
- ▶ Divide the balance by the number of months remaining before CSED expiration. If the CSED expires prior to 36 months, make an additional allowance (increase the monthly payment) for interest estimated to accrue while the IA is in effect in order to pay the balance before the CSED expires

The amount calculated from above should be used as a basis in identifying the appropriate monthly amount. Although the PCA IA acceptance criteria amount is based on a timeframe of 36 months, do not tell the taxpayer an exact timeframe for the IA, since penalties and interest will continue to accrue and will need to be paid before the balance due is full paid. Tell the taxpayer penalty and interest continue to accrue while they are on an IA and they must continue to make monthly payments as agreed until the balance due plus all accruals are full paid.

Typically, the taxpayer will propose a monthly payment amount after you have discussed the ability to full pay. When this occurs, divide the aggregate balance due by the taxpayer's proposed payment to calculate how many months the IA will require for full payment, not including unassessed or accruing interest and penalties (which the PCA and RU may assume will be fully satisfied through a taxpayer's continued equal monthly payments of the stated amount within at least another 24 months). As long as the amount proposed is equal to or greater than the PCA IA acceptance amount, the PCA employee may propose acceptance of the IA, subject to the PCA's full compliance check (and RU review of the accuracy of the taxpayer's statements), as discussed in **Section 11.2 – Full Compliance**).

When the taxpayer does not agree to pay at least the PCA IA acceptance amount each month, follow the required instructions in **Section 11.9 – IA Beyond PCA Authority**.

Fully document the case history record with the taxpayer's proposal to satisfy the liability.

All IAs accepted by the PCA must be reported to the RU using the *PCA IA Request Form*. Provide the terms of the agreement on the listing (see **Exhibit G— PCA IA Request**).

- ▶ Maintain separate listings for each RU contact location, as determined by the taxpayer's state of residence from the last known addresses provided by the IRS at the time the accounts were assigned to the PCA.
- ▶ Fax the new listings to the appropriate RUs once each day (see **Exhibit A – Contact List**).

Note: The designated RU location for each taxpayer will **not** change with subsequent address updates.

The RUs will ordinarily contact the PCA within one business day of receipt of the *PCA IA Request Listing* with a determination on the IAs within the PCAs IA acceptance authority. PCAs should hold collection action on the case until notified by the RU. When the RU notifies the PCA there are no outstanding issues to prevent the establishment of the IA, the PCA will notify the taxpayer by letter of the agreed upon terms. The IRS-approved PCA letter must also include a payment voucher for the first payment that includes the IA user fee amount.

11.9 IA Beyond PCA Authority

An IA is beyond the PCA authority to grant when any of the following criteria apply:

- ▶ Taxpayer proposes to pay within 37 to 60 months and the sum of the aggregate assessed balance due for each tax period is \$25,000.00 or less
- ▶ The sum of the aggregate assessed balances due for **all tax periods** is over \$25,000.00
- ▶ Proposed IA is for a time period beyond 60 months
- ▶ IA will not result in full payment prior to the expiration of the CSED

IAs beyond PCA authority requires IRS approval before they can be finalized.

Some IA requests require the PCA employee to secure financial information from the taxpayer (see **Section 11.9.1 – Collection Information Statement**). The following conditions require a financial statement:

- ▶ The sum of the aggregate assessed balance due for **all tax periods** is over \$25,000.00
- ▶ The amount the taxpayer offers to pay will not pay the sum of the aggregate assessed balance due for all tax periods within 60 months
- ▶ IA will not result in full payment prior to the expiration of the CSED

Complete a *PCA IA Request* to secure the required IRS approval for any IA beyond PCA authority (do not include IAs that require a financial statement on the PCA IA Request). Provide the terms of the agreement on the listing (see **Exhibit G— PCA IA Request Form**).

- ▶ Maintain separate listings for each RU contact location, as determined by the taxpayers' States of residence from the last known addresses provided by the IRS at the time the accounts were assigned to the PCA.
- ▶ Fax the listings to the appropriate RUs once each day (see **Exhibit A – Contact List**).

Note: The designated RU location for each taxpayer will **not** change with subsequent address updates.

The RU may advise the PCA to secure additional information from the taxpayer to make an IA approval determination. For IAs beyond the PCA authority, the taxpayer must be in full compliance to receive an IA approval determination so, the RU may also advise the PCA to request the taxpayer file returns (see **Section 11.2 - Full Compliance**). During the RU's review of the case, the case will remain in the PCA's inventory; however, the PCA will take no further collection actions on the case until contacted by the RU.

The PCA will ordinarily be notified of all IRS IA determinations within 14 business days, including all decisions to reject the taxpayer's proposed IA.

If the proposed IA terms are...	THEN...
Rejected	The IRS will notify the taxpayer in writing
Accepted and the PCA will monitor the IA	The RU will notify the PCA and the PCA will notify the taxpayer with the IRS approved letter with agreed upon terms
Accepted and the IRS will monitor the IA <i>Note: Agreements that extend beyond 60 months or will not result in full payment within</i>	The RU will inform the PCA that the case will be recalled and the RU will notify the taxpayer

11.9.1 Collection Information Statement

The PCA employee must attempt to secure financial information for an IA with any of the following:

- ▶ The sum of the aggregate assessed balances due for **all tax periods** is over \$25,000.00
- ▶ The amount the taxpayer offers to pay will not pay the sum of the aggregate assessed balance due for each tax period within 60 months
- ▶ IA will not result in full payment prior to the expiration of the CSED

PCA employees must use [Form 433-F](#), *Collection Information Statement*, to document taxpayer financial information (see **Exhibit F – Form 433-F, Collection Information Statement**). Follow the instructions included with the form to complete each section.

Ask the taxpayer if he or she has the information available regarding his or her monthly household income and expenses to prepare the financial. When the taxpayer cannot provide all the information, he or she may either call back with the information or complete a paper [Form 433-F](#). Most taxpayers should be able to provide income and expense information during the initial contact. Any information they are unable to provide can be sent along with any required substantiation (see **Section 11.9.3 - Financial Substantiation and Allowable Expenses** for more information).

If	Then
<p>In those instances when the taxpayer is unable to provide the information over the telephone, but is willing to provide the financial information directly to the PCA</p>	<ol style="list-style-type: none"> 1. Request the taxpayer mail the completed Form 433-F to the PCA within 30 calendar days 2. The PCA should review the Form 433-F for completeness and ensure all required substantiation is received before preparing the IA information for IRS review. NOTE: The Form 4442 will be rejected if all required substantiation is not submitted with the Form 433-F 3. The PCA should follow up with the taxpayer for any incomplete items.
<p>When the taxpayer is unwilling to provide any personal financial information to the PCA employee</p>	<ol style="list-style-type: none"> 1. The PCA will provide the taxpayer with Form 433-F 2. Instruct the taxpayer to complete the form and mail it, together with any required substantiation, to the appropriate RU within 30 calendar days

	<ol style="list-style-type: none"> 3. Suspend collection action for 30 days 4. Check with the taxpayer if the RU does not notify the PCA of its receipt of the Form 433-F within 45 days
The taxpayer states the Form 433-F was filed with the IRS	<ol style="list-style-type: none"> 1. Obtain information from the taxpayer and the RU about when and where the form was filed 2. Document the information in the case history

Remember to consider if the account is a pending IA, per **Section 11.5 – Pending IAs**.

11.9.2 Financial Statement Discussion Items

When discussing financial information, the PCA employee must suggest that the taxpayer(s):

- ▶ Make immediate payment if the taxpayer has cash equal to the tax liability
- ▶ Consider other assets that may be pledged or readily converted to cash

Note: Stocks, certificates of deposit, IRAs, and some 401K retirement plans can be liquidated or borrowed against.

- ▶ Consider unencumbered assets, equity in encumbered assets, interests in estates and trusts, and lines of credit from which money may be borrowed to make payment
- ▶ Obtain an unsecured loan
- ▶ Defer payment of certain other debts in order to pay the tax liability

Note: When the secured financial information shows the taxpayer does not have the ability to pay the balance within the CSED, the PCA employee should ask the taxpayer(s) if they will have the ability to increase payments in the future.

11.9.3 Financial Substantiation and Allowable Expenses

The PCA employee must explain to the taxpayer that all substantiation required by the Form 433-F must be submitted prior to the consideration of the taxpayer's payment proposal.

Wage earners are required to substantiate income; wage statements for the prior three months must be requested. A statement with the current year to date figures is also acceptable. All taxpayers will be required to provide 3 months of the most current bank statements.

Whenever possible, all substantiation should be sent directly to the PCA. If obtaining documents for substantiation, ask the taxpayer for copies, not original documents. The PCA must review the financial statement for completeness before sending the documentation to the appropriate RU (see **Exhibit A – Contact List**).

Note: When an IA covering more than 60 months or an IA not providing for full payment by the CSED is accepted by the IRS, the case will be recalled by the IRS.

The PCA must complete Form 4442, *Inquiry Referral*, indicating the proposed IA terms. The completed Form 4442, any substantiation the PCA has obtained, and the [Form 433-F](#) must be faxed to the appropriate RU within one business day of completion (see **Exhibit A – Contact List**). The RU will contact the PCA within 14 days when additional information is required.

- ▶ The RU may direct the PCA to secure additional information from the taxpayer to make an IA approval determination.
- ▶ During the RU's review of the case, the case will remain in the PCA's inventory. However, the PCA will take no further collection actions on the case unless directed to do so by the RU.

11.10 Items that the PCA must cover with the Taxpayer

When setting up an IA, PCA employees must advise the taxpayer(s) of all of the following:

- ▶ Payment options (See **Section 8 Payments**).
- ▶ Extra payments or higher payments can be accepted at any time.
- ▶ All IAs require a user fee (See **Section 11.12 IA User Fees**).
- ▶ When making payments by mail, use a PCA-provided payment voucher for each subsequent monthly IA payment.
- ▶ IA payments will be applied first to the user fee, then tax, then penalties, then interest.

Note: The taxpayer is not allowed to designate the application of installment payments. When there are multiple tax years, the payment is applied to the oldest assessed period first.

- ▶ All subsequent returns must be filed and the tax due paid in a timely manner.
- ▶ Any future tax refunds will be applied to the balance due, no matter what type of IA is established.

Note: These refund offsets do not take the place of the monthly payment due.

- ▶ The request for an IA is subject to review prior to acceptance to determine all returns have been filed and the IA meets IRS requirements.
- ▶ A letter with the agreed terms of an IA will be sent to the taxpayer(s), once accepted by the IRS.
- ▶ Penalties and interest continue to accrue while the IA is in effect and taxpayers must continue to make the monthly payments or other periodic installment

payments required by the IA until the balance due plus all accruals are paid in full.

11.11 Payroll Deduction IA

When taxpayers request a payroll deduction IA (PDIA) the PCA must send a Form 2159, *Payroll Deduction Installment Agreement*, with the mailing address for the RU, to the taxpayer as an enclosure in the IA acceptance letter. Complete as much of the form as possible prior to mailing it to the taxpayer and include the payment amount and the total due.

The PCA employee must explain the following to the taxpayer:

- ▶ The taxpayer will need to fill in the form and hand deliver it to his or her employer
- ▶ The employer and taxpayer must both sign [Form 2159](#)
- ▶ The completed form must then be mailed to the appropriate RU (see **Exhibit A – Contact List**)
- ▶ The taxpayer is responsible for the monthly payment(s) until the Form 2159 is completed and the employer sends the payments
- ▶ The taxpayer is ultimately responsible for ensuring payments are made on the IA

The PCA employee must request that the taxpayer advise his or her employer to include the following information on all remittances:

- ▶ Taxpayer's name
- ▶ Taxpayer's SSN
- ▶ "Form 1040", or other Form as applicable
- ▶ Tax period(s)

Note: Employers are **not** required to participate in a payroll deduction agreement. Employer participation is entirely voluntary.

The PCA employee may **never** contact the taxpayer's employer as third party contacts are not authorized for the PCA. **See Section 6.6.4 Third Party Contacts for more information concerning allowable third party contacts.**

11.12 IA User Fees

IRS has established "user fees" to recover the costs of administering an IA.

IF the IA is being...	THEN the taxpayer will be assessed a user fee of...
Initiated	\$105 or \$43 (reduced user fee for low income taxpayers)
Revised	\$45
Reinstated before termination	\$45
Reinstated after termination	\$105

Note: For additional information on when user fees are applied, see **Section 11.13.3 Revision/Reinstatement of IA.**

The PCA employee must tell the taxpayer the user fee will be taken from the first payment (new, revised or reinstated IA) and will be included on the payment voucher mailed to the taxpayer. If possible, the taxpayer's first payment should be for both the first IA payment and the user fee. If the taxpayer is unable to pay both the user fee and the first IA payment, then the first IA payment should be submitted and the user fee will be deducted from that payment. (**Exception:** When the agreement amount is less than the user fee, tell the taxpayer the first payment must be equal to the user fee amount.) Subsequent payments and payment vouchers will be for the agreement amount.

Note: The PCA must document in their system the amount of the user fee the taxpayer was told or required to pay.

11.12.1 Reduced User Fee for Low Income Taxpayers

Taxpayers that qualify for an IA reduced user fee of \$43 will be identified in the weekly file to the PCAs. A Low Income Indicator (LII) of "1" will indicate those that qualify. This indicator should be annotated on the PCA IA Request Form when an IA is reviewed or accepted by the IRS (**see Exhibit G PCA IA Request Form**).

Since the LII can change, the RU will place a check mark in the appropriate area if the Low Income Indicator is still "1".

Note: PCAs must ensure that the voucher sent to the taxpayer reflects the reduced user fee of \$43.

If a taxpayer is not identified as qualifying for a reduced user fee (LII of "0") and asks to pay the reduced user fee, advise the taxpayer that Information about requesting the reduced user fee will be included in the IA acceptance letter. A centralized IRS site will make the determination on whether a taxpayer qualifies for a reduction in the user fee amount and will send the taxpayer a letter informing them of their determination.

Note: Joint accounts where the taxpayers are divorced or separated the user fee will be based on the LII of the person entering into the agreement. (Example: Secondary TP calls in to set up Installment Agreement, Secondary LII, does not qualify for reduced fee. Primary LII does qualify for reduced fee. In this case the user fee for the Secondary TP would be \$105 and \$43 for the Primary TP.

Once the IRS determines that the taxpayer qualifies for the reduced fee, any amounts of the fee collected in excess of \$43 will be credited to the tax owed. Example - If a taxpayer who qualifies for the reduced Installment Agreement User Fee has already paid the \$105 fee, the IRS will automatically apply the \$62 (\$105 initial fee already paid by the taxpayer minus the \$43 fee) to the tax owed.

11.13 Monitoring IAs

All accepted IAs on PCA-assigned accounts will be monitored by the PCA except those recalled because they fail to provide for full payment within 60 months or do not provide for full payment by the CSED.

Payment transactions on all PCA-assigned accounts will be provided weekly to the PCA.

11.13.1 Retention of IA Accounts

The PCA will retain active IA accounts that the IRS has not recalled for the duration of the agreement (full-pay IAs for the lesser of 60 months or the CSED), as long as the PCA has a current contract with the IRS. In addition:

- ▶ If the PCA is not awarded a subsequent contract by the IRS, the PCA will retain its active IA accounts for a maximum of two years after expiration of the contract.
- ▶ Once the two year period has elapsed, these accounts must be returned to the IRS.

After twelve months have passed from the account referral date to the PCA, the IRS may recall the account at any time when the IRS has not received any payment on the taxpayer's account within the preceding 60 calendar day period.

Note: The PCA must follow instructions in **Section 14 Recall and Return of Accounts** when the PCA wants to retain the account beyond the 12-month retention period.

11.13.2 Defaulted IAs

Two conditions will cause a PCA monitored IA to default. The failure of the taxpayer to make the scheduled IA payments or the presence of a new balance due module will place the agreement in default status.

11.13.2.1 Missed Payments

The PCA is required to contact the taxpayer within ten business days of a missed IA payment (**contact can be made by telephone or mail**) to encourage the taxpayer to comply with the terms of the agreement.

If	Then
There is more than one IA in place for the entity	The PCA should only contact the taxpayer who missed the payment
The PCA is unable to determine which taxpayer missed the scheduled payment	<ol style="list-style-type: none">1. Contact the RU for assistance.2. Complete a Form 4442, <i>Inquiry Referral</i>, providing all the details of the agreement and which payments

	are in question.
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Note: During the filing period of April 15th through May 5th each year, there may be a delay in processing payments due to IRS return processing. PCAs should allow an additional 10 days for payments to appear on the pending files during the time frame of April 15th through May 5th.

Within 60 days of a missed IA payment, if the taxpayer has not resumed making the agreed upon installment payments or has not worked out a reinstatement or revision of the IA with the PCA (or the IRS, where necessary), then the PCA should send the taxpayer an IRS-approved default letter by certified mail. No return receipt is required. Each spouse must be sent a default letter, even if both spouses reside at the same address, unless the IA was set up with only one taxpayer for a jointly filed account, in which case send the default letter only to the taxpayer who agreed to pay the IA payments. The default letter will adequately describe the reason the IA defaulted and the taxpayer's appeal rights with the IRS, and will enclose Publication 594, *The IRS Collection Process*, and Publication 1660, *Collection Appeal Rights*. The default letter must prominently contain the name, telephone number, and unique identifying number of the PCA employee responsible for the letter and whom the taxpayer should contact about the letter.

11.13.2.2 New Balance Due Modules

A new balance due module will immediately cause an IA to default unless one of the following conditions is present:

- ▶ The new balance due module is for \$200 or less (aggregate balance due for the module) and will be paid within the CSED if added to the existing IA.
- ▶ The new balance due module will require no more than two additional monthly payments to be paid in full and will be paid within the CSED if added to the existing IA.
- ▶ The total aggregate balance due for the account (existing and the new module) is less than # (# - For Official Use Only – only contracted PCAs will receive this official use only information) and the resulting agreement will be paid within the CSED.
- ▶ The new balance due module was included in the terms of the original IA.

For example: when a taxpayer is contacted by the PCA to resolve a balance due for 2002 it is determined that the taxpayer needs to file his 2005 tax return. The PCA directs the taxpayer to file the return with the appropriate RU. Once the taxpayer files the return, the RU contacts the PCA and confirms the filing of the 2005 return with a balance due of \$2,000. When the PCA contacts the taxpayer again to obtain payment for the original balance due (2002), it is determined that the taxpayer cannot pay the 2005 balance due. The PCA may attempt to negotiate an IA with the taxpayer which includes both the 2002 and anticipated 2005 balance due. If the terms of such an agreement are approved by the RU, then the

PCA should notate in the case history that once the 2005 balance due is assigned to the PCA it should be included in the IA.

In each of the instances stated above, the PCA must notify the RU that the new balance due will be included in the existing IA. PCA employees can use the PCA IA Request Form or Form 4442, *Inquiry Referral* to provide the details of the agreement. The RU must approve the revised IA before the taxpayer is notified. Taxpayer's who have agreements revised based on one of the instances above will **not** be charged a \$45 user fee. The PCA should notify the taxpayer in writing that the new balance due will be included in the existing IA.

11.13.2.3 Issuing IA Default Letter

If none of the instances above apply to the taxpayer's account, then the PCA will immediately default the IA. The PCA should send the taxpayer an IRS-approved default letter by certified mail. The default letter will adequately describe the reason the IA defaulted and the taxpayer's appeal rights with the IRS, and will enclose Publication 594, *The IRS Collection Process*, and Publication 1660, *Collection Appeal Rights*. The default letter must prominently contain the name, telephone number, and unique identifying number of the PCA employee responsible for the letter and whom the taxpayer should contact about the letter.

Note: A new Return Delinquency module will not cause an IA to default.

For notification purposes PCAs will prepare and fax Form 4442 to the appropriate RU the same day the default letter is sent to the taxpayer.

11.13.2.4 Appeal of Defaulted IA

The taxpayer may request an appeal of the defaulted IA. When the taxpayer or authorized taxpayer representative requests an appeal on the phone, advise him or her to contact the appropriate RU.

If	Then
The PCA receives a request for an appeal in writing	The PCA should immediately fax the appeal request to the RU and suspend all collection activity.
The RU receives a request for an appeal	<ol style="list-style-type: none">1. The PCA will be notified to suspend all action while the appeal is in process.2. Once the appeal is resolved, the RU will notify the PCA.

11.13.2.5 Terminated IAs

If a taxpayer has not filed an appeal or contacted the PCA to reinstate the IA within 30 days of the default letter, the IA is considered to be terminated. Each week that any IAs are terminated, the PCA is required to fax a Form 4442, *Inquiry Referral* to the appropriate RU listing all terminated IAs (see **Exhibit A – Contact List** for RU fax numbers). The date the agreement was terminated must be listed along with the SSN and tax periods included in the IA. At their option, PCAs may substitute a system generated report showing all terminated IAs in lieu of a Form 4442, *Inquiry Referral*.

11.13.3 Revise/Reinstatement of IA

Taxpayers may request a revision to a current IA or the reinstatement of a defaulted or terminated IA. In most instances, the taxpayer will be charged a user fee. Utilize the chart below to assist in determining the proper account actions. When submitting a revised or reinstated IA to the RU for review; clearly indicate if an additional user fee applies and the amount of the user fee. Also indicate if no fee should be charged.

If	And	Then
The taxpayer requests to change the day of the month that their payment is due.	The account is currently in IA status.	<ol style="list-style-type: none"> 1. Update the case history and notify the RU using a PCA IA Request Form or Form 4442, <i>Inquiry Referral</i>. 2. The taxpayer will not be charged a user fee.
The taxpayer requests to change their monthly IA payment amount and the revised agreement will not require financial analysis	The account is currently in IA status	<ol style="list-style-type: none"> 1. The revision requires the approval of the RU. 2. Prepare a PCA IA Request Form or Form 4442 and fax to the appropriate RU. 3. If the revision is approved by the RU, no user fee is charged.
The taxpayer requests to change their monthly IA payment amount and the revised agreement will require financial analysis. If the PCA previously secured financial information from the taxpayer, updated financial information will	The account is currently in IA status	<ol style="list-style-type: none"> 1. The PCA will secure the Form 433-F and forward to the RU. 2. If the revision is approved by the RU and the PCA will continue to monitor the agreement, the taxpayer will be charged a \$45 user

need to be secured.		fee.
The taxpayer has been sent a default letter and now requests to reinstate the IA	The account is in default status and it is within 30 days of the date of the default letter	<ol style="list-style-type: none"> 1. The reinstatement requires the approval of the RU. 2. Send the RU a PCA IA Request form or Form 4442/433-F as appropriate. 3. If the reinstatement is approved by the RU, the taxpayer will be charged a \$45 user fee.
The taxpayer has been sent a default letter and now requests to reinstate the IA	More than 30 days have passed since the default letter and the agreement is considered terminated	<ol style="list-style-type: none"> 1. All instructions related to new IAs apply. 2. The taxpayer will be charged \$105 or \$43 as determined by the Low Income Indicator (LII) once the agreement is approved by the RU.

If the taxpayer's request to revise or reinstate an IA is approved, the PCA will notify the taxpayer by letter of the agreed upon terms. Inform the taxpayer of any additional user fees that will be charged as a result of the revision or reinstatement.

When revising/reinstating an IA for a taxpayer who has previously defaulted, strongly encourage the taxpayer to agree to a payroll deduction agreement (see **Section 11.11 - Payroll Deduction IA**).

In a situation where a taxpayer has established an IA that is monitored by the PCA and never makes a payment, the original \$105 or \$43 user fee will have never been paid. If the taxpayer contacts the PCA to "revise" the agreement, the original \$105 or \$43 user fee will apply. The taxpayer will not be charged a \$105 fee and a \$45 fee. PCA employees will need to review the case history for payments applied to the account in order to recognize that no payments were made on the original agreement.

Note: The PCA must document in their system the amount of the user fee the taxpayer was told or required to pay.

11.14 IA Annual Statement

To comply with the law, each year, the IRS must mail an *Annual Installment Agreement Statement*, to every taxpayer with an existing IA. The statement provides the following information:

- ▶ The dollar amount of the beginning account balance(s) due

- ▶ An itemized listing of payments
- ▶ An itemized listing of penalties, interest, and other charges
- ▶ The dollar amount of the ending account balance(s) due

This annual statement will be provided by the IRS to all taxpayers with IAs established by the PCA. When taxpayers have questions regarding this notice that a PCA employee cannot answer, the PCA employee must prepare a Form 4442, *Inquiry Referral*, and fax the question to the appropriate RU.

12 ACCOUNTS REQUIRING SPECIAL PROCESSING

Many accounts will require special processing based on individual circumstances. This section of the Guide explains some of the special processing circumstances the PCA employee may encounter. When special circumstances are encountered that the PCA employee does not know how to process, contact the COTR for direction.

12.1 IRS Employee

Whenever the PCA identifies a taxpayer as an IRS employee, the PCA employee must take the following actions:

- ▶ Prepare Form 4442, *Inquiry Referral* indicating the “TP is an IRS employee”
- ▶ Fax Form 4442 to the appropriate RU within one business day (see Exhibit A – Contact List)
- ▶ Suspend all action on the account
- ▶ Follow the instructions provided by the RU

Note: The cases of IRS employees will be recalled when identified.

12.2 Offer in Compromise (OIC)

An Offer in Compromise (OIC) is an agreement, binding both the taxpayer and the IRS, which resolves the taxpayer's tax liability where it has been determined that there is doubt as to the taxpayer's liability, doubt as to the IRS's ability to collect the balance due, or there is a serious economic hardship or other exceptional circumstance which warrants acceptance of less than full payment of the taxes owed.

Taxpayers have the right to submit an offer to compromise a tax liability and have the offer considered on its merits. The PCA is not permitted to negotiate, indicate approval of, or advise a taxpayer regarding the Offer in Compromise (OIC) program.

Taxpayers requesting OIC information must be referred to the IRS toll free number, 1-800-829-1040 or to the IRS web site for information and forms. When taxpayers indicate that they intend to submit an OIC, place a 30-day hold on the account in order to allow the taxpayer to file the OIC. When the IRS receives the OIC from the taxpayer, the case will be recalled from the PCA. If after 30 days, the account has not been recalled, the PCA can resume collection activities.

12.3 Taxpayer Assets Located

When the PCA has exhausted all efforts to resolve the case within their scope, and the PCA has identified potential taxpayer assets through conversations with the taxpayer or through other means not involving an improper third party contact, see **Section 6.6.4 Third Party Contacts**, the PCA should submit the asset information to the appropriate RU on Form 4442, *Inquiry Referral* (see **Exhibit A – Contact List**). The RU should ordinarily make a determination within 14 business days and notify the PCA if the account will be recalled.

Note: The RU may recall the case if it concludes that no further action needs to be taken by the PCA or if the IRS decides to consider taking any enforced collection action on the basis of any new information the PCA provided.

12.4 Currently Not Collectible (CNC) – Unable To Pay

When the taxpayer credibly indicates that payment of the balance due immediately or through an IA would leave him or her unable to pay necessary living expenses, report the account “currently not collectible” (CNC). To request the account be recalled by the IRS as CNC, the PCA employee must take the following actions:

- ▶ Prepare a Form 433-F to be used by the RU in making the CNC determination (as discussed for IAs found in **Section 11.9.1 – Collection Information Statement**).
- ▶ Prepare Form 4442, *Inquiry Referral*, and indicating “CNC determination needed”. If the tax period(s) in question are for joint liabilities, clearly document if the CNC determination is for both taxpayers or one taxpayer. When the account is a joint liability, identify if the spouse (or ex-spouse) on the account can pay and pursue collection, when appropriate.
- ▶ Fax Forms 433-F and 4442 to the appropriate RU for approval within one business day of completing the forms (see **Exhibit A – Contact List**).
- ▶ Suspend all action on the account. Advise the taxpayer that the IRS will review the financial information submitted and make a determination if collection will be deferred on the account or if there is an ability to pay the balance due.
- ▶ Follow the instructions provided by the RU.
- ▶ If the RU determines that additional information is needed to make the CNC determination, the PCA should request the information from the taxpayer. The PCA will continue suspension on all action on the account for an additional 15 calendar days for requested information or an additional 30 calendar days if a delinquent tax return must be filed.

Ensure all contact with the taxpayer is suspended until the RU makes a determination. The RU should ordinarily make a determination within 14 business days and notify the PCA if the case will be recalled.

NOTE: The PCA will not conduct a compliance check unless attempting to establish an installment agreement, however, in cases where it is determined that the taxpayer is

unable to pay the tax due, the PCA may advise the taxpayer that one of the IRS's conditions for CNC determination is that all returns be filed.

12.5 Incarcerated Taxpayer

PCA employees may discover a taxpayer is currently incarcerated. Taxpayers in this situation are afforded the same rights as any other taxpayer. Identify the potential for collection (e.g., full pay, IA, CNC, etc.) of the balance due. Secure as much information as possible through conversations with the taxpayer or through other means not involving an improper third party contact, see **Section 6.6.4 – Third Party Contacts**, including the following:

- ▶ Place of incarceration
- ▶ Date of release
- ▶ Location of assets
- ▶ Address(es) and telephone number(s) of spouse for joint accounts

If possible, the PCA employee should secure information from the taxpayer or an authorized representative to prepare a Form 433-F. When the account is a joint liability, identify if the spouse (or ex-spouse) on the account can pay and pursue collection, when appropriate.

When unable to collect due to a taxpayer's incarceration, the PCA employee must take the following actions:

- ▶ Document the case history.
- ▶ Prepare a Form 433-F, if possible (as discussed for IAs found in **Section 11.9.1 – Collection Information Statement**).
- ▶ Prepare *Form 4442, Inquiry Referral*, indicating "TP incarcerated -- CNC determination needed" and provide all secured information (listed above) including information regarding liable spouse.
- ▶ Fax Forms 433-F (if available) and 4442 to the appropriate RU for approval within one business day of completing the forms (see **Exhibit A – Contact List**)
- ▶ Suspend all action on the account.
- ▶ Follow the instructions provided by the RU.
- ▶ Note: The RU should ordinarily make a determination within 14 business days and notify the PCA of the result.

12.6 Deceased Taxpayer

The PCA may identify that a taxpayer is deceased either through electronic research, correspondence or telephone contact with a surviving spouse or third party. Upon discovering that a taxpayer is deceased, the PCA must suspend collection action on the account.

The PCA employee must then complete a Form 4442, *Inquiry Referral* indicating "TP deceased – need determination". The PCA must indicate where the information showing that the taxpayer is deceased was obtained. If the information came from a third party, list the name and phone number of the third party, if available.

- ▶ Fax the Form 4442, together with all relevant documentation and information to the appropriate RU within one business day of securing the information (see **Exhibit A – Contact List**).
- ▶ The RU will coordinate with the COTR and will ordinarily make a determination on the status within 14 business days.

The RU will either recall the account from the PCA or direct the PCA to pursue collection action against a liable spouse. In some instances the RU may ask the PCA to secure additional information which will facilitate resolving the account. PCAs may ask third parties if they know the identity of any executors or administrators for the deceased taxpayer. For purposes of securing additional information, an executor or administrator is not considered to be a third party. PCAs may ask executors or administrators for information and/or ask them if an estate exists with the resources to pay the tax liability.

If	Then
If the PCA is notified in an Address of Record File (AOR/ARF) that a taxpayer is deceased	<ol style="list-style-type: none"> 1. All collection action should cease on the account until the PCA is contacted by the RU. 2. The PCA should not submit a Form 4442 to the RU in this instance.
If the PCA has not received either a Form 4442 or recall notification within 14 business days	Contact the appropriate RU to determine the next action.

12.7 Bankruptcy

Important: Cease all collection actions when notified of a bankruptcy filing.

Generally, filing bankruptcy gives a debtor immediate relief from all demands for payment and collection actions. PCA employees, upon learning of a bankruptcy, must request information from the taxpayer regarding the bankruptcy.

When notified a bankruptcy has been filed, the PCA employee must take the following actions:

- ▶ Immediately suspend all action on the account.
- ▶ Secure as much of the following information as possible:
 - Current status of the taxpayer’s bankruptcy (i.e., opened or closed)
 - Date the petition was filed
 - Court location where the bankruptcy was filed
 - Case (docket) number
 - Chapter under which the bankruptcy was filed
 - Discharge date, if applicable
 - Method of closure (dismissal or discharge) and the closure date (or general timeframe) if the case is closed

Note: For correspondence complete information may not be known. In any event, prepare the *Form 4442, Inquiry Referral* with the known information.

- ▶ Document the case history.
- ▶ Complete Form 4442 indicating “Bankruptcy”.
- ▶ Fax the Form 4442, together with all relevant information, to the appropriate RU within one business day of securing the information (see **Exhibit A – Contact List**).
- ▶ Follow the instructions provided by the RU.

IMPORTANT: If the bankruptcy is closed or has been dismissed and the taxpayer makes no mention that the taxes were discharged, the PCA can continue collection efforts.

If during the PCAs electronic research, the research reveals a discharge or dismissal date for the bankruptcy, Form 4442 does not to be prepared.

Note: The case will remain assigned to the PCA until the above information has been reviewed and a determination to recall the case has been made. The RU should ordinarily make a determination within 14 business days. However, under no circumstances should the PCA resume collection activity in these potential bankruptcy case circumstances unless or until the PCA receives specific written approval to do so from the RU.

12.8 Identity Theft

A taxpayer may call to report his or her SSN has been misused to obtain goods or services or to report other complaints related to identity theft. Advise the taxpayer to contact the Federal Trade Commission (FTC) Identity Theft Hot-Line at **1-877-438-4338** if he or she has not already reported the theft.

When the taxpayer indicates that the balance due was the result of identity theft, or his or her SSN being used illegally, request documentation. Direct the taxpayer to send copies of **all** of the following documents to verify identity theft to the appropriate RU (see **Exhibit A – Contact List**):

- ▶ Taxpayer’s Social Security card
- ▶ A document verifying current home address (e.g., utility bill, bank statement, etc.)
- ▶ A copy of the taxpayer’s valid U.S. federal or state government-issued form of identification (example, driver’s license, state identification card, passport, etc.)
- ▶ Evidence of identity theft (e.g. police report or Affidavit of Identity Theft filed with the Federal Trade Commission).

Place a 30-day hold on the account in order to allow the taxpayer to provide the information to the RU. Document the case history with information provided by the taxpayer.

Once all documentation is received, the RU will notify the PCA of the next actions to be taken.

Note: The RU will ordinarily determine the appropriate case actions within 30 days and will either recall the case or provide the PCA with additional procedures.

12.9 Automated Levy Programs

This section provides information on Automated Levy Programs (ALPs). An IRS levy is the legal seizure of a taxpayer's property to satisfy a federal tax debt. An ALP is a program where selected federal tax debts are matched with funds disbursed from state taxing authorities and federal agencies (e.g., refund, salary, pension, and vendor payments) in an effort to satisfy all or part of the federal tax debt through IRS levy. There are three current ALPs, as follows:

- ▶ Alaska Permanent Fund Dividend Levy Program (AKPFD)
- ▶ Federal Payment Levy Program (FPLP)
- ▶ State Income Tax Levy Program (SITLP)

Accounts assigned to the PCA inventory are still subject to these ALPs. A basic understanding of these ALPs will help the PCA employee to provide appropriate assistance to the taxpayer.

A taxpayer included in one of the ALPs will receive correspondence from the IRS stating either that the IRS intends to levy or has levied his or her funds and that certain appeal rights apply. This correspondence advises the taxpayer to contact the IRS; however, the taxpayer may contact the PCA on accounts assigned to the PCA.

Whenever a taxpayer states he or she has received correspondence from the IRS, the PCA employee can identify both the correspondence type and the ALP by asking the taxpayer to provide the Notice Number that appears in the upper right-hand corner of the correspondence. There are five versions for individual taxpayers of the ALP correspondence, as follows:

- ▶ Notice Number CP 77 – Final Notice: Notice of Intent to Levy and Notice of Your Right to a Hearing (AKPFD)
- ▶ Notice Number CP 78 -- Reminder Notice (AKPFD)
- ▶ Notice Number CP 90 – Final Notice: Notice of Intent to Levy and Notice of Your Right to a Hearing (FPLP)
- ▶ Notice Number CP 91 – Final Notice Before Levy on Social Security Benefits (FPLP)
- ▶ Notice Number CP 92 -- Notice of Levy on Your State Tax Refund: Notice of Your Right to a Hearing (SITLP)

Even if the taxpayer indicates that they have received an intent to levy or have an existing levy, the PCA should still request payment of the balance due by following procedures outlined in this guide. Entering into a payment agreement or full payment of the balance due may prevent the levy or release the levy on the account. If an IA request is submitted to the RU and the taxpayer indicates there is a levy on the account, identify on the Form 4442 that there is a levy on the account.

Note: It is important to note that taxpayers with a levy may indicate that they are incurring undue hardship which could qualify as TAS criteria. Refer to **Section 15.4 Criteria for Referring an Account** for more information.

Should the taxpayer request an appeal in response to any ALP notice, the PCA employee must immediately cease collection activity and advise the RU accordingly. The PCA shall not resume collection activity until such time that the PCA is directed to do so by the RU. Also, if the taxpayer raises any issues regarding the intent to levy or the actual levy that the PCA employee cannot address, the taxpayer must be directed to contact the appropriate RU. (See **Exhibit A – Contact List**)

12.9.1 Alaska Permanent Fund Dividend Levy Program (AKPFD)

The AKPFD levy program is an agreement between the IRS and the State of Alaska to levy an individual's Permanent Fund Dividend (PFD). The PFD is distributed annually by the State of Alaska to all eligible recipients.

Taxpayers included in the AKPFD levy program receive correspondence in July stating the IRS intends to levy their PFDs. There are two versions of AKPFD correspondence: CP 77 and CP 78 (see Section **12.9 – Automated Levy Programs**).

The PCA employee can take actions that will prevent the levy as long as the IRS is notified prior to the levy issuance.

- ▶ There is an annual cutoff date by which IRS must be notified.
- ▶ Each year, the COTR will provide the PCA with this cutoff date.

The following actions will prevent an AKPFD levy:

- ▶ Full payment
- ▶ IA notification
- ▶ Bankruptcy identification
- ▶ Notification that the taxpayer is deceased
- ▶ OIC filing
- ▶ CNC determination
- ▶ Combat zone designation
- ▶ Innocent/injured spouse request
- ▶ Appeal filing

Note: Once the levy cutoff date has passed, the levy cannot be stopped.

12.9.2 Federal Payment Levy Program (FPLP)

The FPLP is an agreement between the IRS and the Department of the Treasury, Financial Management Service (FMS) to continuously levy certain federal payments disbursed by FMS.

Taxpayers included in the FPLP will receive correspondence from the IRS stating the IRS intends to levy if they do not respond within 30 days from the date on the correspondence.

The PCA employee can take actions that will prevent the levy as long as the IRS is notified prior to the levy issuance. The PCA employee must contact the appropriate RU anytime the following actions are identified or taken on an FPLP taxpayer:

- ▶ Full payment
- ▶ IA
- ▶ Bankruptcy
- ▶ Deceased taxpayer
- ▶ OIC
- ▶ CNC
- ▶ Combat Zone
- ▶ Innocent/injured spouse
- ▶ Appeal

Once the levy has taken place, FMS will issue a letter to the taxpayer explaining the amount levied and advising the taxpayer to contact the IRS. The actions listed above will both prevent a levy and stop the levy; however, the actions may not stop the levy for up to two additional payments. The PCA employee must advise the taxpayer to immediately contact the RU if he or she needs immediate relief from the levy.

12.9.3 State Income Tax Levy Program (SITLP)

The SITLP is an agreement between the IRS and certain participating states to levy individual state income tax refunds. Taxpayers meeting certain criteria are included on a levy file that the IRS provides to participating states.

Once the levy attaches, the state issues a letter explaining the amount levied and advising the taxpayer to contact the IRS. Taxpayers will also receive a CP 92 from the IRS (once the levy payment is received) advising them of their appeal rights.

Tip: It is important to remember that, by law, SITLP taxpayers receive IRS notification **after** the levy has taken place.

When a taxpayer raises any issues about the levy or requests an Appeal, the PCA employee must advise him or her to immediately contact the appropriate RU.

12.10 Disaster/Emergency

A major disaster is defined as any catastrophe (including any hurricane, tornado, storm, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, or drought) or, regardless of cause, any fire, flood, or explosion, in any part of the United States, which causes sufficient damage to warrant major disaster assistance. Disasters may also be caused by terrorist or military action.

Disasters may be declared by the President, or may be an individual personal disaster (such as house fire).

A Presidential declared disaster is defined as any occasion or instance when, in the determination of the President, federal assistance (Public Assistance or Hazard Mitigation Assistance) is needed to supplement state and local efforts and capabilities to save lives and to protect property and public health and safety, or to lessen or avert the threat of a catastrophe in any part of the United States. The IRS may extend relief in response to any emergency situation.

The IRS may provide relief in the form of extensions of time to file or pay under IRC § 6081 and 6161 in any disaster. When the President makes a disaster or emergency declaration, then IRS may provide relief under IRC § 7508A. When the President designates a disaster area, the IRS COTR will provide the PCA with information regarding the impacted ZIP Code(s) as well as the beginning and ending dates for the disaster status.

The PCA must suspend all contacts on taxpayers who reside in Presidential disaster areas until the end date on the disaster status.

12.10.1 Where to find Disaster/Emergency Relief Information

Taxpayers and tax practitioners can find information about disaster relief on the Internet by accessing the IRS website at www.irs.gov. Additionally, the following publications are available for affected taxpayers:

- ▶ **Publication 2194**, *Disaster Losses Kit for Individuals*, contains tax forms and publications that assist the taxpayer in claiming a casualty loss on property that was destroyed by a natural disaster. Taxpayers can order the disaster kit by calling toll-free to (800) 829-3676. Disaster kits are also available at the Federal Emergency Management Agency (FEMA) Disaster Recovery Centers and at local IRS offices.
- ▶ **Publication 225**, *Farmers' Tax Guide* for farmers affected a disaster. Taxpayers can request this publication by calling toll-free (800) 829-3676.
- ▶ **Publication 3833**, *Disaster Relief — providing assistance through charitable organizations*, may be referred to for disaster assistance information.

Many disaster victims register for federal assistance by calling FEMA's National Tele-registration Center at (800) 462-9029 or Telephonic Devices for the Deaf (TDD) at (800) 462-7585. FEMA will send out a Disaster Kit that contains information from many federal and state agencies including Notice 1041, *Disaster Relief is Available from IRS*. **Publication 1600**, *Disaster Losses*, is also included in the FEMA Disaster Kit.

12.10.2 What to do when Contacted by a Taxpayer in a Disaster/Emergency Area

When a call or letter is received from a taxpayer whose financial condition is changed because the taxpayer is providing emergency assistance to someone directly impacted by a disaster, consider either of the following:

- ▶ The new financial condition in terms of reducing an agreed IA amount
- ▶ A hardship determination (see **Section 12.4 - Currently Not Collectible**)

Note: It is acceptable for a PCA to accept information volunteered by a family member of the taxpayer or other third party.

Take the following actions when there is an indication the taxpayer is providing direct emergency assistance to someone directly impacted by a disaster:

- ▶ Clearly note the details in the case history.
- ▶ Take the appropriate action based on the taxpayer's ability to pay today.

Note: This action is appropriate as the IRS does not wish to interfere with any emergency response provided during a disaster.

Due to the continuing impact of Hurricane Katrina, PCA employees should show sensitivity and exercise good judgment when speaking with taxpayers. Assess the impact that the disaster had on the taxpayer. Stress and fatigue are factors to consider, even when the taxpayers have not experienced personal, monetary or physical damage.

Take the following actions when the taxpayer indicates he or she has been directly impacted by a disaster or an emergency:

- ▶ Suspend all collection activity.
- ▶ Document the case history.
- ▶ Prepare Form 4442, *Inquiry Referral*, indicating either "TP is in a disaster/emergency area" or "TP is directly impacted by a disaster", as appropriate.
- ▶ Fax the details regarding the disaster/emergency to the appropriate RU for processing.

When a taxpayer living in a designated disaster area or otherwise affected by disaster/emergency already has an IA, the PCA will:

- ▶ Continue to monitor the agreement for commissionable payments.
- ▶ **DO NOT** contact the taxpayer if payments cease.
- ▶ **DO NOT** send the taxpayer an IA default letter.
- ▶ Contact the appropriate RU 60 days after the last payment and inform them that payments have ceased for a taxpayer affected by disaster/emergency.

Note: The RU will provide instructions to the PCA within 14 business days after notification from the PCA that payments have ceased.

If	Then
The disaster designation expires for a taxpayer with an IA and it has been less	1. The PCA should reinstate the IA with payments to begin the month

<p>than 60 days since the last missed payment</p>	<p>following the end of the disaster relief period.</p> <ol style="list-style-type: none"> 2. Since the reinstatement is due to the disaster designation rather than the failure of the taxpayer to make payments, no additional user fee is due. 3. <u>The PCA should note in the account history that the IA has been reinstated due to the disaster declaration.</u> 4. <u>The PCA is not required to notify the RU of reinstatements due to disaster declarations.</u> For example, if a taxpayer's normal IA payment is due on September 15th and the disaster designation expires on September 10th, then the IA should be reinstated with the first payment due on October 15th. Since the disaster declaration has expired, normal IA monitoring and default procedures will apply to the reinstated agreement.
<p>The taxpayer was sent a default letter prior to the disaster declaration and the 30 day period for the taxpayer to appeal the default did not expire before the freeze on the account</p>	<p>The PCA should take the following actions once the disaster freeze expires:</p>
<p>The default letter was returned as undelivered</p>	<p>The PCA should reissue the default letter and begin the 30 day appeal period again.</p>
<p>There is no indication that the default letter was undeliverable</p>	<ol style="list-style-type: none"> 1. The PCA should continue to monitor the account for the remaining period of time left for the taxpayer to appeal the default. For purposes of calculating the 30 day period, do not count the days the account was in a disaster freeze. 2. Once the time given the taxpayer to appeal or reinstate the agreement has passed, notify the RU that the IA has been terminated.

12.11 Threats

The PCA must notify the COTR and Treasury Inspector General for Tax Administration (TIGTA) immediately of threats made by taxpayers, third parties or POAs and provide them with information collected about the identity of the taxpayer, third party or POA involved.

When possible, the threatened PCA employee must document the following information in the case history and supply it to the COTR and TIGTA:

- ▶ Taxpayer, third party, or POA's name
- ▶ Taxpayer or third party SSN
- ▶ POA CAF number, if applicable
- ▶ Location of taxpayer, third party, or POA
- ▶ Time the call was received or date correspondence was received
- ▶ Any other information that may aid in an investigation

A PCA employee who receives a threat via telephone must do the following:

- ▶ Avoid confrontational statements to the individual.
- ▶ Ask the individual to clarify vague statements.
- ▶ Have someone else (preferably the employee's manager) listen to the call in order to corroborate the threat, if possible.

When an individual is being verbally abusive, however not threatening, advise him or her that the call will be disconnected if he or she continues the behavior. If the behavior continues, the PCA employee should inform the individual that the call is being disconnected and then disconnect the call. The PCA employee should ensure the call is documented.

After a threat (in verbal or written form) has been reported to the COTR and TIGTA, all collection action must cease on the case. The TIGTA office will investigate the threat and provide further guidance to the PCA. PCA management must consult with the COTR and TIGTA to determine if it is appropriate to retain a "threat" case in the PCA's inventory.

See **Exhibit A – Contact List** for the COTR and TIGTA offices.

12.12 Joint and Several Liability

Taxpayers who file and sign a joint return are each fully responsible for the accuracy of the return and for the full liability. This is "joint and several" liability. The liability applies to each spouse even though only one spouse may have earned the wages or income shown on the return.

A taxpayer who files a joint return with a spouse is generally jointly and separately liable for all tax due in that tax year. When a taxpayer believes he or she should not be required to pay the balance due (including tax, penalty, and/or interest) for a tax year in which he or she filed a joint return, the taxpayer may be eligible for relief from joint and several liability by requesting Innocent Spouse Relief.

12.13 Innocent Spouse Relief

Taxpayers requesting information on Innocent Spouse Relief should be directed to the IRS web site or the telephone number 1-800-829-1040 for more information. Taxpayers

request Innocent Spouse Relief via a [Form 8857](#), *Request for Innocent Spouse Relief*. The [Form 8857](#) claim is referred to as an Innocent Spouse claim.

- ▶ Direct taxpayers who have access to the IRS web page at www.irs.gov to obtain a Form 8857; or
- ▶ Taxpayers may receive forms from the IRS by calling toll free 1-800-829-3676 and requesting the form, or
- ▶ Alternatively, taxpayers may ask the PCA to download and mail Form 8857 to the address provided by the taxpayer.

Advise the taxpayer that the PCA will suspend contact with the spouse who files for innocent spouse relief, but if the IRS does not have the form in 60 days, the spouse will be contacted again.

Explain to the taxpayer the [Form 8857](#) must be mailed to the address on the form. Suspend collection activity against the spouse who requested information or forms for 60 days. Note that the file was placed on suspense for the spouse requesting information on the Innocent Spouse program.

The PCA should continue collection activity against the other spouse. When the PCA does not get an update from the IRS indicating a Request for Innocent Spouse Relief has been filed within 60 days, the PCA should resume collection activity on both parties. When the spouse who requested information states the Form 8857 was filed, request information on when and where the form was filed. Follow up with the RU for information on whether the IRS has received the document if the taxpayer mailed the form more than 30 days ago.

12.14 Taxpayer Chooses Not To Work with PCA

Although the IRS has granted legal authority to the PCA to work with the taxpayer, there may be times when the taxpayer chooses not to work with the PCA. When these instances occur, inform the taxpayer that they must place their request in writing to the PCA and provide the taxpayer with the mailing instructions. The PCA must suspend all activity on the account for 30 days to allow the taxpayer sufficient time to make a written request. The PCA may resume collection after the expiration of the 30 day period unless a written notification is received from the taxpayer or the RU notifies the PCA to cease collection.

When the PCA receives a written request not to work with the taxpayer, the PCA must ensure no contact is made with the taxpayer after receipt. If the PCA continues contacting the taxpayer in these circumstances, these subsequent contacts may represent violations of the Fair Debt Collection Practices Act (FDCPA), 15 USC 1692c(c). Fax a copy of the letter to the RU within one business day of receipt and suspend any activity on the taxpayer's account. The RU will recall all cases when a written request not to be contacted by a PCA is received.

NOTE: Only one taxpayer on a joint account needs to opt out for the case to be recalled from the PCA.

12.15 Taxpayer Disputes

For specific disputes already defined in other chapters, follow the procedures to which the dispute relates. When the taxpayer disputes the tax amount or the penalty, the PCA must fully document all the taxpayer's issues on Form 4442, *Inquiry Referral* and fax to the RU (see **Exhibit A – Contact List**) within one business day of securing the information.

When the taxpayer states the balance due has been paid, secure the payment information so the RU can complete a payment tracer. When preparing documentation for the RU concerning a payment dispute, include the following information on the Form 4442, *Inquiry Referral* as applicable:

- ▶ Taxpayer's name and address
- ▶ Taxpayer's social security number
- ▶ Type of tax (i.e. Form 1040)
- ▶ Tax period
- ▶ Amount of payment
- ▶ Type and method of payment (paper check, EFTPS, etc.)
- ▶ IRS office where payment was made or mailed
- ▶ Issue date of check, money order, etc.
- ▶ Date of receipt, receipt number, and type of receipt (if received)

When possible, attach a clear photocopy of both sides of the canceled check or money order used to make the payment that needs to be traced. When the payment was made by cashier's check or money order, and a copy of the canceled document is not readily available, get the serial number of the payment, the date it was bought, and the name and address of the office that issued it to the taxpayer.

The PCA must fax copies of all taxpayer written dispute correspondence concerning the amount of any debt due to the IRS to the RU within one business day of receipt.

During the dispute review by the RU, the case will remain in the PCA's inventory. However, the PCA must ensure no further collection activity takes place on the case until the RU contacts the PCA with instructions. The IRS will attempt to resolve the dispute within 30 calendar days of receipt, and will notify the PCA when the dispute is resolved what action should be taken.

If the taxpayer states that he/she has previously written to the IRS and has not received a response from the IRS after 30 days of mailing the request, refer to **Section 15 - Taxpayer Advocate Service Procedures** for TAS referral procedures.

In some cases the taxpayer may dispute the penalties and/or interest that has been assessed on his/her account. The taxpayer may mention that he/she is interested in an **abatement or reduction** of these assessments. An abatement or reduction of taxes means that the taxpayer does not agree with the amount of tax the IRS assessed on his/her account. An abatement or reduction of penalties or

interest indicates that the taxpayer knows the tax is owed, but would like the IRS to consider removing the penalty due to “reasonable cause” (a legitimate reason that the IRS may consider). If a taxpayer is requesting an abatement of tax, penalties, or interest, advise the taxpayer to submit a signed request to the IRS explaining the reasons. Taxpayers should be referred to the IRS toll free number, 1-800-829-1040 or the IRS web site for information. When the taxpayer indicates he/she will be submitting an abatement request, place a 30 day hold on the account in order to allow the abatement to be filed and for the IRS to review it. The IRS will review it and let the taxpayer know if it accepts/rejects the taxpayer’s request.

If a taxpayer submits a written request for abatement through the PCA, forward the request to the RU via Form 4442.

Note: there is a difference between a request for abatement and an offer in compromise (**see section 12.2 – Offer in Compromise**).

12.16 Congressional Inquiries

Occasionally, the IRS receives inquiries from a U.S. Senator’s Office, U.S. Congressional Office, Federal, State or local Government Offices. Any inquiries of this kind received by the PCA must be faxed to the COTR (see **Exhibit A – Contact List**) within one business day of receipt. When the correspondence or inquiry pertains to a specific account, or series of accounts in the PCA’s inventory, the PCA must suspend any and all collection activity on the account(s). Do not respond directly to the Congressional office, Federal, State, or local Government Office. The IRS will respond to each inquiry and will notify the PCA with instructions for the account(s).

When an inquiry is received by phone, refer the caller to the COTR and notify the COTR of the contact. The COTR will provide the PCA with procedures once a response is issued.

12.17 Combat Zone

This section provides guidance for identifying cases for taxpayers who are or have served in the following:

- ▶ In an area designated as a combat zone
- ▶ In a contingency operation designated by the Department of Defense
- ▶ In a qualified hazardous duty area as defined by Congress, or
- ▶ In direct support of military operations in a combat zone certified by the Department of Defense.

A combat zone is any area the President of the United States designates by Executive Order as an area in which the United States Armed Forces are engaging or have engaged in combat. An area usually becomes a combat zone and ceases to be a combat zone on the dates the President designates by Executive Order. These

additional conditions will also be considered for the purpose of qualifying as a Combat Zone:

Contingency Operation - The rules in IRC 7508 have been extended for an area designated by the Dept. of Defense for an individual deployed outside the United States away from the individual's permanent duty station while participating in an operation.

In general those individuals described below are considered Combat Zone personnel:

- ▶ Individuals who serve in the Armed Forces in a combat zone or qualified hazardous duty area (and to persons performing qualifying service outside such area) or who participated in a contingency operation.
- ▶ Military personnel who are not located in the designated combat area but are in direct support of the Combat Zone initiative and receiving hostile fire or imminent danger pay. This also applies to Merchant Marines serving aboard vessels under the operation and control of the Dept. of Defense, Red Cross personnel, accredited correspondents, and civilian personnel acting under the direction of the U.S. Armed Forces in support of those forces.
- ▶ Members of the U.S. Armed Forces performing services for the peacekeeping efforts in a "qualified hazardous duty area" are treated for tax purposes in the same manner as if the area were a "combat zone".
- ▶ Hospitalization. The postponement applies after the last day of any "continuous qualified hospitalization" for an injury from service in the combat zone or qualified hazardous duty area (and to person performing qualifying service outside such area) or contingency operation. The period of postponement cannot be more than 5 years for hospitalization in the United States.
- ▶ Application to Spouse and Dependents. The relief also applies to the spouse and dependents of the individual; however, the period of postponement for hospitalization in the United States does not apply to a spouse or dependents.

Individuals who serve or have served in an officially designated combat zone will have payment and collection of any federal tax liability suspended during:

- ▶ the period of the individual's service in the combat zone
- ▶ plus any period of continuous hospitalization outside the United States as a result of injury received while serving in the combat zone,
- ▶ plus the next 180 days thereafter.

When the PCA is contacted by a taxpayer or family member advising the taxpayer is in a combat zone, ask for the date of deployment, which combat zone he/she is currently stationed in. When the taxpayer, family member, agent, or representative does not know the specific date of entry or deployment, note the current date for telephone calls and the received date for correspondence or notices, and that follow-up inquiry may be required to determine the specific date of entry or deployment.

Supporting documentation is not necessary to identify a taxpayer in a Combat Zone.

Suspend all collection activity. **When a joint assessment is involved, suspend collection activity from both spouses.** Taxpayers are not required to make payments while in a combat zone **but** may choose to send in payments voluntarily. An IA may **not** be established while they are in a Combat Zone.

Prepare Form 4442, *Inquiry Referral* identifying the combat zone the taxpayer is deployed to, and the date of entry. Fax this information to the RU within one business day of securing the identifying combat zone criteria. The PCA must ensure no further collection activity, including issuing any contact letters, takes place on the account of a taxpayer in a combat zone.

These accounts will be recalled when the IRS is notified of the combat zone criteria, unless the taxpayer already has an IA. **When the taxpayer already has an IA the PCA will continue to monitor the agreement for commissionable payments, but will not contact the taxpayer when payments cease, and will not send the taxpayer an IA default letter. When payments cease, contact the RU 60 days after the last payment and follow the instructions provided.**

The RU will notify the PCA to suspend all contact with the taxpayer when the taxpayer notifies IRS he/she qualifies for combat zone.

When the Combat Zone criteria no longer apply during the period of the IA, the RU will notify the PCA to place this case back in an active status.

12.18 Military Deferment

Under the Service members Civil Relief Act (referred to as Section 510, Title 50 Appendix), the collection of any income tax due from any person in the military service, whether falling due before or during military service, may be deferred when the ability to pay the tax is materially impaired because of the person's military service.

Taxpayers may receive special tax relief and benefits under certain circumstances due to military service. When the taxpayer is a member of the Armed Forces (not in a combat zone), he/she may qualify to defer (delay) payment of income tax that becomes due before or during his/her military service. To qualify, the taxpayer must:

- ▶ Be performing military service, and
- ▶ Notify the IRS in writing that his/her ability to pay the income tax has been materially affected by their military service.

The service member will then be allowed up to 180 days after termination or release from military service to pay the tax. When he/she pays the tax in full by the end of the deferral period however, he/she will not be charged interest or penalty for that period.

The service member must meet the following criteria to qualify for military deferment:

- ▶ The taxpayer must be in his/her initial period of service.

- ▶ The taxpayer must be materially affected because of his/her military status. (Current military income is less than the earned income immediately prior to military status.)
- ▶ The taxpayer must make a WRITTEN request to the IRS RU and may need a copy of orders or reporting instructions. See requirements for source documentation below.
- ▶ The taxpayer must include in the request his/her name, social security number, monthly income and source of income before military service, current monthly income, military rank, date entered in military service, and the date he/she is eligible for discharge. Inform the taxpayer it would be helpful if he/she submits a copy of his/her orders.
- ▶ The taxpayer must be current on all filing requirements.

Inform the taxpayer his/her request will be reviewed by the IRS and he/she will be advised in writing of the decision. If the taxpayer's request is granted, he/she will be allowed up to 180 days after termination or release from military service to pay the tax.

Source documentation is not required:

- ▶ when the initial period of service due to military service is under a selective service act, or
- ▶ when the period of service (prior to any reenlistment) is following recall of the military member to active duty from an inactive reserve or National Guard unit.

Source documentation is required:

- ▶ When the active duty is under the first enlistment in the armed services for the military member, or
- ▶ When the active duty is the first period of the reenlistment for the military member who has been out of the service for one year or more.

For an officer, the initial period of service is limited to the first two years following entry into the service as defined above.

Advise the taxpayer voluntary payments can still be made; however, the account is being referred by the PCA to the IRS for an evaluation of the taxpayer's deferral status.

Inform the taxpayer when the tax liability is paid in full by the end of any appropriate deferral period, the taxpayer will not be charged interest or penalty for that period.

If the taxpayer states he/she can not pay due to service in the Military, cease all collection activities and prepare Form 4442, *Inquiry Referral* with all the information provided by the taxpayer and fax to the RU. Ensure the taxpayer has the RU address to put his/her request in writing as required.

These accounts will be recalled when the IRS is notified of the military deferment criteria, unless the taxpayer already has an IA. **When the taxpayer already has an IA the PCA will continue to monitor the agreement for commissionable payments,**

but will not contact the taxpayer if payments cease, and will not send the taxpayer an IA default letter. When payments cease, contact the RU 60 days after the last payment and follow the instructions provided.

The RU will notify the PCA to suspend all contact with the taxpayer when the taxpayer notifies IRS he/she qualifies for military deferment.

When the military deferment criteria no longer apply during the period of the IA, the RU will notify the PCA to place this case back in an active status.

12.19 Cases with Nominal Balance Dues

There may be some instances where the taxpayer has made a payment or series of payments that does not fully satisfy the liability leaving a nominal balance due. In these instances where the remaining balance is less than \$5.00, the PCA should immediately suspend all collection activity on the case for 30 calendar days. The PCA must prepare a Form 4442 noting the Social Security Number, taxpayer's name, tax period and a statement that the balance is below \$5.00 and fax it to the RU requesting a recall of the case. Once the RU verifies that the balance is correct, it will be manually recalled. The RU will return the Form 4442 to the PCA if the balance due is over \$5.00. The RU will provide the correct balance due to the PCA.

12.20 Accounts with "Minor" as Part of Name Line

PCAs will not receive any accounts involving minors. However, in some instances PCAs may receive an account with the literal "minor" as part of the name line. These rare instances will be circumstances where the taxpayer was a minor at the time the assessment was made, but is over age 18 at the time of the PCA case placement. The literal "minor" will remain on the name line of the account. PCAs can pursue collection on these accounts. If additional guidance is needed on these types of cases, you may contact the RU for assistance.

13 PROVIDING INFORMATION BY FAX

While faxed information is not sealed and little protection may be guaranteed at the receiving end, certain precautions are to be used to protect confidential tax information. When faxing tax information, use two cover sheets identifying to whom the information is intended and the number of pages being faxed. This cover sheet must not contain specific confidential information of the taxpayer other than their name and phone number if the fax is directed to the taxpayer. If faxing information to an authorized third party representative of the taxpayer or the IRS, put the name of the intended recipient on the cover, not the taxpayer's name, SSN, or other confidential information. Ensure the disclosure warning statement shown below is on both cover sheets. Place one cover sheet as the first sheet and one as the last to be faxed so that when the fax arrives at its destination, the cover sheets will become the first and the last pages, covering the entire tax information.

The following disclosure warning statement is to be used on all cover sheets:

"This communication is intended for the sole use of the individual to whom it is addressed and may contain information that is privileged, confidential, and exempt from disclosure under applicable law. If the reader of this communication is not the intended recipient or the employee or agent for delivering the communication to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication may be strictly prohibited. If you have received this communication in error, please notify the sender immediately by telephone (collect, if necessary), and return the communication to the address above via the United States Postal Service. Thank you."

PCAs are required to maintain a centralized facsimile log (paper trail) that is available for COTR review upon request.

13.1 Faxing Of Form 4442 and Other Case Information to the RU

When faxing Form 4442 or other case information to the Referral Unit, also complete Form 3210 (see Appendix N – Sample Transmittal Form 3210) and include only Part 1 in the fax document being sent. The Form 3210 should be the first document immediately under the front fax coversheet. When completing the Form 3210, be sure to be specific in the “document identification” section to ensure that both the Referral Unit personnel and the PCA sender/receiver of the fax can determine that all faxed information is accounted for and can be checked off accordingly.

The Referral Unit will acknowledge receipt of the fax by checking off each item in the “shipment information received” column of the Form 3210 and signing the “received and verified” portion. The Referral Unit will fax the acknowledgment back to the PCA within one business day. PCAs should follow up with the appropriate Referral Unit if Part 1 of Form 3210 has not been acknowledged after one business day.

Please identify on the form if the taxpayer is Spanish speaking.

14 RECALL AND RETURN OF ACCOUNTS

During the time period the PCA is processing inventory received from the IRS, cases may be recalled (systemically or manually) for any reason, such as, but not limited to, the reasons below:

- ▶ IRS approval of CNC evaluation that a taxpayer is financially unable to satisfy the tax debt
- ▶ Taxpayer requests in writing not to work with the PCA
- ▶ Substantiated taxpayer complaint against PCA
- ▶ PCA requests to return account to IRS, after 6 months
- ▶ Expiration of the contract
- ▶ IRS accepts IA from taxpayer for a period of more than 60 months or which fails to provide for full payment by CSED

- ▶ Account is full paid through ALPs or IRS offsets
- ▶ Other subsequent activity on the taxpayer's account no longer qualifies it for collection activity by PCAs (e.g., IRS accepts taxpayer's offer-in-compromise, IRS agrees taxpayer does not owe the debt, or IRS confirms that bankruptcy automatic stay or discharge prohibits efforts to collect the debt)
- ▶ Account has been assigned for twelve months and no payment received in the past 60 days

The specific reasons for the recall are ordinarily not provided to the PCA.

Any shipments of Federal tax data (including magnetic media and microfilm) that are sent to or from the IRS must be documented on a transmittal form and monitored to ensure that each shipment is properly and timely received and acknowledged (see **Appendix N – Sample Transmittal Form 3210** for an example of a form used for the IRS internal shipment process). It is recommended that PCA offices engaged in the shipment of Federal tax data designate individuals to be responsible for monitoring the shipments. The PCA must ensure their process for tracking the receipt and acknowledgement of tax data shipments is fully documented. **For information concerning Temporal Recalls see Section 14.3 Temporal Recalls.**

14.1 Recall and Recall Acknowledgement

The IRS will issue a systemic request to cease all collection activity in certain situations. This systemic request will be present on the regular PCA transaction file update as an "R" record. Upon receipt of an "R" record recall, the PCA will cease all collection activity on that entity.

If the PCA receives an "H" record recall, only the specific tax periods containing the "H" record are recalled. Collection activity may continue on any remaining tax periods.

Recall requests received as a "V" record can be for the entity or for specific tax periods. For an entity based "V" record suspend collection on all tax periods. When a "V" record is only received for specific tax periods, collection activity may continue on any remaining tax periods.

The PCA will fax to the RU within **two** business day of receipt of the recall request, an acknowledgement report of the recall request. The report will consist of a listing of each case where a recall was received. The listing must include, at a minimum the following information:

- ▶ Date of Recall
- ▶ **Date of Recall Notification**
- ▶ Date of the Acknowledgment
- ▶ Taxpayer TIN
- ▶ **Taxpayer Name Control**
- ▶ MFT
- ▶ Tax Period

- ▶ Whether or not recall was due to temporal recall
- ▶ Whether or not documents required in Section 14.2 are being returned
- ▶ Account Category (used by the PCA Proprietary System)

The acknowledgement report should also include an indicator that shows additional case information will be provided (see **Exhibit I.7 Recall Acknowledgment Report – Example Layout**). See **Section 14.2 Return of Case** to determine what, and if any, information should be sent.

In some situations, the PCA will identify cases that may require recall. When this occurs, notify the appropriate area and suspend all collection activity (see **Exhibit B.2 – Case Activity and Suspense Period Timeframes**). After review of the case, the IRS will issue a systemic recall if appropriate. For cases that have a resolution timeframe, if a systemic recall is not received by the end of the suspense period, contact the RU before resuming collection activity.

There may also be instances when the COTR or RU will contact PCA management directly for a “manual” recall. In this situation, the PCA must immediately “cease collection” activity until they receive a systemic recall or are contacted by the COTR or RU to resume collection activity.

When an entity or tax period is recalled, the PCA must provide the taxpayer(s) and/or POA/TIA (as applicable) a letter advising their account has been returned to the IRS unless the tax period(s) has/have a zero balance due. The requirements listed in **Section 5.5 - Recall Letter Specifications** must be followed for all recall letters.

14.2 Return of Case

Return of case is defined as the actual physical return of case related information that has **not** already been submitted to the IRS. In some cases there may be no additional case related information to return.

Additional case information may include, but is not limited to:

- ▶ Updated contact information (verified telephone and address)
- ▶ Financial statement
- ▶ Complaint files
- ▶ New employer(s), and
- ▶ Asset and lien or levy information

14.3 Temporal Recalls

Cases in inventory which reach the 22-month mark, will be recalled by CACS-G. At that time the transfer of cases from the PCAs to the RU will begin. The PCAs will receive an “R” record on their weekly OCA file when any assigned module for an entity has reached 22 months of placement and no payment has been received within the last 60 days. The PCA will cease all collection activity on these entities and issue a recall letter to the taxpayer.

14.3.1 PCA Temporal Recall Acknowledgement

Within two business days of receipt of the "R" record, the PCA will acknowledge the recall using an electronic version of the PCA Recall Acknowledgement Report. The electronic report will be saved in Text (.txt) format on an encrypted CD. The procedures found in **Exhibit S** should be used for encrypting the CD, mailing the CD and providing passwords. The name of the file must follow this naming convention: RU.PCAAnn.YYYYMMDD.RCLACK (RU=KC or PA, nn=PCA number, YY=Year, MM=Month, DD=Day). Example file names: KC.PCA01.20080717.RCLACK or PA.PCA03.20080724.RCLACK.

Note: If a CD is received that is corrupted or cannot be opened, the RU will contact the COTR immediately. The COTR will contact the PCA.

14.3.1.1 PCA Recall Acknowledgement Report Format

The following record layout must be used:

- ▶ Date of Recall (MMDDYYYY format) -- Fields 1-8
- ▶ Space Delimiter -- Field 9
- ▶ Date of Recall Notification (MMDDYYYY format) – Fields 10-17
- ▶ Space Delimiter – Field 18
- ▶ Date of the Recall Acknowledgment (MMDDYYYY format) – Fields 19-26
- ▶ Space Delimiter – Field 27
- ▶ Taxpayer TIN (XXX-XX-XXXX format) –Fields 28-38
- ▶ Space Delimiter – Field 39
- ▶ Taxpayer Name Control (NNNN)– Fields 40-43
- ▶ Space Delimiter – Field 44
- ▶ MFT – (XX format) Fields 45-46
- ▶ Space Delimiter – Field 47
- ▶ Tax Period – (YYYYMM format) – Fields 48-53
- ▶ Space Delimiter – Field 54
- ▶ Temporal Recall (Y or N) – Field 55
- ▶ Space Delimiter – Field 56
- ▶ Additional Information Provided (Y or N) – Field 57
- ▶ Space Delimiter – Field 58
- ▶ Account Category Code (Valid codes are 1-4, defined below) – Field 59

Account Category Code Definitions:

- 1 = Suspended Accounts
- 2 = Installment Agreement Accounts
- 3 = Serviced Accounts
- 4 = Minimally Serviced Accounts

The PCA will mail the CD overnight using a traceable mail carrier. The password for the CD will be faxed to the appropriate RU the same day of mailing.

14.3.2 PCA Temporal Case Information Transfer

The PCAs are required to provide a complete case history to the IRS for cases recalled meeting temporal criteria. This requirement does not apply to non-temporal recalls. This will be accomplished using an “electronic” process.

Note: Any additional case history information not already provided to the IRS and is required to be returned, as described in Section 14.2 of the PCA P&PG (e.g. financial statements, complaint files, etc.) will continue to be sent in hard copy via a traceable mail service for all recalls.

THE PCAS WILL USE THE SCREEN PRINTS OF CASE HISTORY INFORMATION AS SHOWN ON THEIR PROPRIETARY SYSTEM AS THE “CASE HISTORY”. THE PCAS WILL PREPARE AND RETURN CASE INFORMATION THROUGH A SCREEN PRINT OR HISTORY AS OUTLINED BELOW:

- Beginning on the day the “R” record is received on the OCA file (date of recall notification), the PCA will be allowed 14 business days to transfer the case history and additional case information.
- PCAs will return case history information via CD.
 - Case volumes will be separated equally among 14 CDs for each RU.
 - This information will be provided in Text (.txt) format for the files.
 - Each CD should be labeled with date of recall and numbered sequentially (e.g. 1 of 14, 2 of 14, etc.). Example: RU Name, PCA Number, Recall Date and CD Number.
 - Unique files will be created for each SSN. *Caution: File names should not contain Federal Tax Information (FTI), for example SSN.*
 - Files saved to the CD should be in ascending SSN order.
 - Each CD will be accompanied by a Form 3210 which lists all of the SSNs and associated cross-reference to the file name found on each CD.
- A separate CD should contain an electronic summarized list of all SSNs with the associated cross-reference to the file name found on each of the 14 CDs (for each appropriate RU) for each temporal recall date will be provided by the PCA. The CD should be labeled using the following naming convention: RU Name, PCA Number, Recall Date and “Form 3210 Summary”.
- CD Encryption, Mailing and Password requirements found in **Exhibit S** must be followed.

Note: Any exception to these processes must be approved by the COTR.

- CDs should be mailed to the following addresses:

o Kansas City Referral Unit Address:
Internal Revenue Service
Attn: James Book
333 W Pershing Rd
Stop 1005P
Kansas City, MO 64108

o Philadelphia Referral Unit Address
Internal Revenue Service
Attn: Bill Byrd
11601 Roosevelt Blvd
Drop Point N-695 PDC–Referral Unit
Philadelphia, PA 19154-0001

The PCA will mail the additional information to the RU within the timeframes described in **Exhibit B.1– Recall Acknowledgment and Return of Case Timeframes.**

14.4 Six Month Rule

The PCA may return an account to the IRS anytime after six months of the date of referral if it deems the account to be uncollectible: this includes when the taxpayer's ability to pay is unknown because they cannot be contacted and income and assets cannot be identified. Prepare Form 4442 documentation and fax to the COTR with the information available for a recall determination. When approved by IRS, the case will be systemically recalled.

14.5 Twelve Month Rule

The PCA has twelve months from the account referral date to convert accounts to full payment, a satisfactory IA or case resolution. Accounts with acceptable payments within 60 calendar days of the scheduled return date may be retained for a period equal to 60 calendar days from the most recent payment.

IRS may extend the retention period when the PCA must suspend collection activity on accounts. The PCA will retain accounts beyond the general 12-month retention criteria for cases in an approved IA for the length of the PCA's agreement with the IRS, plus the two year period specified in **Section 11.13.1 Retention of IA Accounts.**

The PCA may submit information to the COTR for possible retention of accounts, on a case by case basis, when there is evidence retention will result in future payments or resolution immediately following the twelve month retention period. The COTR will provide written approval to the PCA if the account can be extended under these circumstances.

The PCA shall return any account according to the twelve month rule above within 14 calendar days after the recall of the account.

The PCA must return the account according to the established IRS procedures. The PCA must provide a complete case history to the IRS upon the return of the account. If a PCA obtained any new information, such as but not limited to, new address(es), tax identification number(s), new employer(s), lien or levy information the PCA shall include that information in the file. Additional guidance on how to return the account will be provided by the COTR.

14.6 Close Out Of Contract

Except as stated otherwise (see **Section 11.13.1 Retention of IA Accounts**), accounts and account files must be returned to the IRS 7 calendar days prior to the expiration of the contract. At the time the accounts and account information are returned, the PCA will prepare a list of the material being returned. The IRS COTR will review the list and issue a receipt for the material. The IRS COTR will work closely with the PCA during close out to define the procedures for the close out.

15 TAXPAYER ADVOCATE SERVICE (TAS) PROCEDURES

15.1 Background and Authority

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS whose employees assist taxpayers seeking help in resolving tax problems that have not been resolved through normal channels or who are experiencing significant hardships. Statutory authorities are found in IRC § 7803 (c) and IRC § 7811. IRC § 7803(c) defines the primary purpose of TAS. IRC § 7811 authorizes the issuance of Taxpayer Assistance Orders (TAOs) and IRC § 7811(g), amended by the American Jobs Creation Act, extends the process of issuing TAOs applicable to PCAs.

15.2 Notification Requirements of Private Collection Agencies (PCA)

15.2.1 Initial Taxpayer Contact

In all cases, the PCA is required on initial contact to, verbally or in writing:

- ▶ Notify the taxpayer about the purpose and existence of TAS,
- ▶ Provide the 1-877-ASK TAS1 telephone number, and
- ▶ Inform the taxpayer that he or she may request assistance from TAS at anytime while his or her account is with the PCA.

If for any reason (e.g. undelivered mail), verbal contact precedes written communication with the taxpayer on any issue, then the PCA must notify the taxpayer about TAS at that time. The PCA should include the date that this activity occurred in the case history. See **Section 5 Contact Letters** for additional information on contact guidelines.

15.2.2 Additional Notification Opportunities

There may be instances when the taxpayer disagrees with an IRS determination (e.g. rejected IA) and the PCA has resumed permitted collection activity. Even though the taxpayer was notified by the RU of the appropriate course of action to address a disagreement with the determination, it is appropriate in these instances for the PCA to remind the taxpayer about the existence of TAS and the Low Income Tax Clinic (LITC).

15.2.3 Content of Notice

The PCA must explain the existence and purpose of TAS to the taxpayer. At a minimum, the PCA must use substantially similar language to the following: "TAS assists taxpayers who have unresolved problems with the IRS or may be experiencing an economic burden. TAS also assists taxpayers experiencing problems with my company _____ [*insert name of private collection agency*]. More information about TAS can be found in: Publication 1546, The Taxpayer Advocate Service of the IRS – How to Get Help with Unresolved Tax Problems".

The PCA must document in the case file TAS information was provided to the taxpayer. For specific TAS case acceptance criteria refer to **Section 15.4 Criteria for Referring an Account**.

15.3 Procedures for Referring Accounts

15.3.1 Methods for Taxpayers to Request TAS Assistance

Any taxpayer may request and obtain assistance of TAS. Taxpayers can request TAS assistance via:

- ▶ Verbal or written requests
- ▶ Form 911, Application for Taxpayer Assistance Order (ATAO)
 - Form 911 must be completed by the PCA employees on behalf of taxpayers and sent by fax to the COTR, as is described below.

15.3.2 Required Referral Actions

If taxpayers request TAS assistance or describe circumstances meeting TAS criteria (described below), PCAs must:

- ▶ Immediately complete Form 911 (see **Exhibit L – Form 911 Taxpayer Advocate Order**), containing at a minimum taxpayer's name, SSN, telephone number, address, PCA's name and telephone number and reason for referral, and send via fax to the COTR no later than close of business of the day the Form 911 was received or prepared. The COTR serves as a liaison between a PCA and TAS.
- ▶ Put a hold on all collection activity until being notified by the IRS that collection activity can be resumed.
- ▶ Document the case file with the date the Form 911 was faxed.

- ▶ Advise the taxpayer that the PCA will not take any further collection action and they will be contacted by TAS within 7 business days.

Note: There may be some situations where the taxpayer has advised the PCA that they have contacted TAS directly. In those cases, TAS will notify the COTR, who will in turn advise the PCA on appropriate action.

15.3.3 Case Reconciliation

The PCAs will provide a weekly listing to the PDCO TAS Liaisons of all Form 911s submitted to PDCO the prior week. The listing should be faxed or placed on the contractors' web portal no later than the close of business Tuesday of the current week.

If the IRS cannot verify receipt we will contact the appropriate person to refax the Form 911.

15.4 Criteria for Referring an Account

TAS helps taxpayers who have been unable to resolve a tax problem with the IRS or a PCA. If the PCA employee is uncertain on whether a case meets TAS criteria, refer the case to TAS so that TAS can determine whether it can be of assistance. PCAs must refer cases to TAS if the taxpayers request TAS assistance **or** if any of the following circumstances apply (regardless of whether the taxpayer specifically requests TAS assistance):

- ▶ The taxpayer is experiencing economic harm or is about to suffer economic harm
- ▶ The taxpayer is facing an immediate threat of adverse action
- ▶ The taxpayer will incur significant costs if relief is not granted
- ▶ The taxpayer will suffer irreparable injury or long term adverse impact if relief is not granted
- ▶ The taxpayer has experienced a delay of more than 30 calendar days (after normal processing) to resolve a tax account problem
- ▶ The taxpayer has not received a response or resolution to their problem by the date promised
- ▶ A system or procedure has either failed to operate as intended or failed to resolve the taxpayer's problem or dispute within IRS
- ▶ The manners in which the tax laws are being administered raise considerations of equity, or have impaired or will impair taxpayer rights
- ▶ The National Taxpayer Advocate determines compelling public policy warrants assistance to an individual or group of taxpayers

The above circumstances are based on current Taxpayer Advocate Service criteria and may be changed from time to time.

The following examples provide situations that must be referred to TAS. These examples are not intended to be all inclusive.

- ▶ A taxpayer is attempting to refinance his/her home to obtain a lower monthly payment so he/she has additional income to pay medical expenses for his/her child. The Federal Tax Lien is preventing the taxpayer from securing a loan
- ▶ A taxpayer received an eviction notice from his/her landlord. The taxpayer advises the PCA employee that he/she filed an amended return over 6 months ago and was expecting a refund. The taxpayer needs the refund expedited to pay his/her rent
- ▶ A taxpayer claims that he/she requested a Collection Due Process hearing and did not receive a response. The taxpayer is requesting that he/she be afforded his/her CDP rights
- ▶ A taxpayer claims he/she filed an offer in compromise several months ago and has not heard anything from the IRS
- ▶ A taxpayer claims he/she does not owe the balance due. The taxpayer has written the IRS more than once and has provided proof that he/she does not owe the liability. The taxpayer has not received a response from the IRS
- ▶ A taxpayer's refund is frozen by the IRS as a result of identity theft. The taxpayer has contacted the IRS to make them aware of this situation and the IRS has not responded. The taxpayer needs the refund.
- ▶ A PCA employee is unable to grant an IA because there is no record of the taxpayer filing their Form 1040 for 2003. The taxpayer claims he/she has filed the return and that he/she sent in another signed copy when contacted by the IRS over 3 months ago.

TAS shall not provide assistance to taxpayers under the following circumstances:

- ▶ When the complaint or inquiry only questions the constitutionality of the tax system
- ▶ Cases where the focus of the taxpayer's inquiry is solely to employ frivolous tax strategies to avoid the filing and/or paying of federal taxes. For example, taking the IRC or Regulations out of context to create a "plan or arrangement" that would violate the Internal Revenue laws.

15.5 Subsequent Actions on Cases Referred To TAS

TAS will determine whether it can be of assistance to the taxpayer in resolving a problem relating to the outstanding account. If TAS determines that IRS or PCA action is required on an account, TAS will request through the COTR that such action be taken via an Operational Assistance Request (OAR). In cases where the action requested on the OAR is not taken, TAS may direct the action taken via a Taxpayer Assistance Order to the COTR and PCA.

16 COMPLAINT PROCESS

The PCA must provide taxpayers wishing to complain about the PCA the phone number and address for the RU in writing and/or verbally, if appropriate, during conversations with the taxpayer. Any complaints received must be taken seriously and handled immediately as validated complaints may have a negative impact on the PCA's performance.

Note: The phone number for the RU was also provided to the taxpayer on the initial contact letter sent by the IRS.

When the IRS receives a complaint from a taxpayer, the COTR will forward a copy of the complaint to the PCA. The PCA must provide the COTR, within one business day, a copy of its collection activity record and any other relevant information so IRS may respond to the taxpayer's complaint (see **Exhibit I.8 - Complaints Log**).

16.1 PCA requirements

The PCA must immediately suspend collection activity on an account whenever a written or verbal complaint regarding the PCA is received by the PCA or the IRS. Failure to suspend collection activity will result in IRS recalling the account. Actions on an account may resume only after the PCA's receipt of written notification from the IRS that the complaint has been resolved and collection activity may resume.

When the PCA receives a complaint from a taxpayer, a taxpayer's POA or another person in connection with a taxpayer assigned to a PCA, the PCA must notify the COTR. The PCA must provide the COTR, within one business day, a copy of the written complaint or notes of a verbal complaint with a copy of the collection case activity record.

The PCA must maintain a log of all complaints, including non-substantive and minor complaints, detailing any PCA investigations and actions. The complaint log must always be accessible by the IRS COTR or other designated IRS representatives including employees of the TAS or TIGTA.

The PCA must investigate all complaints and provide a report to the IRS COTR within 10 business days of receiving the complaints, completing page 1 of **Exhibit K – Complaint Activity Report**. The PCA must include specific findings, actions taken to deal with the situation and actions taken to prevent future occurrences of like situations.

16.2 Types of Complaints

Complaints may be received from a taxpayer, from a third person contacted or not contacted (bypassed) by a PCA, or identified by an IRS employee's observation of a PCA employee's behavior. There are three types of complaints based on the severity of taxpayer allegations:

Type One Complaints – The taxpayer or other persons complains the PCA employee is incompetent, rude, has a poor attitude, etc. These are viewed as complaints that have the potential to be indicative of systemic failures. The COTR will review all information and, if a valid complaint, may recommend additional PCA actions needed before collection action on the taxpayer's account can resume.

Type Two Complaints – The taxpayer or other persons complains of intimidation, heavy-handed behavior or similar activity. These complaints rise above the level of type one complaints and border on statutory violations. The COTR will review all information, determine whether the complaint is valid, and inform the PCA in writing of the review results and corrective action(s) needed. Contract activity on the taxpayer's account can resume only when IRS determines the PCA has taken the required corrective action(s) to prevent further type two complaints.

Type Three Complaints – The taxpayer or other persons complains of a possible violation of the Taxpayer Bill of Rights, Taxpayer Bill of Rights 2, Fair Debt Collection Practices Act, and Privacy Act, Disclosure statutes or other applicable laws. These complaints are statutory violations and the COTR will notify TIGTA if the IRS validates the complaint. When TIGTA initiates a formal investigation of the complaint, PCA employees must cooperate fully with TIGTA and coordinate its management efforts with the COTR and TIGTA.

16.3 IRS Response

The COTR will provide a written determination of the facts and validity of the complaint to the Contracting Officer and the PCA. Any validated type three complaint may result in the IRS immediately suspending all contract activity.

The IRS will immediately revoke the clearances of any PCA employee who committed the validated statutory violation. The PCA must take immediate action to permanently remove the violating employee from all access to contract data, the contract worksite and working on the contract in any capacity.

Contract activity on the taxpayer's account can resume only after the IRS determines the PCA has taken corrective action(s) to prevent further type three complaints and to the extent authorized in writing by the Contracting Officer.

Depending on the severity and frequency, additional IRS actions may include prosecution of the offender and termination of the contract.

17 PRODUCTION REPORTS

Report formats will be updated on an as needed basis. The reports shown in this guide are for illustrative purposes only.

17.1 Weekly Analytical Reports

Each week the PCA must provide the OU in NCFB with a weekly production report (see **Exhibit A – Contact List**). The report will be prepared for each weekly period beginning on Sunday and ending on Saturday and delivered in an electronically readable format no later than Wednesday of the following week.

The weekly analytical report will contain information on the following:

- ▶ Case Inventory Levels

- ▶ Case Status Summary
- ▶ Case Resolution Summary
- ▶ Complaints Received
- ▶ Other Case Activity
- ▶ Telephone Summary Activity

The report format and detailed data elements are available in **Exhibit I.4 – Production Reports Example Report Layout.**

17.2 Telephone Reports

17.2.1 Out Bound Telephone Reports

The PCA will provide out bound telephone reports in an electronic format (EXCEL) to the COTR each month. The report will be due no later than 10 business days from the end of the month. These reports will contain the following information:

- ▶ TIN: nnn-nn-nnnn.
- ▶ Date of the Call: mm/dd/yyyy.
- ▶ Time of the Call and Time Zone at Originator Location: hh:mm AM or PM /Time Zone.
- ▶ Time of Call and Time Zone at Taxpayer Location: hh:mm AM or PM / Time Zone.
- ▶ Time Zone Variance Indicator: Enter “*” if Taxpayer Location Time Zone is different from Call Originator Time Zone (otherwise leave blank).
- ▶ Person(s) Contacted: Enter name of contact and category of contact: Name / TP, 3rd Party, POA, TIA. Leave blank if no contact made.
- ▶ Right Party Contact: Either Y or N to indicate if the intended party was reached
- ▶ Phone Number Dialed: nnn-xxx-nnnn.
- ▶ Call Initiator: Enter Assistor’s Name if an Assistor initiated or became involved with the call. Enter “+”if automated dialer is used to dial the outbound call and an Assistor was not involved with the call.
- ▶ Originating phone number: nnn-xxx-nnnn.
- ▶ Offered the Taxpayer Satisfaction Survey: Y or N.

The report format and detailed data elements are available in **Exhibit I.5 – Outbound Telephone Call Report - Example Layout.**

17.2.2 In Bound Telephone Reports

The PCA will provide in an electronic format (EXCEL) to the COTR each month reports of in bound telephone calls. The report will be due no later than 10 business days from the end of the month. These reports will contain the following information:

- ▶ Date of the call
- ▶ Time of the call (at the PCA’s office)
- ▶ Time Zone (of person calling PCA)
- ▶ TIN

- ▶ Person Spoken to and that person's phone number
- ▶ Assistor's Name (the PCA employee who handled the call)
- ▶ "Offered the Taxpayer Satisfaction Survey: Y or N"

The report format and detailed data elements are available in **Exhibit I.6 – In Bound Telephone Call Report - Example Layout.**

17.3 Project Staff Roster

The PCA must provide three reports that detail the status of employees involved with the IRS Private Debt Collection (PDC).

17.3.1 Staffing Levels

This report will be provided to the IRS on a monthly basis. It will provide the number of employees, by position titles, who are currently working on PDC, in training, and being recruited. Additionally, it will provide the projected staffing levels for the next month.

The report format and detailed data elements are available in **Exhibit I.1 Project Staff Roster – Example Layout.**

17.3.2 Weekly Active Employee Roster

Weekly, the PCA will give a detailed report on each employee currently assigned to work on PDC. This report will provide the date of employment, security clearance, security status, date Privacy Act submitted, and any comments.

The report format and detailed data elements are available in **Exhibit I.2 Weekly Active Employee Roster – Example Layout.**

17.3.3 Separation Roster

Monthly, the PCA will provide a list of all current or former PCA employees, by name and position title, who have ceased working PDC within the last 60 days. The report will provide the original date of employment, security clearance, security status, date of separation, and any remarks necessary (i.e., date IRS notified).

The report format and detailed data elements are available in **Exhibit I.3 – Weekly Separation Roster – Example Layout.**

17.4 Monthly Invoice

An original invoice must be submitted to the COTR by the PCA for each fiscal month. The invoice should include all payments and activity from the last Friday of the previous cycle through the last Thursday of the current cycle. The COTR will reconcile the invoice with the financial reports. Once the invoice has been reconciled, the COTR will certify and submit the final invoice to the CO, who will authorize payment.

Each invoice must include the following:

- ▶ IRS Task Order Number and GSA Contract Number
- ▶ Contractor Name and Address
- ▶ Date of invoice
- ▶ Invoice Number
- ▶ Amount of Invoice
- ▶ Period Covered by Invoice
- ▶ Total Collected Amount(s) by separate fee for service category
- ▶ Fee due for Total Collected Amount(s) by separate fee for service category
- ▶ Number of Administrative Resolutions authorized for payment of a fee by category
- ▶ Any adjustments to the invoice amount
- ▶ Contractor's taxpayer identification number (TIN) or employer identification number (EIN)
- ▶ Name and phone number of the responsible official(s) who can receive notification of an improper invoice and answer questions regarding the invoice

The invoice periods will follow IRS fiscal months, based on cyclical periods, rather than calendar months. The cycles begin on a Sunday and end on a Saturday. Due to IRS processing, payment information will be provided on financial reports prepared for invoicing through the last Thursday of the period prior to the Saturday end date of the cycle.

Following are the Fiscal Months for Fiscal Year 2008

Reporting Period	PCA File Date	Posted Payment Date
Oct 28, 2007, – Nov 24, 2007	Nov 1, 8, 15, 22 *	Oct 19 – Nov 15
Nov 25, 2007 – Dec 29, 2007	Nov 29, Dec 6, 13, 20, 27	Nov 16 – Dec 20
Dec 30, 2007 – Jan 26, 2008	Jan 24	Dec 21 – Jan 17
Jan 27, 2008 – Feb 23, 2008	Jan 31, Feb 7, 14, 21	Jan 18 – Feb 14
Feb 24, 2008 – Mar 29, 2008	Feb 28 ,Mar 6, 13, 20, 27	Feb 15 – Mar 20
Mar 30, 2008 – Apr 26, 2008	Apr 3, 10, 17, 24	Mar 21 – Apr 17
Apr 27, 2008 – May 24, 2008	May 1, 8, 15, 22,	Apr 18 – May 15
May 25, 2008 – Jun 28, 2008	May 29,Jun 5, 12, 19, 26	May 16 – Jun 19
Jun 29, 2008 – Jul 26, 2008	Jul 3, 10, 17, 24	Jun 20 – Jul 17
Jul 27, 2008 – Aug 23, 2008	Jul 31, Aug 7, 14, 21,	Jul 18 – Aug 14
Aug 24, 2008 – Sep, 27 2008	Jul 28,Sep 4, 11, 18, 25	Aug 15 – Sep 18

18 PCA REVIEWS

The OU Quality Analysts will perform both Telephone and Case Action Reviews for each PCA. These reviews will be summarized quarterly and reported to a variety of stakeholders. The reviews performed by the IRS are in addition to normal Quality Review procedures performed by the PCA.

Both telephone and case action reviews will comply with IRS established sample size/account criteria in selecting cases for audit/quality review activities.

The OU Quality Analysts will identify all actions taken or that should have been taken on a particular call or case, and code all applicable attributes relative to the actions taken or not taken on a Data Collection Instrument (DCI). See **Exhibit H – Review Attributes** for a list of attributes and their definitions that will be used by the OU Quality Analysts to perform quality reviews.

18.1 Telephone Reviews

The OU Quality Analysts will have authorized access to secure (password protected) call monitoring systems from remote locations, providing the capability to listen to “live” or “recorded” PCA telephone interactions with taxpayers. The PCA employee must inform the taxpayer calls may be recorded for quality review purposes.

The OU Quality Analysts will use the call monitoring system to perform telephone reviews for each PCA. Call monitoring (whether live or recorded) will be used to evaluate the taxpayer contact for tone/taxpayer treatment, adherence to approved procedures, and effectiveness.

The OU Quality Analyst(s) will perform a statistically valid sampling of calls by PCA and measure the calls against defined criteria contained in a “Data Collection Instrument” (DCI).

Elements of the telephone quality reviews will measure adherence to the PCA operations plan and procedures, regulatory compliance to the IRC (Internal Revenue Code), FDCPA, (Fair Debt Collection Practices Act) and protection of taxpayer rights.

18.2 Case Action Reviews

The PCA must provide IRS access to accounts maintained on the PCA’s computer system. The IRS will use the system data for monitoring procedures and conducting case action reviews.

PCA case action reviews include a review of taxpayer correspondence received by the PCA, skip tracing actions on individual accounts, and referrals for administrative resolutions.

The OU Quality Analysts will perform a statistically valid sampling of case actions by PCA and measure the case actions taken on each case against defined criteria contained in a “Data Collection Instrument (DCI)”.

Elements of the case action quality reviews will measure adherence to the PCA operations plan and procedures, regulatory compliance to the IRC (Internal Revenue Code), FDCPA, (Fair Debt Collection Practices Act) and protection of taxpayer rights.

PRIVATE COLLECTION AGENCY (PCA) POLICY AND PROCEDURES GUIDE EXHIBITS

EXHIBIT A – CONTACT LIST

Location	Name	Telephone/Fax	Address
Payment Processing	N/A	N/A	Internal Revenue Service PO Box 970032 St. Louis, MO 63197-0032
Misdirected Payments	N/A	N/A	Internal Revenue Service Attn: Deposit Stop 6053 333 W. Pershing Rd Kansas City, MO 64108
COTR – Pioneer Credit Inc.	Paul Martinez – Primary Karen Donnelly – back up	Phone: 619-615-9573 Fax: 816-292-6333	880 Front Street, Room 3295 San Diego, CA 92101
COTR – The CBE Group, Inc.	Karen Donnelly – Primary Paul Martinez – back up	Phone: 978-474-9740 Fax: 816-292-6333	Stop 105, Room 283 310 Lowell Street Andover, MA 01812
KC Referral Unit Available 2 pm to 10:30 pm central time zone	Kathy Davis	Phone: 866-805-0196 Fax: 816-292-6350	Internal Revenue Service Attn: KC F&PC Referral Unit P.O. Box 219426 Kansas City, MO 64121-9426
PSC Referral Unit Available 7 am to 3:30 pm eastern time zone	Cecelia Osborne	Phone: 866-805-0196 Fax: 215-516-1481 Pioneer 215-516-1482 CBE	Internal Revenue Service Attn: PSC F&PC Referral Unit PO Box 411 Bensalem, PA 19020
KC Oversight Unit (Quality)	Rick Becker Peggy Hasty	Phone: 816-325-8038 – Rick 816-325-8040 - Peggy Fax: 816-292-6333	Use KC Referral Unit Address. Attn: PDC Quality Unit
NCFB Oversight Unit	Patricia Ah Yat	Phone: 707-551-2529 Fax 707-551-2575	1761 Broadway Vajello, Ca 94589
Contracting Officer - Supervisory Contact Specialist	Barbara Czerw	Phone: 202-283-1103 Fax:	6009 Oxon Hill Oxon Hill, MD 20745-3129
TIGTA – Investigation	No specific contact person	Phone: 1-800-366-4484 Fax: 202-927-7018 After normal business hours: 1-800-589-3718	Treasury Inspector General for Tax Administration Hotline P.O. Box 589 Ben Franklin Station Washington, DC 20044-0589
Taxpayer Advocate	See COTR		

EXHIBIT A – Contact List (continued)

Kansas City and Philadelphia workload distribution by state.

Kansas City (KC)	Philadelphia (PA)
Alaska	Alabama
Arizona	Connecticut
Arkansas	Delaware
California	District of Columbia
Colorado	Florida
Hawaii	Georgia
Idaho	Indiana
Illinois	Kentucky
Iowa	Maine
Kansas	Maryland
Louisiana	Massachusetts
Minnesota	Michigan
Mississippi	New Hampshire
Missouri	New Jersey
Montana	New York
Nebraska	North Carolina
Nevada	Ohio
New Mexico	Pennsylvania
North Dakota	Rhode Island
Oklahoma	South Carolina
Oregon	Tennessee
South Dakota	Vermont
Texas	Virginia
Utah	West Virginia
Washington	Wisconsin
Wyoming	

EXHIBIT B - TIMEFRAME SUMMARY

EXHIBIT B.1 – Recall Acknowledgement and Return of Case Timeframes

Recall Reason	Time Frame to Notify IRS	Acknowledgement of Recall	Return of Case Information (if applicable)
12 months with no payment in 60 days	NA	Two business days	14 calendar days
Case Resolution (e.g. Incarceration, Deceased, Bankruptcy, CNC)	NA	Two business days	Two work days
Contract Expiration	NA	Two business days	Seven calendar days prior to contract expiration
Full Paid	NA	Two business days	Two work days
PCA has exhausted all efforts and request to return account to IRS	6 months	Two business days	Two work days
Subsequent activity on the taxpayers account no longer qualifies it for collection activity by PCAs (will receive an electronic recall from IRS)	NA	Two business days	Two work days
Taxpayer Complaint	One business day	Two business days	10 business days
Taxpayer request in writing not to work with the PCA	One business day	Two business days	Two work days
Temporal Recalls	NA	Two business days	14 Calendar days

Exhibit B.2 - Case Activity and Suspense Period Timeframes

Information Obtained by PCA	PCA Notification Timeframe	Cease Collection Activity	IRS Point Contact	Method of Notification	Suspense Time	Expected Response	PCA Guide Reference
Unauthorized Disclosure	Immediately	No	COTR	Phone/email	NA	Phone call from COTR	Section 6.1
New Address	1 business day	No	RU	Fax 4442	NA	Electronic Update	Section 6.7
Misdirected Payment	end of day	No	RU	Fax copies to RU and Express Mail to KC	NA	Electronic Update	Section 8.3
IA request	1 business day	Yes	RU	Fax listing	1 business day	Fax	Section 11
Misdirected Tax Return without payment	end of day	No	RU	Fax copies to RU and Express Mail to IRS 333 W. Pershing Rd Kansas City, MO 64108	NA	NA	Section 7.4
Receipt of 433F, Financial Statement	1 business day	Yes	RU	Fax 4442 with Form 433F	30 days	Fax	Section 11.9.1
Terminated IA	30 days after mailing the default letter	No	RU	Fax listing	NA	Electronic Update	Section 11.13.2.5
USA (CNC and Incarcerated)	NA	Yes	RU	Fax	14 days	Recall or RU Phone call	Section 12
Offer in Compromise (OIC) Request	NA	Yes	RU	NA	30 days	Recall if IRS receives valid request from TP	Section 12.2
Deceased TP	1 business day	Yes (on deceased TP only)	RU	Fax	14 days	Recall or Phone call from RU	Section 12.6
Bankruptcy	1 business day	Yes	RU	Fax	14 days	Recall or Phone call from RU	Section 12.7
Innocent Spouse	NA	Yes (only on the TP claiming Innocence)	NA	TP Mails Form 8857 per form instructions	60 days	Recall if IRS receives valid request from TP	Section 12.13
Chooses Not to Work with PCA (verbal request)	NA	Yes	RU	NA	30 days	Phone call from RU if written request received	Section 12.14
Chooses Not to Work with PCA (written request)	1 business day	Yes	RU	Fax	30 days	Recall	Section 12.14

Information Obtained by PCA	PCA Notification Timeframe	Cease Collection Activity	IRS Point Contact	Method of Notification	Suspense Time	Expected Response	PCA Guide Reference
Taxpayer Dispute	1 business day	Yes	RU	Fax 4442	30 days	Electronic Update	Section 12.15
Congressional Inquiry	1 business day	Yes	COTR	Fax	Case Dependent	Recall and Phone call from COTR	Section 12.16
Nominal Balance Due	1 business day	Yes	RU	Fax 4442	30 days	Recall or Phone call from RU	Section 12.19
Asset Discovery	NA	No	RU	Fax	Case Dependent	Recall or Phone call from RU	Section 14.2
TAS Cases	Close of business the day Form 911 was discovered or prepared.	Yes	COTR	Fax	Case Dependent	Recall or Phone call from COTR	Section 15
Complaint	1 business day (Final Response 10 business days)	Yes	COTR	Fax	Case Dependent	Recall and Phone call from COTR	Section 16

EXHIBIT D - FORM 3244 PAYMENT POSTING VOUCHER

Payment Posting Voucher (Not a taxpayer receipt)		DLN	SSN/EIN	Form number/ MFT	Tax Period	Plan/Rpt Number	Transaction/ Received date
N M F	U L C	DLN	1	2	3	Plan/Rpt Number	4
		Status					
5 Taxpayer name, address, and ZIP code (Please print legibly or use typewriter)			List, in the column below, payments to be posted to the taxpayer's account. A maximum of two <i>Credit</i> transactions may be shown.				
			Transaction Data				
			6	Code	Description		
8 Remarks					670	-	Subsequent payment
					610	Remittance with return	
					620	Payment for Form 7004	
					640	Advance payment on Deficiency	
					170	ES penalty	
					180	FTD penalty	
					360	Fees and collection cost	
9 Prepared by (Name and unit symbol)			7	570	Additional liability pending		Other credit
					Other debit		Total payment

Form **3244** (Rev. 3-2004)

Cat. No. 22215N

Department of the Treasury - Internal Revenue Service

The posting voucher should have the following fields completed:

1. Taxpayers SSN
2. MFT account code
 - 29, 30 or 31 for payment on account, as appropriate
 - 55 for Installment Agreement Fee
3. Tax period in YYMM format
 - For payment on the account, the year should be the tax period assigned to the PCA.
 - For Installment Agreement Fee this should be the current year with 01 as the month
4. Received Date in MM-DD-YY format
5. Enter the full name using last name, first name and full address of the taxpayer.
6. Enter dollar and cent amounts under the appropriate code (up to two entries are allowed):
 - 670 for payment on account
 - 694 (write-in under other) for Installment Agreement User Fee.
 - 610 for payment received with a tax return.
7. Enter the Designated Payment Code.
 - 54 for payment on account
 - all others leave blank
8. Enter "PCA Discovered Remittances" in the remarks section.
9. Enter employee number, or name and PCA #.

NOTE: If taxpayer can not be identified, indicate on the posting voucher as "Unidentified Taxpayer"

EXHIBIT E - FORM 4442 INQUIRY REFERRAL FORM

Inquiry Referral

(See Instructions on Page 2)

Part I IRS

1. Employee's Name	2. ID Number	3. Received Date and Time	4. Location
5. Referring To		6. Date/Time	7. Manager's Signature

Part II Taxpayer Data/Disclosure Check

8. Taxpayer's Name on Return	9. TIN		10. Date Of Birth			
11. Spouse's Name (if Joint) or DBA		12. Spouse's TIN				
13. Current Address		14. Address On Return Or Last Known Address (If different from Current)				
<input type="checkbox"/> Address Change Requested						
15. Form(s)	16. Plan/Report #	17. Tax Period	18. Processing Campus	19. Date Filed	20. Filing Status	21. Ref./Bal.
22. Caller		23. Relationship/Position Of Caller (If other than taxpayer) <input type="checkbox"/> POA/TIA on File <input type="checkbox"/> Third Party Designee (Check Box)				
24. Taxpayer's Telephone Number(s) – Include Best Time To Call Number _____ Time _____ Number _____ Time _____				25. Third Party Daytime Telephone Number		

Part III – Section A IRS Case Resolution

26. Name	27. ID Number
28. Location	29. Received Date

Section B Taxpayer Inquiry/Proposed Resolution

Section C Response/Final Resolution

30. Date Interim Response Sent	31. Date Case Closed
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EXHIBIT E - Form 4442 Inquiry Referral Form (continued)

PCA Instructions for Completing Form 4442

Part I IRS Recipient (PCA Recipient)

The information below is to be completed by the (PCA Employee) initiator of the referral.

1. Name of PCA Employee that received the inquiry.
2. Leave blank.
3. Date and time inquiry received.
4. Location of receiving office (e.g. name of collection agency).
5. Reflect the office referring inquiry to (e.g. Referral Unit) **IMPORTANT: INCLUDE TYPE OF REFERRAL** (e.g. ADDRESS CHANGE, COMBAT ZONE, TAXPAYER DISPUTE, etc.)
6. The date and time the referral was transferred.
7. Manager's signature for PCA Employee transferring inquiry, if required.

Part II Taxpayer Data/Disclosure Check

8. Name of taxpayer.
9. Taxpayer Identification Number (required for all inquiries). Enter taxpayer's Social Security Number or Employment Identification Number.
10. Date of Birth - for disclosure purposes (optional). Use MM/DD/YYYY format.
11. Spouse's name – Required if filing status is Married Filing Joint.
12. Spouses TIN - Required if filing status is Married Filing Joint.
13. Taxpayer's current address (required for all inquiries). Check box if address change is needed.
14. Taxpayer's former address (or last known address). This box is required for address change requests only.
15. Type of tax form the taxpayer is referring to during the inquiry (e.g. Form 1040)
16. Leave blank.
17. Identify the tax period(s). Use MM/DD/YYYY format. List additional tax periods in Section B.
18. Leave blank.
19. Leave blank.
20. Input the filing status the taxpayer used for the period in question (if provided).
21. Leave blank.
22. Input the exact name of the caller, for disclosure purposes.
23. Prompt the caller about their relationship to the taxpayer. Check the appropriate box. If a POA/TIA, input the CAF number (optional). If check-box is marked, input the Caller's SSN.
24. Daytime & Evening telephone numbers and the best time to call. Do not enter a telephone number in this field unless it has been verified with the taxpayer.
25. Third Party's telephone number if different from box 23.

Part III IRS Case Resolution

Section A

26. – 29. This section is for IRS use. Leave blank.

Section B

The recipient must describe the detailed reason for the inquiry. See items listed below for required information for each type of referral.

Taxpayer Asset(s) Located (account remains unresolved): Provide a detailed description of the identified assets including their location, their value, any encumbrances and all efforts made to resolve the case.

Currently Not Collectible: Describe hardship or extenuating circumstances, amount of household income, sources of income, assets, encumbrances, and efforts made to resolve the case (attach Form 433-F)

Incarcerated Taxpayer: Provide place of incarceration, date of incarceration, date of release, prisoner identification number, location of assets (if joint liability: include spouse's employer, address, phone number and attempts to collect from liable spouse). Attach Form 433-F, if available.

Deceased Taxpayer: Provide the taxpayer's date of death, county/city where the TP died, place of residence at time of death, name/address/phone number of executor or fiduciary, verify if there is an estate or not, secure docket number if in probate and identify if open or closed and document types of assets involved (if joint liability provide information on attempts to collect from liable spouse).

Bankrupt Taxpayer: Provide petition filing date, claim bar date, court location, docket number, chapter type, discharge/dismissal date and name/address and phone number of the taxpayer's bankruptcy attorney and trustee.

Identity Theft: Provide a general explanation of the incident and attach items required in Section 12.8 of the Policy and Procedures Guide.

Disaster/Emergency: Provide details of the disaster or emergency and the location. If IA payments have ceased for 60 days, note the date of the last payment and the terms of the agreement.

Taxpayer Disputes (e.g. Payment Tracer Request): Explain the nature of the dispute. If the dispute concerns prior payments the taxpayer claims were made, then provide amount of disputed payment, type and method of payment, IRS location where the payment was mailed or paid, payment date, if applicable date of receipt, receipt number and type of receipt (attach copy of the front and back of the cancelled check or money order).

Combat Zone: Provide branch of military, combat zone to which taxpayer is assigned along with the taxpayer's date of entry into the combat zone. If IA payments have ceased for 60 days, note the date of the last payment and the terms of the agreement.

Military Deferment: Provide an explanation containing information described in Section 12.18 of the Policy and Procedures Guide. If IA payments have ceased for 60 days, note the date of the last payment and the terms of the agreement.

Six-Month Recall: Provide an explanation outlining all efforts attempted to resolve the case.

Other Referral: Provide a detailed explanation of taxpayer's inquiry as required for each circumstance described in the Policy and Procedures Guide.

Section C

30. - 31. This section is for IRS use. Leave blank.

EXHIBIT F - FORM 433-F COLLECTION INFORMATION

Form 433-F (EN/SP) (Rev. 3-2006)	Department of the Treasury - Internal Revenue Service Collection Information Statement		
Name(s) and Address	Your Social Security Number or Individual Taxpayer Identification Number		
	Your Spouse's Social Security Number or Individual Taxpayer Identification Number		
	Your Telephone Numbers	Spouse's Telephone Numbers	
County of Residence	Home: ()	Home: ()	
	Work: ()	Work: ()	
	Cell: ()	Cell: ()	

A. ACCOUNTS / LINES OF CREDIT (include Banks, Savings and Loans, Credit Unions, Certificates of Deposit, Individual Retirement Accounts (IRAs), Keogh Plans, Simplified Employee Pensions, 401(k) Plans, Profit Sharing Plans, Mutual Funds and Stock Brokerage Accounts)		
Name and Address of Institution	Type of Account	Current Balance / Value



ATTACHMENTS REQUIRED: Provide COPIES of monthly statements showing detailed transactions for the last 3 months for each bank or credit union account.

B. REAL ESTATE (home, vacation property, timeshares and other real estate)						
County / Description	Monthly Payment(s)	Financing		Current Value	Balance Owed	Equity
<input type="checkbox"/> Primary Residence <input type="checkbox"/> Other		Year Purchased	Purchase Price			
		Year Refinanced	Refinance Amount			
<input type="checkbox"/> Primary Residence <input type="checkbox"/> Other		Year Purchased	Purchase Price			
		Year Refinanced	Refinance Amount			
<input type="checkbox"/> Primary Residence <input type="checkbox"/> Other		Year Purchased	Purchase Price			
		Year Refinanced	Refinance Amount			

C. OTHER ASSETS (cars, boats, recreational vehicles, whole life policies, etc.)						
Description	Monthly Payment	Year Purchased	Final Payment (mo / yr)	Current Value	Balance Owed	Equity
			/			
			/			
			/			
			/			
			/			
			/			
			/			

TURN PAGE TO CONTINUE

EXHIBIT F – FORM 433-F COLLECTION INFORMATION STATEMENT (CONTINUED)

D. CREDIT CARDS (Visa, MasterCard, American Express, Department Stores, etc.)			
Type	Credit Limit	Balance Owed	Minimum Monthly Payment
E. WAGE INFORMATION (If you have more than one employer, include the information on another sheet of paper.)			
Your Employer (name and address)		Spouse's Employer (name and address)	
<input type="checkbox"/> Paid monthly (once each month) <input type="checkbox"/> Paid bi-weekly (every two weeks) <input type="checkbox"/> Paid semi-monthly (two times each month) <input type="checkbox"/> Paid weekly		<input type="checkbox"/> Paid monthly (once each month) <input type="checkbox"/> Paid bi-weekly (every two weeks) <input type="checkbox"/> Paid semi-monthly (two times each month) <input type="checkbox"/> Paid weekly	
F. NON-WAGE HOUSEHOLD INCOME (List monthly amounts. For Self-Employment and Rental Income, list the monthly amount received after expenses.)			
Alimony Income: _____	Net Rental Income: _____	Interest Income: _____	
Child Support Income: _____	Unemployment Income: _____	Social Security Income: _____	
Net Self-Employment Income: _____	Pension Income: _____	Other: _____	
G. MONTHLY NECESSARY LIVING EXPENSES (List monthly amounts. For expenses paid other than monthly, see instructions.)			
1. Food / Personal Care Food: _____ Housekeeping Supplies: _____ Clothing & Clothing Services: _____ Personal Care Products & Services: _____ Misc. (Cable, Internet, etc.): _____	3. Housing & Utilities Rent: _____ Electricity: _____ Water: _____ Heat / Gas: _____ Telephone: _____	5. Other Child / Dependent Care: _____ Estimated Tax Payments: _____ Term Life Insurance: _____ Retirement (Employer Required): _____ Retirement (Voluntary): _____ Court Ordered Payments: _____	
2. Transportation Gas / Parking / Tolls / Maintenance: _____ Public Transportation: _____ Vehicle Insurance: _____	4. Medical Health Insurance: _____ Prescription Drugs: _____ Doctor Bills / Co-Pays: _____	_____ _____ _____	
H. ADDITIONAL INFORMATION			
1. Number of dependents you can claim on this year's tax return (including yourself and your spouse): _____			
2. Please explain any expected changes to future income or expenses:			
Under penalty of perjury, I declare to the best of my knowledge and belief this statement of assets, liabilities and other information is true, correct and complete.			
Your Signature	Spouse's Signature	Date	

ATTACHMENTS

ATTACHMENTS REQUIRED: Provide COPIES of pay stubs or earnings statements for the past 3 months from each employer. You may send year-to-date information as long as a minimum of 3 months is represented.

ATTACHMENTS

ATTACHMENTS REQUIRED: For each expense listed in boxes 4 & 5 above, provide COPIES of cancelled checks and or billing statements proving payment of the expense for the last 3 months, unless the payments are already shown on wage statements you are attaching. For court ordered payments, also provide a COPY of the court order.

Catalog 62053J

Reset

Form 433-F (EN/SP) (Rev. 3-2006)

EXHIBIT F – Form 433-F Collection Information Statement (continued)

Instructions

Complete all the blocks. Write N/A (Not Applicable) for those which don't apply to you. We need you to complete the form so we can establish the best method for you to pay the amount due.

If any section is too small for the information you need to supply, please use a separate sheet.

Failure to complete the form or provide copies (not originals) of required attachments may result in a delay in resolving your account.

Section A – Accounts / Lines of Credit

List all accounts, even if they currently have no balance. However, do not enter bank loans in this section.

Section B – Real Estate

List all real estate you own or are purchasing. This listing should include your home and any other real estate you own. Include the county and description, the year(s) and amount(s) of purchase and/or refinancing, the current market value and the amount you owe. To determine equity, subtract the amount owed from its current market value.

Section C – Other Assets

List all cars, boats, recreational vehicles, whole life policies, or other assets that you own. If a vehicle is leased, write "lease" in the "year purchased" column. To determine equity, subtract the amount owed from its current market value.

Section D – Credit Cards

List all credit cards and lines of credit, even if there is no balance owed.

Section E – Wage Information

Provide the name and address of employers for you and your spouse. Include both spouses' income, even if the tax liability is not the result of a jointly filed return. Check the appropriate box indicating how you are paid.

Section F – Non-Wage Household Income

Enter monthly amounts for all sources of household income. For any income not received monthly, calculate the monthly amount as follows:

- If received quarterly – divide by three.
- If received weekly – multiply by 4.3.
- If received biweekly – multiply by 2.17.

Net Self-Employment Income is the amount you earn after you pay ordinary and necessary monthly business expenses. This figure should relate to the yearly net profit from Schedule C on your Form 1040 or your current year profit and loss statement, but should not include depreciation expenses. If your net income is less than the previous year, attach an explanation. If net income is a loss, enter "0".

Net Rental Income is the amount you earn after you pay ordinary and necessary monthly rental expenses. This figure should relate to the amount reported on Schedule E of your Form 1040. If net rental income is a loss, enter "0".

Section G – Monthly Necessary Living Expenses

Expenses that do not provide for the health and welfare of you or your family or for the production of income are generally not considered necessary. These may include tuition for private schools, public or private college expenses, charitable contributions, voluntary retirement contributions and payments to unsecured debts.

Enter monthly amounts for expenses. For any expenses not paid monthly, calculate the monthly amount as follows:

- If paid quarterly – divide by three.
- If paid weekly – multiply by 4.3.
- If paid biweekly – multiply by 2.17.

Rent – Do not enter mortgage payment here.

Medical – Enter only ongoing medical expenses. Do not include a one time only medical expense.

Child / Dependent Care – Enter the monthly amount you pay for the care of dependents that can be claimed on your Form 1040.

Estimated Tax Payments – Calculate the monthly amount you pay for estimated taxes by dividing the quarterly amount due on your Form 1040ES by 3.

Life Insurance – Enter the amount you pay for term life insurance only. Whole life insurance has cash value and should be listed in Section C.

Form 433-F (EN/SP) (Rev. 3-2006)

EXHIBIT G- PCA IA REQUESTS

Print Form

Control No.

From:

PCA IA Request

Date

Submitted to IRS Referral Unit

Kansas City Philadelphia

Time

IRS Use Only

TIN <input style="width: 80px;" type="text"/>	Name of Taxpayer <input style="width: 90%; height: 20px;" type="text"/>	IA Request for Please Check Appropriate Box	Meets Criteria	Approved	Does Not Meet Criteria (state reason)
Taxpayer Tel. # <input style="width: 80%; height: 20px;" type="text"/>	<input style="width: 90%; height: 20px;" type="text"/>	<input type="checkbox"/> Primary <input type="checkbox"/> Both <input type="checkbox"/> Secondary / Spouse	<input type="checkbox"/>	<input type="checkbox"/>	Remarks
<u>Terms of Agreement</u> <div style="border: 1px solid black; height: 150px; width: 100%;"></div>		<u>User Fee: Check Box</u> <input type="checkbox"/> \$105 New Agreement <input type="checkbox"/> \$45 Revised/Reinstated <input type="checkbox"/> \$43 Reduced User Fee <u>Type of IA: Check Box</u> <input type="checkbox"/> Within Authority IA <input type="checkbox"/> Beyond Authority IA <input type="checkbox"/> Revision <input type="checkbox"/> Reinstatement	<u>Other</u> <input type="checkbox"/> Check if Low Income Indicator is "1" Date Default Letter Sent <hr style="width: 100%;"/>		

EXHIBIT H—REVIEW ATTRIBUTES

The following is a list of attributes and their definitions that will be used to perform quality reviews. This list is not all inclusive, attributes can be deleted or added based on the PCA Operational Plan.

Attributes for Telephone and Case Action Reviews

1. Employee Identification (002): Use this field to identify if the employee identified him/herself as required (name manner/ ID Number). **(PCA Calls/PCA Case Actions)**
2. Taxpayer's Issue Identified/Addressed (003): Use this field to identify if the employee used probing, targeting, listening, and paraphrasing to identify the taxpayer's issue(s). **(PCA Calls/PCA Case Actions)**
3. Appropriate Call/Contact Transfer (004): Use this field to identify when an employee correctly identified and transferred a call/contact following established guidelines without resolving the taxpayer's issues. **(PCA Calls)**
4. Paper Purpose Statement (006): Use this field to identify if the employee explained the process or actions to be taken in their response when appropriate. **(PCA Case Actions)**
5. Disclosure Met (007): This field is a roll up of attributes 4-7. If one of 4-7 is marked "N", this Disclosure Met attribute is "N". **(PCA Calls/PCA Case Actions)**
6. Verify TIN (008): Use this field to identify if the employee verified the taxpayer's SSN, online or from correspondence. **(PCA Calls/PCA Case Actions)**
7. Verify Name (009): Use this field to identify if the employee verified the taxpayer's name online or from correspondence. **(PCA Calls/PCA Case Actions)**
8. Verify Address (010): Use this field to identify if the employee verified the taxpayer's address online or from correspondence. **(PCA Calls/PCA Case Actions)**
9. Verify Date of Birth (011): Use this field to identify if the employee verified the taxpayer's date of birth. **(PCA Calls)**
10. Verify Filing Status (012): Use this field to identify if the employee verified the taxpayer's filing status. **(PCA Calls)**
11. Verify POA/3rd Party Designee (013): Use this field to identify if the employee verified the Power of Attorney (POA) or 3rd Party Designee (TPD) verbally, on-line or from correspondence. **(PCA Calls/PCA Case Actions)**
12. Verify Ofc/Signatory (014): Use this field to identify if the employee verified the corporate officer or signatory information. **(PCA Calls/PCA Case Actions)**
13. Authorized Disclosure (017): At the moment an unauthorized 3rd Party identifies themselves or is discovered through research, did the employee properly stop from disclosing sensitive information. **(PCA Calls/PCA Case Actions)**
14. Accepted/Solicited Info from Third Party (018): Use this field to identify if the employee accepted information from third party and took appropriate action when applicable. **(PCA Calls/PCA Case Actions)**
15. Professional Greeting/Opening (paper) (019): Use this field to identify if the employee opened correspondence by selecting, writing, or providing any input into an "Opening Paragraph", that states the reason for initiating or sending a letter. **(PCA Case Actions)**

EXHIBIT H—Review Attributes (continued)

16. Verify POA Scope of Authority (022): Use this field to identify if the employee verified the POA Scope of authority received from information provided by the OU. **(PCA Calls/PCA Case Actions)**
17. Complete Research-Account Related Systems (100): Use this field to identify if the employee properly researched and interpreted account related systems. **(PCA Calls/PCA Case Actions)**
18. Appropriate Referral/Case Transfer (101): Use this field to identify if the employee referred, routed or transferred the taxpayer's case or inquiry to the appropriate function. **(PCA Calls/PCA Case Actions)**
19. Identified Taxpayer Advocate Service (102): Use this field to identify if the employee identified and took appropriate action on cases meeting Taxpayer Advocate Service (TAS) criteria. **(PCA Calls/PCA Case Actions)**
20. Complete Research - Outside Agency Systems (103): Use this field to identify if the employee properly researched any outside government agency and/or commercial system(s). **(PCA Calls/PCA Case Actions)**
21. Required Contacts Made (104): Use this field to identify if the employee made all appropriate contacts (internal or external) to assist in case processing. **(PCA Calls/PCA Case Actions)**
22. Verify CAF Number (106): Use this field to determine if the employee verified the CAF number or that the account exists on the CAF system. **(PCA Calls/PCA Case Actions)**
23. Verify Full Compliance (200): Use this field to identify if the employee verified full compliance when interviewing the taxpayer or representative with respect to a proposed installment agreement. **(PCA Calls)**
24. Determine the Taxpayer's Ability to Pay (201): Use this field to identify if the employee determined/analyzed the taxpayer's ability to pay. This includes full pay, partial pay, short-term extension, and installment agreements. **(PCA Calls/PCA Case Actions)**
25. Telephone Contact Attempted (202): Use this field to identify if the required telephone contact attempts were made on a case. **(PCA Calls/PCA Case Actions)**
26. IA Guidance (206): Use this field to identify if the employee gave the taxpayer all required IA guidance, verbally or through correspondence, including the terms and conditions IRS requires to grant and maintain an agreement. This also includes encouraging EFTPS and PDIA's, and sending out any necessary paperwork. **(PCA Calls/PCA Case Actions)**
27. IA Regulations (207): Use this field to identify if the employee addressed and satisfied all legal requirements when making a determination and working an installment agreement. This includes properly addressing user fees, pending IAs (TC971, AC043), and rejected installment agreements. **(PCA Calls/PCA Case Actions)**
28. Requested/Secured Financial Information (208): Use this field to identify if the employee requested or secured financial information when required (i.e., IA requiring a CIS, CNC hardship). **(PCA Calls/PCA Case Actions)**
29. Levy Source(s) (210): Use this field to identify if the employee secured and updated levy sources as required by the Guide. **(PCA Calls/PCA Case Actions)**

EXHIBIT H—Review Attributes (continued)

30. Determine /Discuss Cause and Cure (213): Use this field to verify that the employee addressed the cause and cure of the taxpayer delinquency when required. **(PCA Calls)**
31. Financial Documentation Complete and/or Verified (216): Use this field to identify if the employee properly evaluated the case to determine if all necessary information was provided. **(PCA Calls/PCA Case Actions)**
32. IA Defaults/Reinstates/Revision/Suspensions Determination (217): Use this field to identify if the employee made the correct determination when working with an IA default, reinstatement/revision or suspension. **(PCA Calls/PCA Case Actions)**
33. Appropriate Approval (225): Use this field to determine if appropriate approvals were secured based on the type of closure. **(PCA Calls/PCA Case Actions)**
34. Balance Due / Payoff Computation (506): Use this field to identify if the employee provided correct balance due/computed the correct payoff amount to the correct date. **(PCA Calls/PCA Case Actions)**
35. Appropriate Procedural Action/Answer (508): Use this field to identify if the employee took the appropriate action(s) or provided the appropriate answer in accordance with guidelines. This attribute should only be used when there is not a more specific procedural attribute that addresses the specific issue. In these instances it is important to code the attribute both when the correct action(s) were taken as well as when they were not taken. **(PCA Calls/PCA Case Actions)**
36. Input/Update TIN (610): Use this field to identify if the employee input/updated the taxpayer's TIN when appropriate. **(PCA Calls/PCA Case Actions)**
37. Input/Update Name (611): Use this field to identify if the employee input/updated the taxpayer's name line(s) when appropriate. **(PCA Calls/PCA Case Actions)**
38. Input/Update Address (612): Use this field to identify if the employee input/updated the taxpayer's address when appropriate. **(PCA Calls/PCA Case Actions)**
39. Input/Update Filing Status (613): Use this field to identify if the employee adjusted/updated the taxpayer's Filing Status when appropriate. **(PCA Calls/PCA Case Actions)**
40. Input/Update Filing Requirements (614): Use this field to identify if the employee input/updated the status of the taxpayer's delinquent tax returns when appropriate. **(PCA Calls/PCA Case Actions)**
41. Input/Update POA Information (615): Use this field to identify if the employee input/updated (i.e., name, year, correspondence codes, etc.) the POA information when appropriate. **(PCA Calls/PCA Case Actions)**
42. Input /Update to Specialized Systems 617): Use this field to identify if the employee input to or updated specialized systems per guidelines. **(PCA Calls/PCA Case Actions)**
43. POA Contacted (703): Use this field to identify if the employee verified the existence of a valid Power of Attorney and that the employee contacted the POA when appropriate. **(PCA Calls/PCA Case Actions)**
44. Telephone/Fax Number Secured/Verified (704): Use this field to identify if the employee secured and/or verified the taxpayer's/representative's fax and/or telephone number and input/updated on the appropriate system. **(PCA Calls/PCA Case Actions)**

EXHIBIT H—Review Attributes (continued)

45. Check Annotation/Payment Requirements and Options (705): Use this field to identify if the employee properly explained the requirements for submitting payments, including check annotation, mailing addresses, and credit card/electronic options. **(PCA Calls/PCA Case Actions)**
46. Explain IRS Time Frames (706): Use this field to identify if the employee explained the expected IRS timeframes and/or deadlines, and their relation to the taxpayer's inquiry. **(PCA Calls/PCA Case Actions)**
47. Required Correspondence (707): Use this field to identify if the employee initiated any required correspondence. **(PCA Calls/PCA Case Actions)**
48. Original Documents/Classified Waste (709): Use this field to identify if the employee returned all original documents to the customer and/or properly disposed of any correspondence and attachments, including, but not limited to, Classified Waste. **(PCA Case Actions)**
49. Correct/Complete Response/Resolution (715): Use this field to identify if the employee provided the taxpayer with the correct response or resolution to their case or issue, and if appropriate, took the necessary case actions or case disposition to provide this response or resolution. For the purpose of coding this attribute, do not take into consideration any additional IRS issues or procedures that do not directly impact the taxpayer's issue or case. **(PCA Calls/PCA Case Actions)**
50. Professional Closing Phones/Face To Face (716): Use this field to identify if the employee appropriately closed the contact with the taxpayer. **(PCA Calls)**
51. Met Internal Customer Requirements (718) (Alternative to 715): Use this field to identify if the employee properly completed all case actions where final work product does not directly impact the taxpayer. This field should be coded if an employee completed a work step that does not affect customer accuracy, in lieu of attribute 715 (if attribute 715 applies, do not use this attribute). **(PCA Calls/PCA Case Actions)**
52. Explanation of IRS Notice (726): Use this field to identify if the employee provided a correct and complete explanation to a notice inquiry when no other action/input is necessary on the taxpayer's account. This attribute should only be used when a more specific procedural attribute that addresses the specific issue is not available. **(PCA Calls/PCA Case Actions)**
53. Provide Record of Account/Transcript/ Copy of Return (735): Use this field to identify if the employee took the proper steps for the IRS to provide the taxpayer with a correct record of account, account transcript, copy of return. **(PCA Calls/PCA Case Actions)**
54. Clear/Professional Communication (800): Use this field to identify if the employee used clear and appropriate language with no jargon to ensure that communication is complete. Required on all calls. **(PCA Calls)**
55. Clear/Professional Written Communication (801): Use this field to identify if all correspondence/documentation is professional. This includes the use of clear and appropriate language with no jargon to ensure that written communication is complete. This also includes correct selection of canned paragraphs to ensure the taxpayer's level of understanding. **(PCA Calls/PCA Case Actions)**
56. Courteous (804): Use this field to identify if the employee provided courteous service to the taxpayer. **(PCA Calls)**

EXHIBIT H—Review Attributes (continued)

57. Courteous (Paper) (805): Use this field to identify if the employee provided courteous service to the taxpayer. **(PCA Case Actions)**
58. Effective Listening (806): Use this field to identify if the employee listened to the taxpayer in an effective manner to maximize employee understanding. **(PCA Calls)**
59. Correspondence Format (809): Use this field to identify if the employee used the correct format, grammar, spelling, punctuation, and letter type in correspondence with the taxpayer. **(PCA Calls/PCA Case Actions)**
60. Appropriate Timely Actions (904): Use this field to determine if the employee took appropriate timely actions to resolve the case or issue. **(PCA Calls/PCA Case Actions)**
61. Appropriate use of Talk Time (906): Use this field to identify if the employee efficiently handled the call (talk time) including extraneous dialog, controlling the conversation. Required on all calls. **(PCA Calls)**
62. Appropriate use of Hold Time (908): Use this field to identify if the employee used the appropriate length of hold time for the complexity of the case. **(PCA Calls)**
63. Timely Initial Contact (915): Use this field to identify if the employee attempted initial contact timely. **(PCA Calls/PCA Case Actions)**

EXHIBIT I—REPORT FORMATS

EXHIBIT I.1 Project Staff Roster – Example Layout
(Information contained in the table below is illustrative)

IRS Private Debt Collection Contract Staffing

Position	June 2006	In Training	Recruiting	Projected July 2006
Contract Administrator				
Security Officer				
Quality Control Manager(s)				
Compliance Team				
IT Manager				
IT Staff				
Collection Manager(s)				
Collectors				
Skip tracers				
Admin Office Manager(s)				
Admin Office Team				

EXHIBIT I.2 Weekly Active Employee Roster - Example Layout
(Information contained in the table below is illustrative)

Private Debt Collection Contractor Roster as of June 30, 2007
Current PCA Project Team

Name	Position	Date of Employment	Security Clearance Submitted-Approved	Security Status	Privacy Act Submitted	Comments
	President	2/13/1986	12/28/2006 - interim	CICS/VPN	1/27/2007	
	Contract Admin	11/16/2003	1/13/2007 - interim		3/31/2007	No CICS/VPN Requested
	Quality Control Mgr	5/13/1997	1/6/2007 - interim	CICS/VPN	1/27/2007	
	Compliance	1/24/2005	2/4/2007 - interim	CICS/VPN	1/27/2007	
	Security Officer	1/25/1993	1/6/2007 - interim	CICS/VPN	1/27/2007	
	IT Mgr	11/10/1999	12/17/2006 - interim	TSO/VPN	1/27/2007	
	IT Dept	4/25/2005	4/29/2006 - interim	TSO/VPN	4/29/2006	
	IT Dept	2/27/2002	12/17/2006 - interim	TSO/VPN	1/27/2007	
	Accounting Mgr	7/10/2000	1/6/2007 - interim	CICS/VPN	2/4/2007	
	Accounting Clerk	1/19/2005	3/2/06 - interim		2/4/2006	No CICS/VPN Requested
	Accounting Clerk	6/15/2004	1/13/2007 - interim	VPN	2/4/2007	
	Admin Office	5/18/2004	1/6/2007 - interim	CICS/VPN	1/27/2007	
	Collector	6/8/2004	In Process		6/6/2006	
	Skip Tracer	6/16/2005	6/30/06 - interim		6/23/2006	

Skip Tracer

6/16/2005

In Process

6/23/2006

EXHIBIT I.3 Separation Roster - Example Layout
(Information contained in the table below is illustrative)

Employees No Longer on IRS Project as of June 30, 2007

Name	Position	Date of Employment	Security Clearance	Security Status	Separation Date	Remarks
	Collector	5/2/2005	5/24/06 - interim		6/6/2006	IRS Notified 6/6/06
	Collection Mgr	10/9/2000	1/20/2007 - interim	CICS/VPN	6/30/2007 Removed From Project	IRS Notified 6/30/07

EXHIBIT I.4 Production Reports Example Report Layout
(Information contained in the table below is illustrative)

PCA Production Weekly Report -- February 2007

		1/28-2/3/2007	2/4-2/10/2007	2/11-2/17/2007	2/18-2/24/2007	Month Total
Inventory	Modules Received					0
	Entries Received					0
	Dollars Placed					\$0
	Acknowledged Recalls					0
Suspense	Referrals	0	0	0	0	0
	Bankruptcy					0
	Decedent					0
	OIC					0
	CDP					0
	Innocent Spouse					0
	Combat Zone					0
	Military Deferral					0
	Disaster					0
	< \$5					0
	Other					0
	Overage Referrals	0	0	0	0	0
	KC RU					0
	Philly RU					0
	Requests	0	0	0	0	0
	IA Approval					0
	Opt Out					0
	TP Dispute					0
	CNC					0
	Other					0
Overage Requests	0	0	0	0	0	
KC RU					0	
Philly RU					0	
Installment Agreements	Accepted					0
	Rejected					0
	Defaulted					0
	Revised					0
	Reinstated					0
	Terminated					0
Taxpayer Communications	Correspondence Received					0
	Overage Correspondence					0
	Suspicious Letter/Package					0
	Misdirected Payments					0
	Misdirected Returns					0
	Inbound Calls					0
	Abandoned Calls					0
	Outbound Calls					0
Complaints	Complaints Received					0
	Investigations Closed					0
Threats	Bodily Harm					0
	Suicide					0

EXHIBIT I.4 Production Reports Example Report Layout (cont.)

(Information contained in the table below is illustrative)

Instructions:

1. Submit the report to your IRS COTR each Tuesday following the end of the reporting week.
2. Report only activities occurring during the reporting period/week.
3. Use the definitions below to complete the monthly summary pages; It is not possible to edit the cum summary information.

Definitions:

Inventory	Modules Received	Reflects the total number of modules assigned during the reporting period/week.
	Entities Received	Reflects the total number of taxpayer entities assigned during the reporting period/week.
	Dollars Placed	Reflects the total number of dollars (from the aggregate balance rounded to whole dollars) on modules assigned during the reporting period/week.
	Acknowledged Recalls	Reflects the total number of recalls acknowledged during the reporting period/week.
Suspense	Referrals	Reflects the total number of case referrals made to either Referral Unit during the reporting period/week. <i>This is a computed field and will reflect the sum of all referrals.</i> Referrals are cases that are expected to be recalled.
	Bankruptcy	Reflects the total number of undischarged Bankruptcy cases referred to the Referral Units during the reporting period/week.
	Decedent	Reflects the total number of Decedent cases referred to the Referral Units during the reporting period/week.
	OIC	Reflects the total number of Offer-in-Compromise cases referred to the Referral Units during the reporting period/week.
	CDP	Reflects the total number of Collection Due Process cases referred to the Referral Units during the reporting period/week.
	Innocent Spouse	Reflects the total number of Innocent Spouse cases referred to the Referral Units during the reporting period/week.
	Combat Zone	Reflects the total number of Combat Zone cases referred to the Referral Units during the reporting period/week.
	Military Deferral	Reflects the total number of Military Deferral cases referred to the Referral Units during the reporting period/week.
	Disaster	Reflects the total number of Disaster cases referred to the Referral Units during the reporting period/week.
	< \$5	Reflects the total number of nominal balance due cases (those with residual balances due of less than \$5.00) referred to the Referral Units during the reporting period/week.
	Other	Reflects the total number of cases that are referred to the Referral Units for any reason not listed above.
	Overage Referrals	Reflects the total number of case referrals made to both Referral Units that have not been responded to timely. <i>This is a computed field and will reflect the sum of all Overage Referrals.</i> Timely is defined as an RU response or recall received within the number of days listed as follows: <ul style="list-style-type: none"> • Bankruptcy, Decedent, Disaster - 14 days • OIC, Residual Balance Due - 30 days, Innocent Spouse - 60 days • Combat Zone, Military Deferral - 180 days
	KC RU	Reflects the total number of referrals made to the Kansas City Referral Unit that have not been responded to timely (those cases in suspense that are aged one or more days beyond the definition of timely provided above).
	Philly RU	Reflects the total number of referrals made to the Philadelphia Referral Unit that have not been responded to timely (those cases in suspense that are aged one or more days beyond the definition of timely provided above).
	Requests	Reflects the total number of case requests made to either Referral Unit during the reporting period/week. <i>This is a computed field and will reflect the sum of all requests.</i> Requests require a determination and response by the Referral Unit or further action by the taxpayer.
	IA Approval	Reflects the number of IA Approval requests sent to the Referral Unit during the reporting period/week.
	Opt Out	Reflects the number of Opt Outs sent to the Referral Unit during the reporting period/week.
	TP Dispute	Reflects the number of taxpayer dispute cases that have been forwarded to the Referral Unit during the reporting period/week.
	CNC	Reflects the number of Currently Not Collectable (hardships and Incarcerations) requests sent to the Referral Unit during the reporting period/week.
	Other	Reflects the total number of other requests sent to the Referral Unit during the reporting period/week.
	Overage Requests	Reflects the total number of case requests made to both Referral Units that have not been responded to timely. <i>This is a computed field and will reflect the sum of all Overage Requests.</i> Timely is defined as an RU response or recall received within the number of days listed as follows: <ul style="list-style-type: none"> • IA Approvals Within PCA Authority - 1 day • IA Approvals Not Within PCA Authority - 14 days • Opt Outs - 30 days for both oral and written • Taxpayer Dispute - 30 days, CNC - 14 days
	KC RU	Reflects the total number of requests made to the Kansas City Referral Unit that have not been responded to timely (those cases in suspense that are aged one or more days beyond the definition of timely provided above).
	Philly RU	Reflects the total number of requests made to the Philadelphia Referral Unit that have not been responded to timely (those cases in suspense that are aged one or more days beyond the definition of timely provided above).
Installment Agreements	Accepted	Reflects the total number of accepted Installment Agreements received during the reporting period/week.
	Rejected	Reflects the total number of rejected Installment Agreements received during the reporting period/week.
	Defaulted	Reflects the total number of defaulted Installment Agreements that occurred during the reporting period/week.
	Revised	Reflects the total number of revised Installment Agreements accepted during the reporting period/week.
	Reinstated	Reflects the total number of reinstated Installment Agreements approved during the reporting period/week.
	Terminated	Reflects the total number of terminated Installment Agreements that occurred during the reporting period/week.
	Taxpayer Communications	Correspondence Received
Overage Correspondence		Reflects the total correspondence not responded to timely during the reporting period/week. Timely is defined as responding within ten days to general correspondence or within 24 hours for FOIA requests and lawsuits.
Suspicious Letter/Package		Reflects the total number of suspicious letters or packages received during the reporting period/week.
Misdirected Payments		Reflects the total number of misdirected payments received during the reporting period/week.
Misdirected Returns		Reflects the total number of misdirected returns received during the reporting period/week.
Inbound Calls		Reflects the total number of In-Bound calls received by the PCA from taxpayers, POAs, and TIAs during the reporting period/week.
Abandoned Calls		Reflects the total number of In-Bound calls dropped by the taxpayer before reaching an assistor.
Outbound Calls	Reflects the total number of Out-Bound calls initiated by the PCA during the reporting period/week.	
Complaints	Complaints Received	Reflects the total number of complaints received during the reporting period/week.
	Investigations Closed	Reflects the total number of complaint investigations closed during the reporting period/week.
Threats	Bodily Harm	Reflects the total number of threats to do bodily harm to an assistor during the reporting period/week.
	Suicide	Reflects the total number of threats of suicide during the reporting period/week.

EXHIBIT I.5 Out bound Telephone Call Report - Example Layout
(Information contained in the table below is illustrative)

Out bound Telephone Report PCA: Name Start: mm/dd/yyyy End: mm/dd/yyyy										
TIN	Date of Call	Time of call and Time Zone at Originator Location	Time of Call and Time Zone at Taxpayer Location	Time Zone Variance Indicator	Person Contacted	Right Party Contact? (Y/N)	Phone Number Dialed	Call Originator	Originating Phone Number	Offered the Taxpayer Satisfaction Survey? (Y/N)
XXX-XX-XXXX	10/10/2007	0900 EDT	0800 CDT	*	John Smith/TP	Y	XXX-XXX-XXX	J. Jones	888-XXX-XXXX	Y
Total number of calls: 1200 Total number of right party contacts: 125 Total number of calls offered the Taxpayer Satisfaction Survey: 100										

EXHIBIT I.6 In Bound Telephone Call Report – Example Layout
(Information contained in the table below is illustrative)

In bound Telephone Report PCA: Name Start: mm/dd/yyyy End: mm/dd/yyyy							
Date of Call	Time of Call	Time Zone	TIN	Person Spoken to	Person Spoken to Phone Number	Assistor's Name	Offered the Taxpayer Satisfaction Survey? (Y/N)
9/25/2007	7:01 PM	CDT	XXX-XX-XXXX	G. Taxpayer	XXX-XXX-XXXX	J. Jones	Y
Total number of calls: 1200 Total number of calls offered the Taxpayer Satisfaction Survey: 100							

Exhibit I.7 Recall Acknowledgment Report – Example Layout
(Information contained in the table below is illustrative)

PCA Name						
Recall Acknowledgment Report						
For Period Beginning MM/DD/YYYY through MM/DD/YYYY						
Date of Recall	Date of Acknowledgment	TIN	Name	Tax Period(s)	MFT(s)	Additional Info Provided? (Yes/No)
07/25/06	07/26/06	111-11-1111	John & Mary Spruce	12/31/2002	30	No

The following record layout must be used:

- ▶ Date of Recall (MMDDYYYY format) -- Fields 1-8
- ▶ Space Delimiter -- Field 9
- ▶ Date of Recall Notification (MMDDYYYY format) – Fields 10-17
- ▶ Space Delimiter – Field 18
- ▶ Date of the Recall Acknowledgment (MMDDYYYY format) – Fields 19-26
- ▶ Space Delimiter – Field 27
- ▶ Taxpayer TIN (XXX-XX-XXXX format) –Fields 28-38
- ▶ Space Delimiter – Field 39
- ▶ Taxpayer Name Control (NNNN)– Fields 40-43
- ▶ Space Delimiter – Field 44
- ▶ MFT – (XX format) Fields 45-46
- ▶ Space Delimiter – Field 47
- ▶ Tax Period – (YYYYMM format) – Fields 48-53
- ▶ Space Delimiter – Field 54
- ▶ Temporal Recall (Y or N) – Field 55
- ▶ Space Delimiter – Field 56
- ▶ Additional Information Provided (Y or N) – Field 57
- ▶ Space Delimiter – Field 58
- ▶ Account Category Code (Valid codes are 1-4, defined below) – Field 59

Account Category Code Definitions:

- 1 = Suspended Accounts
- 2 = Installment Agreement Accounts
- 3 = Serviced Accounts
- 4 = Minimally Serviced Accounts

New Example to follow.

Exhibit I.8 Complaints Log – Example Layout
(Information contained in the table below is illustrative)

PCA Name						
Complaint Log						
For Period Beginning MM/DD/YYYY through MM/DD/YYYY						
Complaint issued by Name	Complaint Issued by Address/ Phone	TIN of Account	Taxpayer Name on Account	Date Complaint Filed	Complaint Issue	Response/ Preventive Measures Taken
Jenny Pine	1313 Mockingbird Ln Nowhere, US 33333 (222) 867-5309	111-11-1111	John & Mary Oak	08/03/06		

Exhibit I.9 FTI Destruction Report – Example Layout
(Information contained in the table below is illustrative)

FTI Destruction Report PCA: Name Date of Report: mm/dd/yyyy For Week Ending Sat: mm/dd/yyyy FTI Generated at: Location FTI Destroyed at: Location					
Date FTI Destroyed	Vendor: Name, Address, Phone	Vendor Employee(s): Name, Title	PCA Employee(s) Witness: Name, Title	Description of Material Destroyed	Method of Destruction (must meet standards specified in the IRS contract)

EXHIBIT K – COMPLAINT ACTIVITY REPORT

COMPLAINT ACTIVITY REPORT

PCA name: <i>Name of Employee that is the subject of the complaint</i>	
Source of complaint: <input type="checkbox"/> Taxpayer <input type="checkbox"/> Taxpayer representative <input type="checkbox"/> IRS employee <input type="checkbox"/> Other _____	
Date complaint received: _____ <input type="checkbox"/> Written <input type="checkbox"/> Verbal	
Recipient of complaint/form received: <input type="checkbox"/> PCA <input type="checkbox"/> IRS <input type="checkbox"/> Other _____ <input type="checkbox"/> Written <input type="checkbox"/> Verbal <input type="checkbox"/> Other _____	
Taxpayer name: _____	
Taxpayer TIN: _____	
Address: _____	
Phone number: _____	
If different from the Taxpayer:	
Complainant's Name: _____	
Complainant's Address: _____	
Complainant's Phone Number: _____	
Allegation made in complaint: 	
Information furnished to COTR (check all applicable): <input type="checkbox"/> Letter received <input type="checkbox"/> Notes of conversation <input type="checkbox"/> FAX received <input type="checkbox"/> Case Activity Report <input type="checkbox"/> Other	
PCA actions taken to address/resolve complaint: 	
Corrective actions proposed by PCA to prevent future complaints. Attach copy of Management Plan, if applicable. 	
Signature:	Position:
PCA Office:	Date:

EXHIBIT K – COMPLAINT ACTIVITY REPORT (continued)

COMPLAINT ACTIVITY REPORT

For COTR Completion Only

COTR description of complaint:

Type of potential complaint: ___ Type One ___ Type Two ___ Type Three

Validity determination: ___ Valid ___ Not valid

Date determination made: _____

Contracting officer contacted/memorandum issued, if applicable (attach copy of memorandum):

Date: _____

Corrective action taken/required:

Performance point or monetary deduction made: _____

Date PCA informed case activity could resume: _____

Date case recalled/other action taken: _____

COTR Signature

Date

EXHIBIT L – Form 911 Taxpayer Advocate Order (continued)

Instructions

When to use this form: Use this form to request relief if any of the following apply to you:

1. You are suffering or about to suffer a significant hardship;
2. You are facing an immediate threat of adverse action;
3. You will incur significant costs, including fees for professional representation, if relief is not granted;
4. You will suffer irreparable injury or long-term adverse impact if relief is not granted;
5. You experienced an IRS delay of more than 30 calendar days in resolving an account-related problem or inquiry;
6. You did not receive a response or resolution to your problem by the date promised;
7. A system or procedure has either failed to operate as intended or failed to resolve your problem or dispute with the IRS.

If an IRS office will not grant the relief requested or will not grant the relief in time to avoid the significant hardship, you may submit this form. No enforcement action will be taken while we are reviewing your application.

Where to Submit This Form: Submit this application to the Taxpayer Advocate office located in the state or city where you reside. For the address of the Taxpayer Advocate in your state or city or for additional information call the National Taxpayer Advocate Toll-Free Number 1-877-777-4778.

Third Party Contact: You should understand that in order to respond to this request you are also authorizing the Taxpayer Advocate Service to contact third parties when necessary and that you will not receive further notice regarding contacted parties. See IRC 7602(c).

Overseas Taxpayers: Taxpayers residing overseas can submit this application by mail to the Taxpayer Advocate, Internal Revenue Service, PO Box 193479, San Juan, Puerto Rico 00919 or in person at 2 Ponce de Leon Avenue, Mercantile Plaza Building, Room 6F05A, Hato Rey PR 00918. The application can also be faxed to (787) 759-4535.

Caution: Incomplete applications or applications submitted to an Advocate office outside of your geographical location may result in delays. If you do not hear from us within one week of submitting Form 911, please contact the Taxpayer Advocate office where you originally submitted your application.

Section I Instructions--Taxpayer Information

1. Enter your name(s) as shown on the tax return that relates to this application for relief.
2. Enter your current mailing address, including street number and name and apartment number.
3. Enter your city, town, or post office, state and ZIP code.
4. Enter your Social Security Number.
5. Enter the Social Security Number of your spouse if this application relates to a jointly filed return.
6. Enter the number of the Federal tax return or form that relates to this application. For example, an individual taxpayer with an income tax issue would enter Form 1040.
7. Enter the quarterly, annual or other tax period that relates to this application. For example, if this request involves an income tax issue, enter the calendar or fiscal year; if an employment tax issue, enter the calendar quarter.
8. Enter your Employer Identification Number if this relief request involves a business or non-individual entity (e.g., a partnership, corporation, trust, self-employed individual with employees).
9. Enter your E-mail address.
10. Enter your fax number including the area code.
11. Enter the name of the individual we should contact. For partnerships, corporations, trusts, etc., enter the name of the individual authorized to act on the entity's behalf.
12. Enter your daytime telephone number including the area code.
13. Indicate the best time to call you. Please specify a.m. or p.m. hours.
14. Describe the problem and the significant hardship it is creating for you. Specify the actions that the IRS has taken (or not taken) to cause the problem and ensuing hardship. If the problem involves an IRS delay of more than 30 days in resolving your issue, indicate the date you first contacted the IRS for assistance in resolving your problem.
15. Describe the relief you are seeking. Specify the actions that you want taken and that you believe necessary to relieve the significant hardship. Furnish if applicable any relevant proof and corroboration as to why relief is warranted or why you cannot or should not meet current IRS demands to satisfy your tax obligations.
- 16 & 18. If this application is a joint relief request relating to a joint tax liability, both spouses should sign in the appropriate blocks. If only one spouse is requesting relief relating to a joint tax liability, only the requesting spouse has to sign the application. If this application is being submitted for another individual, only a person authorized and empowered to act on that individual's behalf should sign the application.
NOTE: The signing of this application allows the IRS by law to suspend, for the period of time it takes the Advocate to review and decide upon your request, any applicable statutory periods of limitation relating to the assessment or collection of taxes.
- 17 & 19. Enter the date the application was signed.

Section II Instructions--Representative Information

Taxpayers: If you wish to have a representative act on your behalf, you must give him/her power of attorney or tax information authorization for the tax return(s) and period(s) involved. For additional information see Form 2848, Power of Attorney and Declaration of Representative or Form 8821, Tax Information Authorization, and the accompanying instructions.

Representatives: If you are an authorized representative submitting this request on behalf of the taxpayer identified in Section I, complete Blocks 1 through 7 of Section II. Attach a copy of Form 2848, Form 8821 or other power of attorney. Enter your Centralized Authorization File (CAF) number in Block 3 of Section II. The CAF number is the unique number that the IRS assigns to a representative after Form 2848 or Form 8821 is filed with an IRS office.

Paperwork Reduction Act Notice: We ask for the information on this form to carry out the Internal Revenue laws of the United States. Your response is voluntary. You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103. Although the time needed to complete this form may vary depending on individual circumstances, the estimated average time is 30 minutes. Should you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, please write to the Internal Revenue Service, Attention: Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001.

EXHIBIT M – SAMPLE TELEPHONE SCRIPT AND CONTACT CHECKLIST

INITIAL CONTACT SCRIPT (TP Qualifies for IA (less than 36 months))

Hello, may I speak with John Smith?

TP acknowledges he is John Smith - Mr. Smith, this is PCA employee name, of PCA Company name. My employee ID # is 12345-67. For privacy purposes, before I can disclose the nature of this call, I need to confirm that I am speaking with the correct person. Just to make sure I have the correct John Smith, may I have you verify your Social Security Number?

If unwilling to verify SSN - I understand your hesitation. I have a personal business matter to discuss with John Smith and I need to make sure I am speaking with the correct person. What if I give you the last four numbers of your SSN and you provide me with the first five numbers?

After SSN is verified - Where are you currently receiving your mail?

After address is verified - Thank you. Once again this is PCA employee name from PCA Company name. You should have received a letter from PCA Company name stating the purpose of our call. Did you receive this letter?

If yes - This is an attempt to collect a debt by a debt collector, and any information obtained will be used for that purpose. This call may be recorded or monitored for quality assurance.

Mr. Smith, we've been contracted by the IRS to assist you in resolving your delinquent federal tax liability. I am calling regarding your outstanding IRS 1040 tax liability for the year 2002. We would like to help resolve the outstanding balance. Your balance of \$xxx is due in full today. The IRS accepts personal checks or credit cards. Now, which works best for you today?

If no - This is an attempt to collect a debt by a debt collector, and any information obtained will be used for that purpose. This call may be recorded or monitored for quality assurance.

Mr. Smith, we've been contracted by the IRS to assist you in resolving your delinquent federal tax liability. Before we move on, we'd like to inform you that the Taxpayer Advocate Service assists taxpayers who have unresolved problems with the IRS or may be experiencing significant hardships. TAS can be reached at 877-ASK-TAS1. You can request assistance from TAS at anytime while your account is assigned to PCA Company name. As we mentioned, I am calling regarding your outstanding IRS 1040 tax liability for the year 2002. The amount due today is \$xxx. The IRS accepts personal checks or credit cards. Now, which works best for you today?

If taxpayer -

a) Elects to full pay by check or money order – Thank you for wanting to full pay the balance owed. In your letter you received a payment coupon. Submit your check or money order payable to United States Treasury with the payment coupon. Send it to the IRS address shown on the letter.

b) Can't full pay - Is it possible to pay the balance in full within 30 days? (Explain the advantages of paying in full, advise of penalty and interest accruals)

c) **Can't pay in 30 days** - Is it possible to pay the balance in full within 120 days? Your four monthly payments would be approximately \$xxx.

d) **Can't pay in 120 days** - Is it possible for you to commit to a monthly payment arrangement? How much are you prepared to pay monthly?

e) **Can make monthly payments to full pay tax in less than 36 months** – Your suggested payments of \$xxx per month indicate you can pay your tax liability in approximately 24 months. Send your monthly checks payable to United States Treasury using the payment voucher you received with your letter. The IRS address to send your payments to is also on the letter. If you have not filed any other tax returns that are past due, submit those to the IRS within the next week. You will receive a letter from PCA company name to confirm your installment agreement with us.

Thank you for your time. Please call us at xxx-xxx-xxxx if you have any additional questions about your account.

Y	N	N/A	Action
			Employee Identification
			Conducted Taxpayer/Third Party/ POA/ TIA Authentication Probes
			Verified TIN
			Verified Name
			Verified POA/3rd Party Designee
			Disclosure Authorized
			Identified/Addressed Taxpayers Issue(s)
			Completed Research-Account Related Systems
			Completed Research-Outside Systems
			Requested Full or Partial Payment
			Requested Payment Validation (if Taxpayer says payment has been made)
			Discussed Check Annotation/Payment Requirements and Options
			Requested Filing of Delinquent Returns
			Advised How to Avoid Future Delinquencies
			Referred/Transferred Case as Appropriate
			Identified Taxpayer Advocate Service
			Required Contacts Made
			Secured/Verified Telephone/Fax Number/Address
			Sent Required Correspondence
			Completed Response/Resolution in Case History

Note: Other than employee identification and performing authentication probes, which should be performed first, the order of all other items will depend on the call content.

EXHIBIT O – CAF AUTHORITY LEVELS

Representative	Requirements	Tax Matters		
		Collection	Form	Privileges
A = Attorney	good standing	all	2848	a thru k
B = Certified Public Accountant	duly qualified	all	2848	a thru k
C = Enrolled Agent	enrolled	all	2848	a thru k
F = Family Member	spouse, child, immediate family member	all	2848	a thru k
H = Unenrolled Return Preparers	prepared return	no	2848	
K = Student Attorney		all	2848	a thru k
L = Student CPA		all	2848	a thru k
Third Party Designee	check box	none	1040	l thru o
Appointee	none	none	8821	p

Privileges Key:

a	practice anywhere
b	sign consents
c	sign reports
d	sign waivers or restrictions on assessment or collection
e	sign waivers of notice of claim disallowance
f	represent TP in Appeals
g	file response to 30-day letter
h	sign returns in limited circumstances if specifically authorized
i	receive and inspect confidential tax return information
j	discuss proposed adjustments
k	receive (not negotiate) refund checks
l	provide missing information
m	call IRS re: processing of return
n	call IRS re: status of refund or payment
o	respond to notices from IRS re: math errors, offsets, and return preparation
p	inspect and/or receive confidential information from IRS

EXHIBIT P – FORM 13844

Form **13844**
(January 2007)

Department of the Treasury — Internal Revenue Service

Application For Reduced User Fee For Installment Agreements

The user fee for entering into an installment agreement after January 1, 2007 may be reduced to \$43 for individuals whose income fall below 250% of the dollar criteria established by the poverty guidelines updated annually by the U.S. Department of Health and Human Services. The reduced user fee for individuals with incomes below these levels does not apply to corporations or partnerships. Use this form to apply for the reduced user fee. If your application is granted, the amount of any user fee collected in excess of \$43 will be applied against your Internal Revenue Code liabilities and thereby reduce the amount of interest and penalties that may otherwise accrue. Use this form for the reduced user fee and mail it to: IRS, P.O. Box 219236, Stop 5050, Kansas City, MO 64121-9236

If you are an individual, follow the steps below to determine if you qualify for a reduced installment agreement user fee.

1. **Family Unit Size** _____. Enter the total number of dependents (including yourself and your spouse) claimed on your current income tax return (Form 1040, Line 6d).
2. **Total Income** _____. Enter the amount of total income reported on your current income tax return (Form 1040, Line 22).
3. Compare the information you entered in items 1 and 2, above, to the Reduced User Fee Income Guidelines table below. Find the "Size of Family Unit" equal to the number you entered in item 1. Next, find the column which represents where you reside (48 Contiguous States and DC ..., Alaska or Hawaii). Compare the Total Income you entered in item 2 to the number in the row and column that corresponds to your family unit size and residence. For example, if you reside in one of the 48 contiguous states, and your family unit size from item 1 above is 4, and your Total Income from item 2 above is \$45,000, then you are qualified for a reduction of the installment agreement user fee because your income is less than the \$50,000 guideline amount.
4. If the total income you entered in item 2 is more than the amount shown for your family unit size and residence in the Reduced User Fee Income Guidelines table below, you do not qualify for a reduction of the installment agreement user fee.
5. If the total income you entered in item 2 is equal to or less than the amount shown for your family unit size and residence in the Reduced User Fee Income Guidelines table below, you may qualify for a reduction of the installment agreement user fee. If you qualify for a reduction of the user fee based on your income level, you must sign and date the certification portion of this form and submit it to the IRS within 30 days from the date of the Installment Agreement acceptance letter that you received. **Applications submitted after the due date will not be considered for qualification.**

Reduced User Fee Income Guidelines

Size of Family Unit	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$24,500	\$30,625	\$28,175
2	\$33,000	\$41,250	\$37,950
3	\$41,500	\$51,875	\$47,725
4	\$50,000	\$62,500	\$57,500
5	\$58,500	\$73,125	\$67,275
6	\$67,000	\$83,750	\$77,050
7	\$75,500	\$94,375	\$86,825
8	\$84,000	\$105,000	\$96,600
For each additional person, add	\$8,500	\$10,625	\$9,775

Source: Based on 2006 US Dept of Health & Human Services Poverty Guidelines, Federal Register, Vol. 71, No. 15, January 24, 2006, pp. 3848-3849

Your Name (Last, First, Middle Initial) (Please Print)	Social security number (SSN) or Taxpayer identification number (TIN)
Spouse's Name (Last, First, Middle Initial) (Please Print)	Social security number (SSN) or Taxpayer identification number (TIN)

Certification: I certify under penalty of perjury that I am eligible for a reduction of the installment agreement user fee based on my family unit size and income.

Your Signature	Date
Spouse's Signature (if it is a joint liability)	Date

Catalog Number 49443R

www.irs.gov

Form **13844** (Rev. 1-2007)

EXHIBIT Q - WEEKLY LETTER RECONCILIATION BREAKDOWN

	B	C	D
2	Weekly Letter Reconciliation Breakdown		
3	PCA _____		
4	Weekly file of (mm/dd/yy) _____		
5			
6			
7			
8	PCA file loaded		
9		Total new records with primary	
10		Total new records with Secondary	
11		Total new records with CAF (equals y)	
12		Reissued contact letter	
13		Total initial contact letters expected	
14			
15			
16			
17	PCA Letters Removed (Recalls)		
18		Systemic recalls from the daily file (will include h's and r's)	
19		RU Faxed Recalls prior to mailing	
20		PCA Freezes	
21		Other (explain below)	
22		Total PCA Recalls	
23			
24	Total PCA Expected Letters to be Sent Minus Total PCA Removed Letters (D13 - D22)		0
25	Total Number of Letters Printed by PCA		
26	Total Number of Letters Mailed by PCA		
27			

28 If D25 and D26 are not the same as D24, _____
 29 can PCA determine why there is a _____
 30 difference between the two numbers? _____

31 **PCA MUST reconcile D25 and D26**
 32 **with D24 before doing any mailing of**
 33 **PCA letters to taxpayers. We need to**
 ensure all taxpayers/POAs receive
 appropriate letters.

Keep these weekly reconciliation
 spreadsheets for your files.
 This spreadsheet should be completed
 every time a PCA receives new case
 assignments from IRS.

EXHIBIT R – ADDITIONAL INFORMATION ON ADDRESSING DELINQUENT TAX RETURNS

The following guidance is provided to PCA contact employees to assist in addressing delinquent tax returns. This information is arranged in a question and answer format to facilitate ease of understanding.

Q1. Do I have to ask every taxpayer about delinquent returns?

A. No. We have deleted PCA Guide section 6.3.6 (Requirement during Telephone Contact), 5th bullet. We ask that you solicit unfiled returns only on cases where it has been determined that an Installment Agreement will be the appropriate resolution of the case.

We are aware that on some cases, we will be providing you with TDI information up front when the IRS sends you the new file/case information on a weekly basis. Do not solicit those returns that have already been determined to be unfiled until the IA resolution is imminent.

On cases where the taxpayer will full pay the account, do not solicit any unfiled returns. On cases where the resolution of the case will be an unable to pay situation, solicit the Form 433-F, but do not solicit unfiled returns.

(NOTE: Questions 2 thru 10 are based on the assumption that the resolution of the case will be an Installment Agreement.)

Q2. If I see that the taxpayer has a return delinquency identified by the IRS (2004 for example), do I have to ask the taxpayer about the possibility of any other delinquent returns?

A. Yes. While in many instances the IRS will identify which returns should be filed, not all of the delinquent returns will be identified by the IRS. PCA employees should always ask the taxpayer about his or her filing history for the last six years. See the excerpt from Section 11.2 of the PCA Guide below.

Ask the taxpayer whether he/she has filed and fully paid all tax returns for the preceding six years for which he/she is required to file. Whenever the IRS has identified that the taxpayer needs to file one or more returns, a Taxpayer Delinquency Investigation (TDI) indicator will be present. Additionally, for primary taxpayers only, the IRS will provide the associated tax period and type of tax due. If secondary taxpayers show delinquent returns due via a TDI indicator, it will be up to the PCA to ask the taxpayer to help determine the period(s) still outstanding.

The IRS will provide TDI information to the PCA in an electronic format. Each PCA will determine how to display the information on their computer system.

The absence of a TDI indicator does not eliminate the requirement to ask the taxpayer if all his or her returns have been filed. The current filing year's return may be delinquent and not be reflected by the TDI indicator field. PCA employees should always ask about the taxpayer's filing history. Further instructions are provided in **Section 11.8 - PCA IA Acceptance Criteria** regarding RU reviews performed prior to IA acceptance.

Q3. What if the taxpayer says that he or she needs a W-2 or a tax form to complete the return?

A. As directed in Section 11.2.1 of the PCA Guide, you will send a Form 4442 to the RU asking that the income information be sent to the taxpayers. See excerpt from Section 11.2.1 below. Collection activity should be suspended for 30 days or more if the taxpayer requests additional time to submit the unfiled returns.

If the taxpayer indicates that he or she does not have the required income information to file a delinquent return, complete a Form 4442, *Inquiry Referral*, and fax to the appropriate RU. Indicate on the Form 4442 for which tax period(s) the taxpayer needs the income information. Also notate if income information is required for the primary taxpayer, secondary taxpayer or both taxpayers. Taxpayers may obtain tax forms by calling the IRS at 800-829-3676. Taxpayers may also access forms on-line at www.irs.gov.

Q4. What if the IRS identifies a return delinquency and the taxpayer says that return has already been filed?

A. Ask the taxpayer how long ago the return was filed. If the return was filed less than 6 weeks ago, the return may still be in process. Monitor the account until the delinquency is resolved. If it has been 6 weeks or more since the return was filed, refer the account to the RU using a Form 4442. The RU will work with the taxpayer to resolve the delinquent return issue and notify the PCA when to resume contact with the taxpayer. (Note: Ask the taxpayer if the return filed was a refund return that may satisfy all of the unpaid balance due module(s). If so, suspend collection activity on the balance due module(s) until notified by the IRS of the refund offset.)

Q5. What if the taxpayer says that he or she is not certain if all of the returns due for the last six years have been filed?

A. Refer the issue to the RU via a Form 4442 to verify if there are any delinquent returns still outstanding.

Q6. What if the taxpayer says he or she will owe money on the return that still needs to be filed?

A. Initially tell the taxpayer that he or she needs to full pay the balance due on the unfiled return when it is mailed to the RU. If the taxpayer indicates that full payment is not possible, attempt to establish an IA to include the unfiled return tax due amount with the other balance due modules already owed. (See **11.2.1, Returns to be Filed Per PCA Request.**)

Q7. What if a taxpayer indicates that they are uncertain if they are required to file a return?

A. As a PCA employee, you do not have the ability to determine the filing requirements for the taxpayer. If the taxpayer is uncertain if he or she is required to file, refer the account to the RU using a Form 4442 and suspend collection activity until notified by the RU that the filing delinquency has been resolved.

Q8. What if a PCA account shows that a return is delinquent and the taxpayer says he is not required to file that return?

A. As a PCA employee, you do not have the ability to determine the filing requirements for the taxpayer. If the taxpayer indicates that he or she is not required to file that return,

refer the account to the RU using a Form 4442 and suspend collection activity until notified by the RU the filing delinquency has been resolved.

Q9. Where should the taxpayer mail the delinquent tax return?

A. As directed in Section 11.2.1, you will direct taxpayers to send the return to the appropriate RU. You will never tell a taxpayer to send a tax return to the PCA.

When the taxpayer mentions he/she has not filed a tax return(s), advise the taxpayer to file the tax return within 30 days and full pay any balance due. Advise the taxpayer to mail the tax returns to the appropriate RU.

The RU will provide the return filing information to the PCA once the return is processed.

Q10. What information should I document in the case history?

A. You are required to document all case actions in the history. Taxpayers should be given 30 days to submit the return to the RU. PCA employees should verify the specific date the return is due and document this date in the case history

As directed in Section 11.2 –

The PCA employee must document in the case history when a full compliance check is conducted. Documentation must be clear that the compliance check was completed.

Example: "Taxpayer agreed to file Form 1040 for 2002" or "Taxpayer states all tax returns have been filed and withholding or estimated taxes are current".

EXHIBIT S – CD PREPARATION

Encryption Requirements

All files saved to CDs must be encrypted using WINZIP 9.0 software (approved cryptographic package) using 256-bit encryption.

Password Requirements

All files saved to CD must be password protected. A unique password must be used for each CD. Strong passwords are required. A strong password should contain, at a minimum, the following:

- ✓ An upper case letter (A, B, C, etc.)
- ✓ A lower case letter (a, b, c, etc.)
- ✓ A number (1, 2, 3, etc.), and
- ✓ A special character (*, &, %, etc.)

Passwords for the CDs will be faxed to the RU the same day of mailing (refer to PCA P&PG Exhibit A for the appropriate RU fax number).

Mailing Requirements

CDs will be mailed overnight using a traceable mail carrier. If any delivery problems identified should be brought to the COTRs attention immediately upon discovery.