



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.31.8

OCTOBER 15, 2020

EFFECTIVE DATE

(10-15-2020)

PURPOSE

- (1) This transmits a revised IRM 4.31.8, Pass-Through Entity Handbook, TEFRA and ILSC Examinations - Campus Identity Theft Procedures.

MATERIAL CHANGES

- (1) IRM 4.31.8.1 - Program Scope and Objective. New Section.
- (2) IRM 4.31.8.1.1 - Background. New Section.
- (3) IRM 4.31.8.1.2 - Authority. New Section.
- (4) IRM 4.31.8.1.3 - Roles and Responsibilities. New Section.
- (5) IRM 4.31.8.1.4 - Program and Management Controls. New Section.
- (6) IRM 4.31.8.1.5 - Program Controls. New Section.
- (7) IRM 4.31.8.1.6 - Terms/Definitions/Acronyms. New Section.
- (8) IRM 4.31.8.1.7 - Related Resources. New Section.
- (9) IRM 4.31.8.2 - TEFRA Identity Theft – IDT Overview. Removed paragraph (4). Terminology changed in ID Theft IRM.
- (10) IRM 4.31.8.3 - Procedures for All TEFRA Cases. Removed paragraph (4). Terminology changed in ID Theft IRM.
- (11) IRM 4.31.8.4 - Statutes Expiring Within 120 Days or Less. Removed paragraph (3). Process changed in ID Theft IRM.
- (12) IRM 4.31.8.5 - Procedures for Identity Theft – TEFRA IDT Examiner Procedures. Removed paragraph (1) and (4). Process changed in ID Theft IRM.
- (13) IRM 4.31.8.7 - Procedures for BMF – Business Master File Accounts. Added clarification to paragraph (1) and removed note under paragraph (3).
- (14) IRM 4.31.8.12 - Invalid Identity Theft Determination. Removed.
- (15) IRM 4.31.8.16 - Referrals to IDTVA Specialties (formerly IDTVA-C). Add clarity to paragraph (4).
- (16) IRM 4.31.8.18.4 - AM IPSU Form 14027-B, Identity Theft Case Referrals. New paragraph (1).
- (17) Changed reference to IDTVA-C to IDTVA Specialties throughout.
- (18) Various editorial changes made throughout the IRM.

EFFECT ON OTHER DOCUMENTS

IRM 4.31.8, Pass-Through Entity Handbook, TEFRA and ILSC Examinations - Campus Identity Theft Procedures, dated 04-04-2017 is superseded.

AUDIENCE

Campus personnel working TEFRA pass-through entities and/or their partners. LB&I plans to develop a separate IRM. Until that occurs, LB&I personnel should check with their manager to see if the particular IRM section applies or if there is other guidance to follow.

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Small-Business/Self-Employed

4.31.8

TEFRA and ILSC Examinations - Campus Identity Theft (IDT) Procedures

Table of Contents

4.31.8.1 Program Scope and Objectives

4.31.8.1.1 Background

4.31.8.1.2 Authority

4.31.8.1.3 Roles and Responsibilities

4.31.8.1.4 Terms/Definitions/Acronyms

4.31.8.1.5 Related Resources

4.31.8.2 TEFRA Identity Theft – IDT Overview

4.31.8.3 Procedures for All TEFRA Cases

4.31.8.4 Statutes Expiring Within 120 Days or Less

4.31.8.5 Procedures for Identity Theft – TEFRA IDT Examiner Procedures

4.31.8.6 Procedures for IMF – Individual Master File Accounts

4.31.8.6.1 Controls

4.31.8.6.2 Multiple Function Controls

4.31.8.6.3 Reporting Time

4.31.8.6.4 Telephone Contacts

4.31.8.7 Procedures for BMF – Business Master File Accounts

4.31.8.8 Pending Claim Procedures

4.31.8.8.1 Allegations during Telephone Calls

4.31.8.8.2 Unsubstantiated or Incomplete Identity Theft Claims

4.31.8.8.3 No Response to Telephone Call or Letter 5064C

4.31.8.9 IRS Identified Identify Theft

4.31.8.10 Substantiation Documentation Received

4.31.8.11 Complete Account Analysis

4.31.8.12 Valid Identity Theft Determinations

4.31.8.12.1 Income Issues Only

4.31.8.12.2 Statutory Notice of Deficiency Issued

4.31.8.13 Screening for Nullity Returns

4.31.8.14 Unprocessed Returns

4.31.8.15 Referrals to IDTVA Specialties (formerly IDTVA-C)

4.31.8.16 Referrals from Taxpayer Advocate Service (TAS)

4.31.8.17 Referrals from Accounts Management

4.31.8.17.1 Responsibilities of TEFRA ITAR Liaisons

4.31.8.17.2 Identity Theft Assistance Request (ITAR) Examiner Procedures

4.31.8.17.3 TEFRA Initiated ITARs

4.31.8.17.4 AM IPSU Form 14027-B, Identity Theft Case Referrals

-
- 4.31.8.17.5 Responsibilities of the TEFRA Identity Theft Liaison (ITL)
 - 4.31.8.17.6 Form 14027-B, Identity Theft Case Referral, Examiner Procedures
 - 4.31.8.18 Special Procedures
 - 4.31.8.19 Statute Protection
 - 4.31.8.19.1 Single Returns
 - 4.31.8.19.2 Multiple Returns

4.31.8.1
(10-15-2020)
Program Scope and Objectives

- (1) This section outlines procedures for the campus when partners subject to unified audit and litigation procedures under TEFRA raise the possibility of identity theft.
- (2) **Purpose:** This handbook describes:
 - TEFRA identity theft procedures.
- (3) **Audience:** Field examination Revenue Agents (RAs) and campus RAs, Tax Compliance Officers (TCOs), Tax Examiners (TEs) and Clerks working pass-through entities and/or their investors linked on the Pass-through Control System (PCS).
- (4) **Policy Owner:** Director, Small Business/Self-Employed (SB/SE), Headquarters, Examination Field and Campus Policy (SE:S:E:HQ:EFCP).
- (5) **Program Owner:** Program Manager, Campus Examination and Field Support (SE:S:E:HQ:EFCP:CEFS).
- (6) **Primary Stakeholder:** SB/SE, Large Business and International (LB&I), and Appeals.
- (7) **Program Goals:** Establish an electronic linkage between the partnership being examined and its underlying partners in order to generate notices required by statute, monitor and control statutes, and gather closing information.
- (8) **Contact Information:** To recommend changes or make any other suggestions related to this IRM section, see IRM 1.11.6.6, Providing Feedback About an IRM Section -Outside of Clearance.

4.31.8.1.1
(10-15-2020)
Background

- (1) In the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), Congress added IRC 6221 through IRC 6232. This chapter changed the procedures for examining Partnership returns and resolving disputes arising over partnership items.
- (2) In enacting the TEFRA partnership audit and litigation procedures, Congress contemplated that the tax consequences of “partnership items” would be determined at the partnership level through a unified administrative or judicial proceeding, even though the tax liability that results from such a determination is imposed on the individual partners. Partnership items include any item that the partnership is required to determine under subtitle A, to the extent the Service has determined by regulation that the item is more appropriately determined at the partnership level than at the partner level.
- (3) Pursuant to IRC 6231(c), the Service has the authority to determine, by regulation, that certain items that would otherwise be treated as partnership items may be treated as nonpartnership items to the extent that their treatment as partnership items will interfere with the effective and efficient enforcement of the tax laws. The Internal Revenue Code and the regulations have identified bankruptcy as one of the special enforcement areas that allow the Service to proceed separately against a partner with respect to converted partnership items. See IRC 6231(c)(1)(E) and Treas Regs 6231(c)-7(a).

4.31.8.1.2
(10-15-2020)

Authority

- (1) TEFRA policy was established in response to the partnership provisions of the Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982.

4.31.8.1.3
(10-15-2020)

**Roles and
Responsibilities**

- (1) The Director, SB/SE, Headquarters Examination, Field and Campus Policy (SE:S:E:HQ:EFCEP) is responsible for:
 - a. Coordinating and implementing TEFRA policy changes;
 - b. Coordinating resolutions for TEFRA related problems; and
 - c. Updating this Handbook.
- (2) The SB/SE, Program Manager, Examination Field and Campus Policy, Campus Exam & Field Support (SE:S:E:HQ:EFCEP:CEFS) is responsible for:
 - a. Ensuring that TEFRA procedural changes and computer program changes are implemented and coordinated with area office and campus examination personnel;
 - b. Monitoring and evaluating area office and campus examination PCS quality control procedures.
- (3) Field Territory Managers, Field Area Directors, Director over Large Business and International (LB&I) Ogden and Director, Examination - Brookhaven, are responsible for ensuring that TEFRA policies and procedures are followed.
- (4) Field Examination Managers and Campus Field Support Operations managers are responsible for:
 - a. Maintaining an updated copy of IRM 4.29, Pass-through Control System (PCS) Handbook, in their respective functions;
 - b. Ensuring the training of technical and clerical employees in TEFRA procedures;
 - c. Establishing PCS records and acting on PCS reports in a timely manner to assure an accurate PCS database.
- (5) The campus TEFRA/Pass-Through Coordinator works with:
 - The other TEFRA coordinator(s)
 - Their local employees
 - Other campus functional areas to ensure timely processing of TEFRA related returns
- (6) The campus PCS Coordinator is charged with:
 - Identifying and resolving technical problems
 - Identifying and coordinating the resolution of PCS systemic problems
- (7) Following are specific campus TEFRA ID Theft Coordinator responsibilities:
 - a. Review returns with indications of IDT and determine next actions.
 - b. Coordinate with the IDTVA Specialties team in Brookhaven to resolve IDT issues.

4.31.8.1.4
(10-15-2020)
**Terms/Definitions/
Acronyms**

- (1) The following table contains a list of terms used throughout this IRM and their definitions.

Word	Definition
AIMS	Audit Information Management System (AIMS) provides inventory and activity controls of active Examination cases. It uses linkage to Integrated Data Retrieval System (IDRS) to input status changes, adjustments, and case closing actions.
Campus CPF IDT Coordinator	Acts as a liaison between the CPF and the field offices, Appeals and counsel for both TEFRA and ILSC cases with regard to ID theft. They also provide technical support for the CPF.
CC	Command Code
IDT	Identity Theft
Identity Theft Victim Assistance (IDTVA)	An organization that combines the skills of Accounts Management and Compliance within one organizational framework to resolve post-processing identity theft cases while focusing on the customer's experience.
IDTVA Specialties (formerly IDTVA-C)	Generally resolves tax-related identity theft cases discovered or reported in normal Campus Compliance casework, such as replies to Exam, AUR, and ACS notices.
IRC	Internal Revenue Code (IRC).
Investor	Partner, Shareholder, or Beneficiary - An investor return that reflects pass-through items from a pass-through entity return, which is controlled (via PCS and AIMS). Examples of investor returns includes, but is not limited to, Form 1040, Form 1041, Form 1120, Form 1120-S and Form 1065.

Word	Definition
LB&I	Large Business and International (LB&I). Serves corporations, subchapter S corporations, and partnerships with assets greater than \$10 million.

4.31.8.1.5
(10-15-2020)

Related Resources

- (1) The following IRM cross-references may be helpful:
 - a. Management of Interrelated and Related Cases: IRM 4.31, Pass-Through Entity Handbook
 - b. AIMS: AIMS/Processing Handbook, IRM 4.4
 - c. Identity Theft IRMs 25.23, Identity Theft and Victim Assistance, and IRM 21.3.4.28, Identity Theft Issues.
 - d. Knowledge Management website - Oversight, Legislative & Legal, Identity Theft.

4.31.8.2
(10-15-2020)

TEFRA Identity Theft – IDT Overview

- (1) This section explains the campus TEFRA procedures necessary for working identity theft cases.
- (2) Refer to IRM 25.23.3.2.6, Identity Theft Assistance Request (ITAR) – General Information, for all information and guidance regarding documentation and actions required for processing Identity Theft (IDT) claims. This IRM provides service wide guidance on identity theft issues.
- (3) This IRM 4.31.8, TEFRA Identity Theft, will provide TEFRA specific functional guidance.
- (4) Victims are encouraged to report instances of known identity theft to appropriate federal agencies. See IRM 25.23.2.2.1, Taxpayer Interaction.

4.31.8.3
(10-15-2020)

Procedures for All TEFRA Cases

- (1) The Service implemented identity theft indicators to facilitate case identification and processing. It is important to understand these Identity Theft Indicators.
- (2) Initial Allegation/Suspicion of Identity Theft - The identity theft indicator alerts others that a claim of identity theft has been reported. Refer to IRM 25.23.3.2.6, Identity Theft Assistance Request (ITAR) – General Information.
- (3) Taxpayer Provided Identity Theft Documents - The identity theft indicator alerts others that a claim of identity theft has been received or is currently being worked or substantiated. Refer to IRM 25.23.2.3.7, Marking Taxpayer Accounts When Accepting Identity Theft Claims.
- (4) Identity theft can be initiated by the taxpayer, where by Form 14039, IDT Affidavit, was submitted by mail, e-mail or fax. See IRM 25.23.2.2.1, Taxpayer Interaction.
- (5) In many instances, identity theft incidents will be resolved prior to reaching TEFRA.
- (6) If a taxpayer alleges identity theft or an employee suspects identity theft, the case should be reviewed on the Integrated Data Retrieval System (IDRS) via

command codes ENMOD or IMFOL with definer "E" to determine whether IDT has previously been identified and corrected or if there is an unresolved identity theft issue.

- (7) If the identity theft issue has been resolved for the same tax year you are working or assigned, there are no other actions needed on the identity theft issue, continue to process case following normal procedures.

Note: The Nullity return remains with the case file.

- (8) If the identity theft issue is unresolved, refer to the TEFRA IDT Coordinator. The chart below can be used as a reference. See IRM 25.23, Identity Protection and Victim Assistance, for a complete list of IDT actions codes (AC) used with Transaction Code (TC) 971 and the table below to make a determination.

TC 971 Action Code	If	Then
501	<ul style="list-style-type: none"> • Taxpayer Self-Identified • Impacting Tax Administration • Taxpayer provided required ID theft documentation • Case resolution complete • TC 971 AC 501 must be for the same year as TEFRA issue 	<ul style="list-style-type: none"> • No Action • Continue processing
504	<ul style="list-style-type: none"> • Taxpayer Self-Identified • NOT Impacting Tax Administration • TC 971 AC 504 must be for the same year as TEFRA issue 	<ul style="list-style-type: none"> • No Action • Continue processing
506	<ul style="list-style-type: none"> • IRS Identified • Impacting Tax Administration • TC 971 AC 506 must be for the same year as TEFRA issue 	<ul style="list-style-type: none"> • No Action • Continue processing
522	<ul style="list-style-type: none"> • Identify theft claim has been made. • Pending Claim of Identity Theft • TC 971 AC 522 must be for the same year as TEFRA issue 	<ul style="list-style-type: none"> • Refer to TEFRA IDT Coordinator

TC 971 Action Code	If	Then
524	<ul style="list-style-type: none"> Locked account related to a deceased taxpayer(s) for persons with no filing requirement. 	<ul style="list-style-type: none"> Refer to TEFRA IDT Coordinator

When no action is required, because the Identity Theft issue is resolved, continue to process cases per IRM 4.31.3, TEFRA Examinations – CPF Procedures, and IRM 4.31.6, Investor Level Statute Control (ILSC) Pass-through Examinations – CPF Procedures.

Note: Ensure RGS per return information is correct prior to generating a report. In most instances, the RGS information will be incorrect since it is based upon the TC 150 return information.

- (9) During the TEFRA examination, if any correspondence is received from the taxpayer indicating ID Theft, not previously identified on the taxpayer's account, refer the case to the TEFRA IDT Coordinator for determination of next action.
- (10) If the taxpayer indicates ID theft during a phone call, technicians should route case(s) to the TEFRA IDT Coordinator for determination of next actions.

4.31.8.4
(10-15-2020)
**Statutes Expiring Within
120 Days or Less**

- (1) TEFRA cases with a “statute expiring within 120 days or less” (the period for assessment) require “Special Handling” in order to protect the legal assessment of tax. Any IDT follow up actions including but not limited to the following must be completed prior to the statute assessment date.
- (2) Expedite referrals to Identity Theft Victim Assistance – Exam Team, for any IDT account adjustments. See IRM 25.23.10.9.4, IDTVA Specialties Exam Identity Theft Case Processing.

4.31.8.5
(10-15-2020)
**Procedures for Identity
Theft – TEFRA IDT
Examiner Procedures**

- (1) IDT correspondence received in writing or telephonically, will be referred to the CPF TEFRA IDT for resolution.
- (2) The CPF TEFRA IDT coordinator will refer to IRM 25.23.10.9.4.1, IDTVA Specialties Exam General Procedures., for all information and guidance regarding documentation and actions required for processing Identity Theft claims.
- (3) Taxpayers may ask where to find additional information to protect themselves from identity theft. Refer to IRM 25.23.2.2.1, Taxpayer Interaction.

4.31.8.6
(04-04-2017)
**Procedures for IMF –
Individual Master File
Accounts**

- (1) All cases identified as Identity Theft (IDT) will be worked as priority without unreasonable delay by the IDT Coordinators.
 - a. Pending claim indicators will be input within 3 business days of receipt of an allegation of IDT from a telephone call or correspondence receipt.
 - b. AIMS controls and TXMOD control bases will be input within 5 business days of receipt of the Form 14039 and substantiation documents.

- c. Acknowledgment letter Letter 5064C will be issued to the victim within 30 days of receipt of the Form 14039 and substantiation documents in the function.
 - d. The determination will be made within 30 days of receipt of the Form 14039 and substantiation documents.
 - e. Do not update the name and/or address on Master File when the SSN owner submits an IDT claim or return. The name and/or address will be updated accordingly when the claim has been verified and the valid IDT determination made.
 - f. Any correspondence to the SSN owner prior to making the IDT determination will require manual input of the address information on the letter in RGS or IDRS.
 - g. The IDT Coordinator will make all necessary changes to the name and address in CEAS/RGS.
 - h. The IDT Coordinator will document RGS and AMS that the name and address were updated based upon the acceptance of the IDT claim.
- (2) Document all IDT actions on RGS workpapers and AMS in detail. Include all documents received, documents reviewed in the case file and considered in the IDT determination
 - a. Open AIMS cases – follow normal procedures for completing workpapers on assigned cases.
 - b. Closed AIMS– follow normal procedures for completing workpapers on closed assigned cases.
- (3) See IRM 4.31.3.13.6, Preparation of Partner Examination Report.
- (4) It is important to make a distinction between a Mixed Entity and/or Scrambled SSN problem and an actual IDT case. Do not confuse the issue of taxpayers having no knowledge of income earned or a return filed with an assumption they are a victim of IDT. Any cases that are determined to be mixed entity or scrambled SSN cases are referred to Accounts Management for account resolution.
- (5) At any time during the account review, if there is evidence the taxpayer has a filing requirement but has not filed a return, solicit and encourage the taxpayer for a signed return. This applies to any years reviewed and impacted by the IDT incident.
- (6) Do not confuse fraud schemes and IDT. If a taxpayer authorized a preparer to file a return, but the preparer added or inflated deductions or credits to obtain a larger refund without the taxpayer's knowledge, this is not IDT. This is considered preparer misconduct. When situations like this are encountered, the examiner needs to consider all the facts and circumstances of the case and refer to IDTVA Specialties. IRM 25.24.1, Return Preparer Misconduct Victim Assistance - General Overview.
- (7) The campus that conducted the original examination will work the closed AIMS IDT cases. IDT claims for cases that were transferred to Appeals or Tax Court will be worked in Appeals. Transfer the IDT documents to the appropriate IDT Liaison; see ID Theft Liaisons located on SERP, http://serp.enterprise.irs.gov/databases/who-where.dr/functional_id_theft.htm

- (8) Powers of Attorney – Refer to IRM 4.19.13.8, Power of Attorney and Other Third Party Authorizations, IRM 21.3.7, Processing Third Party Authorizations onto the Centralized Authorization File (CAF), and IRM 4.11.55, Examining Officers Guide (EOG) - Power of Attorney Rights and Responsibilities, for additional information as well as the SERP IRM Supplement, Power of Attorney/ Third Party Authorizations Toolkit. Add SERP link.

Note: Integrated Automation Technologies (IAT) tools available will be used when completing identity theft account research and IDRS actions per IRM 4.31.3.2.3, Integrated Automation Technologies (IAT).

4.31.8.6.1
(04-04-2017)
Controls

- (1) Controls must be placed on all accounts when IDT is alleged or documented by the taxpayer via telephone call, correspondence or referral and when the IDT determination is made.
- Aging Reason Code (ARC) 14 is input for any open AIMS case. The ARC 14 remains on the AIMS record regardless of the taxpayer submitting the substantiation documentation or of the IDT determination.
 - Do not overlay ARC 14 with another ARC. ARC 14 will overlay all other ARC. See Campus Exam ARC AIMS Input tool for additional information.
 - IDRS control bases are input for all cases. Use Control Category Code “TPPI” for all TEFRA IDT controls. See the Compliance Specialized Team IDRS Controls tool for specific coding input. Input IDRS control bases when: an allegation of IDT is made or; when Form 14039 and documents are received or; when working AM or TAS referrals.
 - TC 971 AC 522 inputs are required to identify pending IDT claims and the IDT documents received for a specific tax year. See IRM 25.23.2.4.4.1, IMF Identity Theft- Taxpayer Initiated Allegations of Identity Theft - TC 971 AC 522.

Note: The BOD and program names are hard coded within IDRS when entering the applicable IDT indicators.

- (2) An IDT indicator is a TC 971 with an Activity Code 501, 504, 505, 506 or 522, 523, 524. For all cases, opened or closed on AIMS, prior to marking an account with TC 971 AC 522 PNDCLM or IRSID, research ENMOD/IMFOLE to ensure the account has not already been marked for the same tax year/ incident. If the coding already exists do not input a second code for the same tax year/incident. See IRM 25.23.2.4.4, Initial Allegation or Suspicion of Tax-Related Identity Theft - IMF Identity Theft Indicators.

Note: An employment related IDT Indicator TC 971 AC 525, which should not be disclosed to the TP, may be found when reviewing IMFOL-E/ENMOD. IRM 25.23.2.8.5, Employment-related Identity Theft – TC 971 AC 525.

- (3) Uniform Employee Group Codes (EGC) are used to identify open AIMS IDT cases:

- a. TEFRA cases –
 - 5887 - IDT alleged by taxpayer per telephone call, correspondence or referral (per telephone call, correspondence, Letter 5064C issued, unsubstantiated referral, etc.).
 - 5888 - IDT documents received.
- b. Non TEFRA cases –
 - 5487 - IDT alleged by taxpayer per telephone call, correspondence or referral (per telephone call, correspondence, Letter 5064C issued, unsubstantiated referral, etc.).
 - 5488 - IDT documents received.

4.31.8.6.2
(11-18-2014)
**Multiple Function
Controls**

- (1) All Compliance functions cannot address or reverse an assessment made by another function. The matrix below outlines the function, the authority and where cases will be transferred.

Function	Authority	Transfers From
Tax Court	Address own assessments and Exam, AUR, ASFR	Exam, AUR, ASFR, CSCO, ACSS, Field Collection
Appeals	Address own assessments and Exam, AUR, ASFR	Exam, AUR, ASFR, CSCO, ACSS, Field Collection
Exam (SB/SE Field Exam, SB/SE Corr Exam, and WI Corr Exam)	Address own assessments and AUR, ASFR	Exam, AUR, ASFR, CSCO, ACSS, Field Collection
AUR (SB/SE AUR and WI AUR) ASFR (SB/SE ASFR and WI ASFR)	Address own assessments	AUR, CSCO, ACSS, Field Collection
ASFR (SB/SE ASFR and WI ASFR)	Address own assessments	AUR, CSCO, ACSS, Field Collection
CSCO	Assessments not made	
Field Collection	Assessments not made	

Function	Authority	Transfers From
ACSS	Address assessments made on original filing and amended return assessments in status 22/24	

- (2) The function IDT or ITAR liaisons will be contacted to transfer the controls.

4.31.8.6.3
(11-18-2014)
Reporting Time

- (1) Time spent, by TEFRA IDT/SME Coordinators, on IDT duties should be charged as follows:

Case Type	Function / Program Codes
Open cases includes ITARS and TAS cases	7X7 – appropriate program code 717 – Examiners 737 – TCOs 747 - RAs
IDT Closed Cases includes ITARS and TAS cases	717–XXXXX

Note: The IDT Coordinators should only charge time to IDT when working referrals or ITARS. If performing case work, charge to the applicable program OFP.

4.31.8.6.4
(11-18-2014)
Telephone Contacts

- (1) Individuals may call the IRS to report that their Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN) has been misused to obtain goods or services, to report other complaints of IDT, and/or to request protection of their tax account information.
- (2) Do not disclose information to the SSN owner about the account or return information related to the questionable return. Follow disclosure guidance provided in IRM 21.1.3.2, General Disclosure Guidelines, IRM 25.23.12, IMF Identity Theft Toll-Free Guidance, and IRM 25.23.12.5.1, Telephone Inquiries Regarding Tax-Related IDTVA Cases.
- (3) If there are IDT indicators on the account or once you believe you are speaking with a victim or a perpetrator of IDT, follow IRM 21.1.3.2.4, Additional Taxpayer Authentication, IRM 25.23.2.4.4, *Initial Allegation or Suspicion of Tax-Related Identity Theft - IMF Identity Theft Indicators*, and IRM 25.23.9.6, *BMF Identity Theft Tracking Indicators*.
- (4) On all IDT calls, document the call on RGS/CEAS and AMS, if available, to confirm the taxpayer was provided instructions on how to file an IDT claim.
- (5) Examiners need to use good communication skills and be empathetic to the caller when handling IDT calls. Follow procedures provided in the IRM 25.23.12, IMF Identity Theft Toll-Free Guidance, for general information on handling calls and specific IDT disclosure guidance. IRM 21.1.1.4, Communication Skills, provides additional service wide communication skill guidance.

4.31.8.7
(04-04-2017)
**Procedures for BMF –
Business Master File
Accounts**

- (1) IRM 25.23.9, BMF Identity Theft Processing, provides service wide guidance on BMF identity theft issues, including documentation and actions required for general processing of BMF IDT claims. Consider a referral to BMF IDT SME's to confirm BMF IDT or Fabricated Entities. IRM 25.23.9.8, BMF Identity Theft Referrals. There will be times when an employee identifies possible Fabricated Entities that need additional research and possible account locks that only the BMF IDT areas can submit
- (2) BMF accounts may include the following entity types: corporations, partnerships, estate, trust, exempt organization, or government entity.
- (3) Follow IRM 4.31.8.6, Procedures for IMF – Individual Master File Accounts, for functional guidance regarding controls, work paper documentation, acknowledgement, etc. unless noted otherwise below.
- (4) BMF IDT indicators are not applied until the IDT has been confirmed. Refer to IRM 25.23.9.4, BMF Identity Theft Research (Inquiry received via paper or phones), and IRM 25.23.9.6.1, Allegation or Suspicion of BMF Identity Theft - TC 971 AC 522 IDTCLM.
- (5) Follow normal controls until the IDT allegation has been verified. Once verified, open TXMOD controls using TPPI as the category code.
- (6) If IDT indicators were applied in error, reverse them. Refer to IRM 25.23.9-5, Reversing BMF Identity Theft Indicators - TC 972 AC 522. It is imperative that the BMF identity theft indicators are reversed when BMF identity theft did NOT occur or was not substantiated by the taxpayer.
- (7) Once all actions have been taken, remember to close the identity theft issue. Refer to IRM 25.23.9.6.3, Closing BMF Identity Theft Issues - TC 971 AC 522 CLSIDT.

4.31.8.8
(11-18-2014)
**Pending Claim
Procedures**

- (1) A pending claim is when a taxpayer calls or corresponds with “I think I am a victim of IDT” or “I didn’t file this return” or similar statement, this may be considered an IDT allegation or pending claim. The IDT examiner is responsible for providing the taxpayer with the information necessary to file the IDT claim and for placing internal indicators to control the case for IDT.
- (2) Individuals not required to file a return may also be negatively impacted by IDT. For example, a caller may state the Social Security Administration (SSA) has reduced or stopped their Social Security benefits based on a tax return filed with the IRS. Advise the callers to obtain the acceptable IDT documentation and attach to the TEFRA notice or letter they received.
- (3) For all cases when an allegation is received, refer to IRM 4.31.8.6.1(3), Controls, for the actions required.
- (4) If the taxpayer account is in debit balance (BAL due) and in MF (Collection) status 20, 56, or 58, input TC 470 using the IAT REQ77 tool.

Note: See IRM 4.31.8.10, Substantiation Documentation Received, for status 22 accounts.

- (5) Once the allegation is received, the IDT examiner will ensure the AMS updates are completed. If unable to contact the taxpayer by telephone, issue a Letter 5064C, using the IAT Letters tool, informing the taxpayer of the IDT requirements and process if applicable. See IRM 4.31.8.8.2, Unsubstantiated or Incomplete Identity Theft Claims, for specific procedures.
- (6) Cases in AIMS status 24 are not updated to status 13 and the 45-day suspense will run concurrently with the 90-day suspense period. The status 24 suspense date is only adjusted if the 45 days ends after the 90-day suspense date.
- (7) If no reply after 45 days, the case is updated out of the applicable IDT EGC and returned to normal case processing. The AIMS Aging Reason Code (ARC) 14 will remain on the AIMS record.

Note: The campuses are responsible for monitoring the suspense dates for timely action.

4.31.8.8.1
(11-18-2014)
**Allegations during
Telephone Calls**

- (1) If the allegation is based on a call, the assistor is responsible for inputting a note as follows:
 - a. If the case is open on AIMS input a note to alert the IDT examiner to input IDT controls on the case.
 - b. If the case is closed on AIMS input a non-action note. Print the CEAS note and forward to your IDT Liaison for action.

4.31.8.8.2
(04-04-2017)
**Unsubstantiated or
Incomplete Identity Theft
Claims**

- (1) When a referral or correspondence from the taxpayer indicates they may be a victim of IDT but, no Form 14039 or authentication documentation was provided, research CC ENMOD/IMFOLE to determine if documentation is required from the taxpayer.

If	And	Then
No Form 14039 or authentication documentation	<p>A posted/unreversed TC 971 AC 501/ 506 or TC 971 AC 522 Source Code IRSID, INCOME, MULTFL, INCMUL, NOFR, or OTHER, and</p> <p>1. The posted transaction falls within the three year period (calendar year) and</p> <p>2. The allegation relates to a previously reported incident as described in IRM 25.23.9.6.3, Closing BMF Identity Theft Issues - TC 971 AC 522 CLSIDT.</p>	Continue with processing the case as a valid IDT claim.
No Form 14039 or authentication documentation	No IDT indicators or no indicators within 3 years on CC ENMOD/IMFOLE	<p>Notify the taxpayer of the requirements for filing an IDT claim by telephone or issue Letter 5064C. See Letter 5064C Input for suggested Letter 5064C fill-in paragraphs.</p> <p>Caution: Make sure you are contacting the victim and not the perpetrator.</p> <p>Process the case as a pending IDT claim. See IRM 4.31.8.8 , Pending Claims Procedures, above.</p>

- (2) For closed AIMS cases, verify the original examination was conducted at your PBC. If so, follow the table above. If not, the IDT Liaison will forward to the appropriate TEFRA campus IDT Liaison.

Reminder: Document all actions in workpapers, see IRM 4.31.3.13.6.6, Completion of Workpapers.

4.31.8.8.3
(11-18-2014)
**No Response to
Telephone Call or Letter
5064C**

- (1) If there is no response to phone call or Letter 5064C after 45 days,
 - a. Open AIMS cases - Continue regular TEFRA processing and move the case to the next step or continue the status 24 90-day suspension. Follow procedures in IRM 4.31.8.6.1, Controls.
 - b. Closed AIMS cases - Input CEAS Action Text "NOREPLY" and re-archive the CEAS record in status 7037. Follow procedures in IRM 4.31.8.6.1, Controls. Input CC TC 472 to resume the collection process.

Note: Check AMS/CIS for additional documentation that may have been routed to AM in error prior to closing out as a no response or if a determination can be made using internal research tools and information provided by the taxpayer, see IRM 4.31.8.9, IRS Identified Identity Theft.

4.31.8.9
(04-04-2017)
**IRS Identified Identify
Theft**

- (1) There are times when the IRS will identify a taxpayer is a victim of IDT. Cases in this category will be processed following the guidance in IRM 25.23.4.5, IRS Identified Identity Theft (IDT).
- (2) An examiner may recognize IDT while researching a case, with or without a response from the taxpayer. When this occurs, the IDT determination may be made without contacting the taxpayer to provide Form 14039, Identity Theft Affidavit, and substantiation documentation.
- (3) The following are common indicators that may lead to an IRS-identified IDT determination. This is not an all-inclusive list:
 - a. A-Freeze rejects,
 - b. TC 976/977,
 - c. Decedent Accounts,
 - d. TC 610, 640 or 670 payments on accounts with refund return filed and late filed bal. due return posted as TC 976,
 - e. TC 460 extension to file requests with timely (early) filed refund return accounts, or
 - f. Returns with filing pattern changes including different unrelated or deceased dependents.
- (4) When an indicator of potential IDT is found, follow the guidance provided in IRM 4.31.8.11, Complete Account Analysis, to make the determination.
- (5) If an IDT determination is made, place the required controls on all impacted tax years. The TC 971 AC 522 Tax Administration source code is IRSID.
- (6) Prepare Form 4442 according to IRM 25.23.2.3, Identity Theft Claims - General Guidelines. When preparing Form 4442, in section B, indicate that TC 971 AC 506 is needed upon account resolution and issue Letter 4310C.

4.31.8.10
(04-04-2017)
**Substantiation
Documentation Received**

- (1) Once it is determined the documentation provided is complete and legible per IRM 25.23.9.7.1, Complete and Legible Documents, issue Letter 5064C, ID Theft In-Process, to the taxpayer to acknowledge the receipt. Be sure to manually edit the address to the victim's current information. See tool – Letter 5064C.

Note: If the determination and required action can be completed in 30 days, the determination response will serve as the acknowledgment. Update lcontrol bases per IRM 25.23.2.3.2, Identity Theft Case Controls.

- (2) Perform case research and analysis to determine whether the IDT claim is valid or invalid. See IRM 4.31.8.11, Complete Account Analysis.

Note: If insufficient documentation is received but a determination can be made that the taxpayer is a victim of identity theft, use TC971 AC 522 IRSID.

4.31.8.11 (11-18-2014) Complete Account Analysis

- (1) Perform research to determine the impact of the IDT on all tax years. At a minimum, if applicable, review the 3 prior years and all subsequent tax years when analyzing the taxpayer accounts. The determination made will include resolution for all impacted years to make the taxpayer whole.
- (2) Do not assume that the taxpayer filing the IDT documentation is the true owner of the SSN. The employee who reviews the case must consider all information received and available through research to determine the legitimate taxpayer and resolve the case thoroughly and accurately.
- (3) Use all available research tools to determine the validity of the IDT claim. The following is a list of the common research tools available, this list is not all inclusive:
 - a. IDRS – review prior and subsequent years for filing status, address, dependents claimed, and Schedules A/B/C/D/E/F information for comparison to the TC 150 return and any subsequent returns submitted. CC IRPTR for payer documents may verify income, deductions, and address information reported. Bank routing and preparer information on CC TRDBV is useful. Other research command codes available are IMFOLE, INOLES, DDBKD, RTVUE, TRDBV, DFAST and FTBOLP.
 - b. RGS - Review workpapers, notes, and documents for all years available.
 - c. AMS/CIS notes or documents – review information posted by other IRS functions, if available

Note: Additional research tools are available using ACCURINT and Treasury Check Information System (TCIS)

- (4) If additional clarification or information is needed, attempt to contact the taxpayer by telephone. If unable to reach the taxpayer, issue Letter 5064C to request the additional information.

Note: IDT examiners are not trained handwriting experts. Do not base your determination solely on the comparison of handwriting and signatures on documents.

- (5) While researching accounts, if a case has an F- freeze, obtain the necessary documentation and refer the case to the Frivolous Return Program (FRP) at the address below. Make a case copy before sending the return. The FRP team will make the IDT determination on these accounts.

Internal Revenue Service

Frivolous Return Program

1973 Rulon White Blvd., M/S 4450

Ogden, UT 84404

4.31.8.12
(04-04-2017)
**Valid Identity Theft
Determinations**

- (1) Based on the IDT determination, input TC 971 AC 522 for all impacted tax years per IRM 25.23.2.3.7, Marking Taxpayer Accounts When Accepting Identity Theft Supporting Documents.
- (2) The determination and action required to adjust the account(s) will be documented and a referral package prepared for post function adjustment work. All IDT post function adjustment work is referred to the DITA. Refer to IRM 4.31.8.15, Referrals to IDVTA Specialties, for specific guidance.
- (3) Do not reverse any posted TEFRA adjustments on the account(s).
- (4) If the case is in AIMS status 24 and the statutory notice of deficiency cannot be stopped, follow the guidelines in IRM 4.19.21.3, Statutory Notices.
- (5) If there is a TC 976 or original return from the legitimate taxpayer, see IRM 25.23.4.6.5.2.2, Unprocessed Returns - 40 Day Suspense Time Frame Expired, for screening procedures.
- (6) Once the valid IDT determination is made, update Master File to reflect the legitimate taxpayer's current address.
- (7) To protect the taxpayer from collection activity while their account is referred to IDTVA Specialties for resolution, screen CC TXMODA.
 - a. If the taxpayer account is in debit balance (BAL due) and in MF (Collection) status 20, 56, or 58, input CC STAUP with no closing code.
Note: A TC 470 with no closing code will prevent notices from being issued for 15 cycles if there is an open IDRS control base. It will release in 9 cycles if there is no open IDRS control base.
 - b. Complete Form 14394, Identity Theft/Return Preparer Misconduct Case Collection Alert Form, if any of the following apply. See the Compliance Identity Theft Return Preparer Misconduct Case Collection Alert job aid for additional information:
 - c. Did the taxpayer indicate that they have an active levy against them?
 - d. Did the taxpayer indicate that the IRS filed a lien?
 - e. Is the case in or been in status 22, 24, or 26?
 - f. Is there a TC 582 that has not been reversed?
 - g. Is there a TC 971 with AC 060-FPLP, TC 971 AC 601-AKPFD or a TC 971 AC 600-SITLP?
 - h. Is there a TC 670 DPC 05 on the account?

- (8) If there is a TC 582 (lien indicator) posted and the IDT adjustment will result in a zero tax liability, prepare Form 13794, Request for Release, Partial Release, of Notice of Federal Tax Lien. Take the following actions in completing Form 13794:
- Input as much information as possible regarding the abatement.
 - Include the Serial Lien Identification Number of the notice of the Federal Tax Lien, if available.
 - Check box 9 indicating "Erroneous Lien"
 - Include "ID Theft" in the "Reason" box
 - Fax or E-mail Form 13794 to the "Collection Advisory Unit" for the state where the taxpayer currently resides. Collection Advisory contacts can be found under the Who/Where tab on SERP Home Page as "Advisory Units Contact List"
 - Notate on the referral to IDTVA Specialties that Form 14394 was sent to ACS and/or Form 13794 was sent to Advisory or include a copy with the referral package indicating the date referred as applicable.
- (9) The Advisory Unit will review the Notices of Federal Lien (NFTL) filed against the taxpayer using the Automated Lien System (ALS). If all the modules on the NFTL are satisfied, Advisory will request the release of the NFTL as an erroneously filed NFTL per IRC 6326(b). The release of the NFTL will reverse the TC 582. The Advisory unit will abate the TC 360 associated with the NFTL filing and issue Letter 544, Letter of Apology - Erroneous Filing of Notice of Federal tax Lien, to the taxpayer.
- Note:** the TC 360 may remain on the account if the taxpayer has other outstanding years and the lien applies to multiple years.
- (10) If the taxpayer requests the NFTL be withdrawn, ask the taxpayer to complete Form 12277, Application for Withdrawal of Filed Form 668(Y), Notice of Federal Tax Lien (as based on IRC 6323(j)), or they may submit a written request for the withdrawal to the Advisory unit.
- (11) Advise the taxpayer to include an explanation regarding the abatement situation and noting the release of the NFTL, if that has taken place.
- (12) Inform the taxpayer the determination to grant such request will be made on a case-by-case basis by the Collection Advisory contacts. See IRM 25.23.10.7.4, IDTVA Specialties Exam Identity Theft Case Processing. For all cases, issue Letter 5064C to inform the legitimate taxpayer of the IDT determination and the pending account resolution.

4.31.8.12.1
(11-18-2014)
Income Issues Only

- (1) If the determination is resolved as an income issue only, i.e., another taxpayer worked under the valid victim's SSN, TEFRA will consider the taxpayer's information. If it's acceptable, adjust the examination report to eliminate the questionable income and complete the account resolution without referring to IDTVA Specialties.
- Input TC 971 AC 501 with Tax Administration source code INCOME or TC 971 AC 506 with Tax Administration source code IRSID.
 - If needed, update the entity information for the correct address.
 - If open AIMS, continue with audit and notify the taxpayer of the changes to report with the appropriate letter.

- d. If closed AIMS, input the ADJ54 to correct the account and notify the taxpayer of the changes to the report with Letter 4306.
- e. Complete Form 9409, IRS/SSA Wages Worksheet, if any wage items are removed from the taxpayer's report, unless the taxpayer has provided a Social Security Administration determination letter on the wage items in question. See IRM 25.12.1.8.1.3, Taxpayer Written Responses, for additional information and the SSA mailing address.

Note: In instances where a valid return has been filed under someone else's SSN, the return may need to be moved to an Internal Revenue Service Number (IRSN), i.e., someone is working under another's SSN and files under the incorrect SSN. In this scenario, the return should be moved to an IRSN. Refer to IDTVA Specialties.

If	And	Then
The examination is open	No other exam issues	<ol style="list-style-type: none"> 1. Adjust the report to remove the income. 2. Close the case DC 12 with no hold code or priority code. 3. Update Master File with the correct address information, if necessary. 4. Issue Letter 5064C to notify the taxpayer of the examination closure. 5. Input TC 971 AC 501 with the appropriate literals to indicate the account resolution for the ID theft incident.

If	And	Then
The examination is open	There are other exam issues	<ol style="list-style-type: none"> 1. Adjust the report to remove the income. 2. Follow normal procedures to secure TP agreement or issue statutory notice of deficiency. 3. Notate the case to ensure the ARC 14 continues to control the record. 4. Update Master File with the correct address information, if necessary. 5. Input TC 971 AC 501/506 with the appropriate literals to indicate the account resolution for the IDT incident. 6. Issue Letter 5064C to notify the taxpayer of the IDT resolution, include paragraph V2. 7. When case is ready to close, the case should be closed with the appropriate disposal code: e.g., 03, 09, 10, etc., and the appropriate adjustment amounts recorded on the Form 5344 (i.e., TC 30X amount credit reference adjustment amounts and penalties).

If	And	Then
The examination is closed	Income is the only issue	<ol style="list-style-type: none"> 1. Prepare a revised report to remove the income. 2. Input CC ADJ54 to post the TC 291 adjustment. 3. Send Letter 4306 with a copy of the report to the taxpayer identifying the adjustments made due to their IDT claim. 4. Input TC 971 AC 501/506 with the appropriate literals to indicate the account resolution for the IDT incident.

4.31.8.12.2
(04-04-2017)
**Statutory Notice of
Deficiency Issued**

- (1) If the Statutory Notice of Deficiency has been issued, a decision must be made whether to
 - a. Proceed with the IDT resolution prior to the 90th day to petition Tax Court date or
 - b. Rescind the notice or
 - c. Require the full 90-day suspension.

Note: These procedures apply to all TEFRA and Non TEFRA programs.

- (2) Issue the rescission documents to the legitimate taxpayer at the current address they provided.
- (3) The Assessment Statute Expiration Date (ASED) must be considered when making the rescission decision for all cases in status 24. If there are 180 days or less from a statute date, Form 872, Consent to Extend the Time to Assess Tax, must be executed to extend the statute. Follow procedures in IRM 4.8.9.28, Rescinding Notices of Deficiency.
 - a. Verify the normal TC 150 statute date; determine the number of days remaining on the TC 150 statute.
 - b. If a return was filed by the legitimate taxpayer, SSN owner, verify the received date and determine the number of days remaining on the statute. The return may be a TC 976 document or an original unprocessed signed return submitted with correspondence.
 - c. Use the earliest of the statute dates to determine if Form 872 is required.
- (4) If there are less than 31 days to the petition date, do not rescind the notice of deficiency. Allow the normal suspense period before following procedures in IRM 25.23.2.3, Identity Theft Claims - General Guidelines.
- (5) Follow the table below to determine the case processing:

If	And	Then
Status 24, TC 150 determined invalid	No Filing Requirement and/or no subsequent return for the valid taxpayer SSN owner	Follow procedures in IRM 4.19.13.25.3, Taxpayer Replies.
Status 24, TC 150 determined invalid	Filing Requirement, true Taxpayer responds or true Taxpayer filed (TC 976 or original unprocessed signed return received in TEFRA)	1. Rescind SNOD. Follow procedures in IRM 4.8.9.28, Rescinding Notices of Deficiency. 2. Once the rescission is executed, follow procedures in IRM 4.19.13.25.3, Taxpayer Replies.

4.31.8.13 (04-04-2017) Screening for Nullity Returns

- (1) If a filed return meets the criteria defined in IRM Exhibit 25.23.4-2, IRPTR/IDRS Data Decision Tree, it is considered false and deemed a nullity return. Nullity returns can also fall into the categories found in IRM 25.23.10.8.1 , Refund Scheme Listing.
- (2) If the return posted to the account, the nullity return will be reversed from the account without moving it to an Internal Revenue Service Number (IRSN) account. Any refund issued is manually moved to the Accounting 1545 ledger by IDTVA Specialties.

Note: Instructions to IDTVA Specialties must state whether the return can be treated as a nullity with the applicable criteria or needs to be moved to an IRSN. Moving returns to an IRSN should be the exception, i.e. SSN owner lives/works in CA, income reported on return is valid per IRPTR for person living/working in Virginia and unable to locate a valid SSN or ITIN.

- (3) Compare the TC 150 return and any unprocessed returns to the IRPTR/IDRS Data Decision Tree to determine if nullity treatment applies. Exception to IRM Exhibit 25.23.4-2: Compliance will apply nullity screening to Schedule C returns. In order to nullify a return with Schedule C income, the entire refund has to be lost. If any portion of the refund is not lost and/or offset, the return cannot be nullified.

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4.31.8.14
(11-18-2014)
Unprocessed Returns

- (5) Once you've completed the nullity screening, continue completing the required IDT actions in the subsequent IRM sections.
- (1) Returns not processed as an original return have bypassed DIF scoring. These legitimate taxpayers' unprocessed returns, whether numbered as TC 976/977 documents or received directly by TEFRA with correspondence, must be screened per IRM 21.5.2.4.23.6, DIF Score or CLASSIFICATION "Send Return(s) to Examination for Review".
 - (2) Unprocessed returns meeting the screening criteria in IRM 21.5.2.4.23.6, DIF Score or CLASSIFICATION "Send Return(s) to Examination for Review", will be hand walked to the Tax Compliance Officers (TCOs) for priority classification. Local classifiers will expedite unprocessed returns received from TEFRA marked IDT. These returns will be classified within 3 business days.
 - (3) If the unprocessed return is not selected for Examination, continue preparing the case for referral to IDTVA Specialties.
 - (4) If an issue(s) on the return is selected for audit, the classifier will determine the portion of the refund attributable to the issue(s) and if it should be frozen. Issues normally worked pre-refund during normal pipeline processing (i.e. dependent, EITC, ACTC) will be frozen. The classifier will notate on the Form 6754, Examination Classification Check Sheet, the issue(s) and the frozen refund amount. The return will then be return to TEFRA to continue IDT processing.
 - (5) For legitimate returns selected for examination, AIMS ARC, project code, and tracking code will be updated prior to the referral to IDTVA Specialties. The audit of the legitimate return will be conducted after the IDT return is removed from the account and legitimate return posted by IDTVA Specialties.
 - a. Update AIMS to ARC 95
 - b. Update the project code and tracking codes: DISC - 0275 with tracking code 0990 EITC - 1026 with tracking code 0990 a.
 - (6) Include in the instruction to IDTVA Specialties on Form 4442 to:
 - a. remove the TC 150 using nullity procedures if applicable,
 - b. process the legitimate taxpayer's return and
 - c. freeze any refundable credits.
 - (7) If the unprocessed return meets the nullity criteria, that return is not processed. Annotate the work papers to document the criteria and determination for nullification. Continue preparing the case for referral to IDTVA Specialties to remove the TC 150 return.

- (8) If the unprocessed return meets the nullity criteria and the TC 150 return is the legitimate taxpayer's return:
 - a. Verify the Master File address is correct for the TC 150 taxpayer and update as needed.
 - b. Input TC 971 AC 501 with "OTHER", the CP 01 will systemically generate to the legitimate taxpayer.
 - c. Continue the examination of the TC 150 return. AIMS ARC 14 and EGC 5077 will remain on the account through closure. The closure will require priority code 1 to release the TC 976/977.
 - d. If the amount was selected to examine the unprocessed return as a claim (source code 30), close the exam using DC 12 with priority code 1.

4.31.8.15
(04-04-2017)
**Referrals to IDTVA
Specialties (formerly
IDTVA-C)**

- (1) All Large Business and International (LB&I) and Small Business/Self-Employed (SB/SE) Compliance IDT referrals will be routed to the IDTVA Specialties team located in Brookhaven.
- (2) IDTVA Specialties will accept cases as outlined below:

- a. Form 14039, Identity Theft Affidavit, or police report included with the correspondence.
- b. Cases that do not have acceptable documentation if IDRS CC ENMOD contains:
 - Unreversed TC 971 AC 522 with the literals INCOME, MULTI, INCMUL, IRSID, NODOCRQ, NOFR or OTHER.
 - Unreversed TC 971 AC 522 with the literal PNDCLM **and** there is a CIS Image of a Form 14039 or police report available on AMS.
 - The remainder of the list **only applies** to cases that contain a response from the taxpayer if IDRS CC ENMOD contains:
 - i) TC 971 AC 501 with the literals INCOME, MULTFL, INCMUL, NOFR, OTHER, DECD or PRISNR and the Identity Theft documentation has been received within the last three (3) years.
 - ii) TC 971 AC 506 with the literals INCOME, MULTFL, INCMUL, NOFR, OTHER, DECD or PRISNR
 - iii) TC 971 AC 504 with the literals ACCT, BOTH, NKI, EMPL
- c. Cases that are Exam IRS identified IDT must have the following completed prior to referring:
 - Input TC 971 AC 522 PNDCLM if not already present.
 - Document the factors for determining the IRS identified IDT on Correspondence Examination Automation System (CEAS) and in the History notes in Account Management System (AMS).

- (3) Upon receipt of the mail, do not update AIMS to a mail status or update the address on master file. The AIMS acknowledgement letter should not be issued to the address on Masterfile. This will prevent the AIMS acknowledge-

ment from being issued to the perpetrator. IDTVA Specialties will acknowledge receipt of the IDT allegation upon receipt. 4. Update open AIMS cases as follows:

- a. Aging Reason Code (ARC) 14 is input for any open AIMS case.
- b. Update AIMS to 56 status for cases where a Deficiency Notice has not been issued. If Deficiency Notice was issued, do not update, leave in status 24.
- c. Update the Uniform Employee Group Codes (EGC) to identify open AIMS IDT cases to EGC 5066.
- d. IDRS control bases are input for cases being referred.
 - Use Control Category Code **ID19** for all referrals.
 - The IRS received date is the date of the original correspondence.
 - Open in Status A
 - Assign to IDRS number 0161899999.

- (4) Do not confuse fraud schemes and IDT. If a taxpayer authorized a preparer to file a return, but the preparer added or inflated deductions or credits to obtain a larger refund without the taxpayer's knowledge, this is not IDT. This is considered preparer misconduct. When situations like this are encountered, the examiner needs to consider all the facts and circumstances of the case and work them on a case by case basis.
- (5) For closed AIMS or archived CEAS records, retrieved the archived record, update to Status 7035. 7. For all referrals (open or closed AIMS) send the IDT documentation to the Brookhaven IDTVA Exam group for determination as follows:
 - a. Paper documents – efax to 855-240-4270.
 - b. Electronic information on CIS – send an email to *SBSE CCS BSC EXAM IDT
 - c. Documents with original returns – mail to address will be provided when available

Note: Do not transfer the AIMS database.

- (6) IDTVA BSC, upon receipt of the IDT documentation, will update the IDRS controls to the employee number as follows:
 - a. 0161800001 – open AIMS
 - b. 0161800002 – Recons
 - c. 0161800003 – SFR recons
- (7) IDTVA BSC will issue Letter 5064C to acknowledge receipt of the correspondence.
- (8) Once the case is reviewed and a determination is made, the case will be returned to the TEFRA unit. If the return is open on CEAS, action notes will be prepared. The case will be returned to the CPF with a Form 3210 and any necessary information needed to continue processing the case. Exam will close out AIMS if the case is deemed IDT and ITVA BSC will complete any necessary account adjustments. If the determination is not IDT, ITVA will respond to the taxpayer regarding the IDT issue. Exam will continue with the audit as appropriate.

- 4.31.8.16
(11-18-2014)
Referrals from Taxpayer Advocate Service (TAS)
- (1) IDT allegations and claims will continue to be referred from TAS when they meet TAS criteria 1-4. TAS also has the discretion to assign and refer any criteria 5-7 cases.
 - (2) IDT OARs will be routed through the TEFRA TAS liaison and follow normal TAS procedures per IRM 4.19.13.23, Taxpayer Advocate Service (TAS) Procedures. IDT OARs will be worked in the Specialized Teams.
 - (3) The TAS liaison will work with the IDT liaison to insure both TAS and IDT procedures are followed and dual controls maintained on the accounts.
- 4.31.8.17
(04-04-2017)
Referrals from Accounts Management
- (1) The Accounts Management (AM) Identity Protection Specialized Unit (IPSU) was established to be the initial contact to assist taxpayers who are victims of IDT. IRM 25.23.3, IMF Identity Protection Specialized Unit- (IPSU) Paper, and IRM 25.23, Identity Protection and Victim Assistance, provide guidance on the actions completed by IPSU.
 - (2) When IPSU determines the IDT claim or allegation is a tax-related incident, a referral is prepared and issued to the controlling function. There are two referral types prepared by AM that are routed to TEFRA to the IDT or Identity Theft Assistance Request (ITAR) Liaison, as applicable:
 - a. Form 14027-B, Identity Theft Case Referral, for pending claims or IDT claims received in AM with TEFRA controls.
 - b. Form 14103, Identity Theft Assistance Request (ITAR), IDT cases that meet TAS criteria 5-7. See IRM 13.1.7.2, TAS Case Criteria.
- 4.31.8.17.1
(04-04-2017)
Responsibilities of TEFRA ITAR Liaisons
- (1) Each function has an ITAR Liaison who is responsible for coordinating ITAR referrals to and from IPSU. A list of Functional ITAR Liaisons is located on the SERP Who/Where tab.
 - (2) The TEFRA ITAR Liaison will:
 - a. Screen all incoming and outgoing Form 14103, Identity Theft Assistance Request (ITAR), to verify they meet TAS criteria 5-7 per IRM 25.23.3.2.6, Identity Theft Assistance Request (ITAR) – General Information. Reject all ITAR referrals not meeting the criteria, i.e., no IDT verification documents or has an open TAS control on Master File.

Note: All ITARs should contain the IDT documentation and any other applicable documentation from the taxpayer. Reject any ITARs if the required documents are missing or incomplete or unavailable electronically.
 - b. Acknowledge receipt of ITAR cases referred within five business days via secured E-mail or fax number provided by the IPSU employee on the Form 14103, Section II, Box 3.
 - c. Review Form 14103 and determine whether the recommended action is appropriate and the requested completion date is reasonable.
 - d. Contact the IPSU employee shown in Section II if there are questions regarding the recommended action or if additional time is required. The TEFRA ITAR Liaison and IPSU employee must reach an agreement on the substantive case issues, recommended actions and follow-up and completion dates.

- e. Maintain a log of all ITAR referrals.
- f. Establish IDRS Master File controls and assign accounts.
- g. Monitor all open ITARs and address potential or aged completion dates.
- h. When the case is completed, timely fax or E-mail Form 14103 to IPSU with all required fields completed and copies of all letters and forms. The fax number is shown on Form 14103 in Section II, Box 3.

- (3) For TEFRA identified ITAR cases, review Form 4442 prepared by the examiner and send via secure E-mail or by fax to the IDT fax line (by close of business (COB) the day the criteria was identified. The referral must contain all taxpayer's correspondence with any attachments/documentation received with the case. See IRM 25.23.3.2.6, Identity Theft Assistance Request (ITAR) – General Information.

4.31.8.17.2
(04-04-2017)

**Identity Theft Assistance
Request (ITAR)
Examiner Procedures**

- (1) ITARs follow the same requirements as OAR's. Examiners have the following responsibilities:
 - a. Contact the IPSU employee shown in Section II if there are questions regarding the recommended action or if additional time is required. The examiner and IPSU employee must reach an agreement on the substantive case issues, recommended actions and follow-up and completion dates. If the completion date is re-negotiated by the examiner, notify the ITAR Liaison of the new completion date.
 - b. Correspond directly with the taxpayer. Keep copies of all letters and forms sent to and received from the taxpayer.
 - c. In addition to documenting CEAS workpapers, document all actions in AMS.
- (2) When the ITAR case is completed, return the completed Form 14103 with copies of all letters and forms to the TEFRA ITAR Liaison to review and fax to IPSU.

Note: IRM 25.23.3.2.6, Identity Theft Assistance Request (ITAR) – General Information, provides specific AM IPSU referral procedures.

4.31.8.17.3
(04-04-2017)

TEFRA Initiated ITARs

- (1) If the examiner determines an IDT case meets ITAR criteria 5-7 during the review of correspondence or on a call with a taxpayer the examiner must alert their Lead or manager to initiate resolution of the IDT claim.
- (2) If the action cannot be completed or initiated within 24 hours, prepare Form 4442, Inquiry Referral, and forward to the TEFRA ITAR Liaison according to IRM 25.23.3.2.6, Identity Theft Assistance Request (ITAR) – General Information.
 - a. The Liaison will review for accuracy and
 - b. fax to IPSU
- (3) The examiner will input a CEAS Action note according to IRM 4.19.19.3.3, CEAS Notes, to alert the assigned campus of the pending ITAR.

TEFRA and ILSC Examinations - Campus Identity Theft (IDT) Procedures 4.31.8

page 27

4.31.8.17.4 (11-18-2014) **AM IPSU Form 14027-B, Identity Theft Case Referrals**

- (1) When IPSU completes a Global Review on a closed IDT tax-related case and identifies an unresolved tax issue, a Form 14027-B will be completed and issued to the function responsible to resolve. See IRM 25.23.3.2.5, Global Review - Action Required.

4.31.8.17.5 (11-18-2014) **Responsibilities of the TEFRA Identity Theft Liaison (ITL)**

- (1) The TEFRA ITL will coordinate and monitor all IDT actions for their designated campus Field Support operation. This includes all referrals to and from the operation that do not meet ITAR criteria.
- (2) When Form 14027-B, Identity Theft Case Referral, is received from IPSU, the TEFRA ITL will:
 - a. Acknowledge receipt of the form by filling out Section V on page 2 and fax back to IPSU or reject Form 14027-B within 5 days.
 - b. Establish IDRS Master File controls with the appropriate Activity Codes provided in the Exam IDT Control Base Input tool.
 - c. Monitor all open Form 14027-B and address potential or aged completion dates.
 - d. Assign the case to an examiner within two business days.
 - e. Review completed cases and return Form 14027-B to IPSU.

Note: AM IPSU will not route the IDT documents if they are available electronically on AMS.

4.31.8.17.6 (11-18-2014) **Form 14027-B, Identity Theft Case Referral, Examiner Procedures**

- (1) The examiner assigned to the Form 14027-B account is responsible for meeting or negotiating new completion dates and keeping the AM caseworker apprised of the status of the TEFRA actions. Notify the TEFRA ITL of any updates to the completion date.
- (2) Case action will be based upon:

If	Then
Taxpayer did not provide documentation within 45 days of being provided information on filing an IDT claim by AM or TEFRA	<ul style="list-style-type: none">• Complete Form 14027-B, Section VIII, 4. Comments: No Reply from TP,• Update IDRS control base; NOREPLY• Input TC 971 AC 522 "NOREPLY", and• Continue normal case processing

If	Then
Taxpayer submitted documentation unrelated to the IDT issue or did not substantiate the IDT claim	<ul style="list-style-type: none"> • Complete Form 14027-B, Section VIII, 4. Comments: No IDT substantiation from TP, • Update IDRS control base: NOIDTSUBST, • Input TC 971 AC 522 "NOIDT", and • Continue normal case processing
Taxpayer submitted documentation that supported the IDT claim	<ul style="list-style-type: none"> • Complete Form 14027-B, Section VIII, 4. Comments IDT substantiation received and determined valid IDT claim; check "Yes" in box 3, • Update IDRS control base: IDTSUBST • Input TC 971 AC 522 according to procedures in Exam TC 971/972 AC 522 Input Fields tool, • Conduct complete case analysis and prepare the referral per instruction in IRM 4.19.13.25.11 Referrals to IDTVA Specialties

- (3) Route completed Form 14027-B to the TEFRA ITL for review and return to the AM IPSU caseworker.
- (4) A copy of the Form 14027-B must be kept with the TEFRA audit package.

4.31.8.18
(04-04-2017)

Special Procedures

- (1) Dependents may file as victims of IDT. If the SSN was used to file a return, follow IDT procedures outlined in this IRM to resolve the account. If the SSN was used as a dependent on another return generally duplicate TIN program filtering is applied. Additional information on dependents as victims of IDT is available in IRM 25.23.2, Identity Protection and Victim Assistance.
- (2) Non-Filer IDT cases will be worked according to IRM 4.19.17, Non-Filer Program.
- (3) Refer to IRM 4.19.10.6, Return Preparer Scheme Identification, for procedures for preparer and ITIN preparer schemes.
- (4) Referrals from Automated Collection Systems Support (ACSS) or Collection (CSCO) operations will be screened and reviewed following TEFRA IDT procedures. ACSS or CSCO will forward IDT claims if there are current or prior TEFRA controls on the impacted account.
- (5) Misrouted referrals and referrals to other functions: Service wide procedures are being developed for IDT referrals between functions. When sending a referral to another function other than IDTVA Specialties, complete Form 4442 and forward to the Identity Theft Liaison. See IRM 25.23.2.6, Function Responsibility for Identity Theft Assistance Request (ITAR) Referrals to IPSU.

- (6) When schemes are identified within the IDT inventories and the perpetrator is known, referrals should be made to the Campus Fraud Coordinator for potential civil actions.
- (7) When schemes are identified while working the IDT inventories and the perpetrator is not known, referrals can be made to Criminal Investigation (CI). A scheme is defined as two or more returns with the same pattern. See IRM 25.23.9.8.3, Referrals to Criminal Investigation (CI). Sufficient information must be provided that outline the scheme. Managerial approval is required prior to referring any scheme to CI.

4.31.8.19 (11-18-2014) **Statute Protection**

- (1) Do not forward statute year referrals to IDTVA Specialties without completing the screening procedures outlined in this section.
- (2) IRM 25.6, Statute of Limitations, provides the service-wide procedures for identifying and processing statute returns. TEFRA will follow the guidelines set forth in IRM 25.6, Statute of Limitations, with the noted exceptions provided in this section.
- (3) Statute procedures apply to IDT referrals if the Assessment Statute Expiration Date (ASED) is within 180 days of expiring.
 - a. Verify the TC 150 statute date; determine the number of days remaining on the TC 150 statute.
 - b. If a return was filed by the legitimate taxpayer, SSN owner, verify the received date and determine the number of days remaining on the statute. The return may be a TC 976 document or an original unprocessed signed return submitted with correspondence.
 - c. Use the earliest of the statute dates.
- (4) Generally, Form 872 will not be solicited from the legitimate taxpayer or the perpetrator on IDT cases.
- (5) Do not reverse or make any adjustments to the accounts. Credit transfers to excess funds can be completed after the ASED.
- (6) IDT referrals fall into 3 general categories:
 - a. Single Return
 - b. Multiple Return, Legitimate Taxpayer Return not posted to the account
 - c. Multiple Return, Legitimate Taxpayer Return assessment/adjustment posted to the account (TC 29X)

4.31.8.19.1 (11-18-2014) **Single Returns**

- (1) Review IDRS to verify no TC 976 or 977 transactions are on the account and review the case documents to verify no unnumbered unprocessed returns were received from the taxpayer.
 - a. If there is no TC 976/977 or unprocessed return, no action for statute protection.
 - b. If there is a TC 976/977 or unprocessed return, follow Multiple Return procedures.

Note: Also check for a TC 971 AC 013 on TXMOD for a duplicate return.

4.31.8.19.2
(11-18-2014)

Multiple Returns

- (1) For accounts with the legitimate taxpayer return not posted to the account or requiring additional assessments a protective assessment will be required.
 - a. If the legitimate taxpayer return is posted to the account, compare the account adjustments to determine if all assessments match the legitimate return figures or if additional assessments are required.
- (2) To request a protective assessment, prepare Form 2859, Request for Quick or Prompt Assessment, annotate at the top of the form "ID Theft Statute Year".
- (3) The Form 2859 will be prepared for an appropriate amount to protect a tax increases, credit decreases, and applicable penalties to the account based on the legitimate taxpayer return.
 - a. Input the assessment amount as a TC 290 on Form 2859.
 - b. Input the following in the Remarks section: "Agreed Assessment. Do not send any bills or notices to the taxpayer." Also include whichever statement is applicable, "The TC 150 will be moved to an Internal Revenue Service Number (IRSN) with Form 12810 when the account is worked" or "The TC 150 will be reversed following nullity and Account 1545 procedures." Do not include any tax decrease or credit increase adjustments to the account.
 - c. In Part B, Requestor Information, input the name and campus preparing the document and input the DITA site contact information. The IDTVA Specialties liaison will be the contact for Accounting to determine the final posting information.
- (4) Prepare Form 3210 and fax or hand walk the Form 2859 and statute return to the applicable Accounting Operation.
- (5) Input a control base assigned to the employee requesting the prompt assessment with Activity Code "QUIK ASSMT". IDTVA Specialties will reassign the control base when the statute referral is received.

Note: This is a separate control base from the normal IDT control base.

- (6) Keep a copy of the legitimate taxpayer's return and Form 2859 with documentation for monitoring.
- (7) Prepare the referral to IDTVA Specialties and annotate at the top of the referral form "ID Theft Statute Year". If the taxpayer is due a refund, include a note to issue a manual refund.