



INDEPENDENT OFFICE
OF APPEALS

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

April 18, 2025

Control No. AP-08-0425-0004
Expiration Date: 04/18/2027
Affected IRM: 8.20.7, 8.22.7

MEMORANDUM FOR: DIRECTOR, COLLECTION APPEALS
DIRECTOR, ACCOUNT AND PROCESSING SUPPORT (APS)
COLLECTION

FROM: Steven M. Martin /s/ *Steven M. Martin*
Director, Operations Support

SUBJECT: Reinstatement of Compliance Secured Installment Agreements (IA)
as part of a Collection Due Process (CDP) Lien Hearing

This memorandum issues guidance on reinstating IAs on the Integrated Data Retrieval System (IDRS) that were secured by Compliance prior to the taxpayer filing a request for a CDP lien hearing. Please distribute this information to all affected employees within your organization.

Purpose: This memorandum updates IRM 8.20.7.20.17, CDP/EH With an Installment Agreement, IRM 8.20.7.41.1, Installment Agreement (IA) APS General Information, IRM 8.20.7.41.2, Installment Agreement in a CDP Case - APS Processing Information, and IRM 8.22.7.5, Installment Agreements (IA), to provide guidance on reinstating IA status that is no longer active on IDRS due to the filing of a timely CDP lien appeal.

Background/Source(s) of Authority: When the IRS establishes an IA with a taxpayer, a Notice of Federal Tax Lien (NFTL) may be filed, which provides the taxpayer with CDP rights. If the taxpayer files a timely CDP request in response to the filing of the NFTL, IDRS will update from Status 60 (IA status) to Status 72 (Appeals status). The account will not automatically return to Status 60 when the appeal is closed.

When closing out this type of CDP, it may be appropriate to reinstate the account to Status 60 on IDRS with the terms previously secured by Compliance. This guidance clarifies that, when possible, the Independent Office of Appeals (Appeals) will reinstate the IA on IDRS while closing the CDP. It outlines specific actions the Appeals Technical Employee will take when reinstating IA status. The guidance also outlines specific actions APS employees will take at closing. In some situations, APS may be unable to reinstate the IA on IDRS due to

missing information or special processing requirements. In these instances, APS will add a note on Form 5402, Appeals Transmittal and Case Memo, requesting Compliance reinstate the IA status.

Procedural Change: See the attachment to the memorandum for impact to IRM 8.20.7, Closing Procedures, and IRM 8.22.7, Alternatives to Collection Action.

Effect on Other Documents: This guidance will be incorporated into the affected IRMs within two years from the date of this memorandum.

Effective Date: This guidance is effective as of the date of this memorandum.

Contact: Appeals employees should follow existing procedures to elevate questions through their management chain and follow established procedures on How to Contact an Analyst.

Attachment: Updated Guidance

cc: www.irs.gov

Attachment AP-08-0425-0004, Reinstatement of Compliance secured installment agreements (IA) as part of a Collection Due Process (CDP) lien hearing.

8.20.7.20.17 (MM-DD-YYYY)

CDP/EH With an Installment Agreement

(2) Installment Agreements (IA) established by Appeals require an original document, either a Form 433-D, Installment Agreement, or Form 2159, Payroll Deduction Agreement.

(10) If a taxpayer was in IA status prior to filing a timely CDP lien request, the update on IDRS from Status 60 to Status 72 will remove the account from IA status. These accounts are not automatically reinstated to Status 60 when the CDP is closed. The Appeals Technical Employee (ATE) may direct the account to be reinstated (to Status 60) at the close of the CDP. In these instances, the ATE will instruct APS in the "Remarks" section of Form 5402, Appeals Transmittal and Case Memo, to reinstate the IA that was previously granted by the Compliance function. No Form 433-D or Form 2159 is required for these IAs. See IRM 8.20.7.41.2 for guidance on reinstating these IAs.

Subsequent paragraphs will be renumbered.

8.20.7.41.1 (MM-DD-YYYY)

Installment Agreement (IA) APS General Information

(2) Installment agreements established by Appeals require an original document, either 433-D, Installment Agreement, or Form 2159, Payroll Deduction Agreement.

Note: See IRM 8.20.7.41.2 for guidance on reinstating an IA that was removed from Status 60 on IDRS due to the filing of a timely CDP lien appeal.

8.20.7.41.2 (MM-DD-YYYY)

Installment Agreement in a CDP Case – APS Processing Information

(1) Use the following procedures when closing a CDP case with a *new* installment agreement:

(2) If Form 5402, Appeals Transmittal and Case Memo, indicates that an IA previously secured by Compliance will be reinstated, take the following actions:

- Verify the terms are systemically available on IADIS.
- If the IA was a Direct Debit (DDIA), check EFTAD for the direct debit information. If information is not available on EFTAD, check to determine if it was included in the administrative file sent to Appeals.
- If there were cross-referenced accounts associated with the original IA, reinstate those into Status 63.
- If the terms or the direct debit information (on EFTAD or in the administrative file) are not available, add a note to Form 5402 requesting Compliance reinstate the IA.

- If the IA was a DDIA that required special processing or mirroring, or was a Manually Monitored IA, add a note to Form 5402 requesting Compliance reinstate the IA and follow guidance in IRM 8.20.7.20.17 for routing.

Note: Check command code IADIS to determine if the IA fee has been paid. If it has not been paid, enter the appropriate user fee code unless the fee was previously waived.

Subsequent paragraphs will be renumbered.

8.22.7.5 (MM-DD-YYYY) Installment Agreements (IA)

(2) IAs must be a document signed by taxpayer and IRS, or a written confirmation of an agreement mailed or delivered to the taxpayer. Form 433-D, Installment Agreement, or Form 2159, Payroll Deduction Agreement, is used to establish an IA. The taxpayer's signature on the form is not required unless it is a payroll deduction or direct debit IA. If using a written confirmation in lieu of securing a Form 433-D from the taxpayer, you must:

- Include all pertinent information on the Form 433-D, such as payment terms, balance due, any conditions of the payment, NFTL information, and how to make payment.
- Provide the Agreement Locator Number on the Form 5402 for APS processing

(3) On timely CDP lien appeals, the taxpayer may have established an IA with Compliance prior to filing their appeal. The change on IDRS to Status 72 will remove the account from Status 60 (IA status). The account will not systemically return to Status 60 when the appeal is closed. If reinstating the IA (Status 60) with the terms previously established by Compliance is appropriate, add a note in the "Remarks" section of Form 5402 directing APS to reinstate the prior IA. There is no need to secure Form 433-D or Form 2159 in these instances.

Note: If Appeals is changing the terms of the prior IA in any manner, a new agreement must be secured and processed as a new IA.

Subsequent paragraphs will be renumbered.