



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

5.1.4

MARCH 10, 2022

EFFECTIVE DATE

(03-10-2022)

PURPOSE

- (1) This transmits revised IRM 5.1.4, Jeopardy, Termination, Quick and Prompt Assessments.

MATERIAL CHANGES

- (1) The table below outlines changes to IRM 5.1.4:

IRM Subsection	Description
IRM 5.1.4.1	<ul style="list-style-type: none">Added Program Scope and Objectives, which replaced the prior Overview sectionAdded TBOR information to IRM 5.1.4.1.7 based on guidance from the Division Counsel/Associate Chief Counsel (National Taxpayer Advocate Program) and Branch 3 of the Associate Chief Counsel (Procedure and Administration).
IRM 5.1.4.2	<ul style="list-style-type: none">Reworded IRM 5.1.4.2 (5) for clarityClarified in IRM 5.1.4.2 (3) and IRM 5.1.4.2 (6) that prior national office notification is required per the cited policy statements

IRM Subsection	Description
IRM 5.1.4.3	<ul style="list-style-type: none"> Renamed subsection to better describe its contents Replaced link in IRM 5.1.4.3 (1) from IRM 5.7.6.3 to IRM 5.7.4.5(8) Separated information previously in one paragraph to two paragraphs: IRM 5.1.4.3 (2), which details requirements of a jeopardy assessment and IRM 5.1.4.3 (3), which describes scenarios when jeopardy assessments may apply IRM 5.1.4.3 (5): Added that ATFR should be used to generate Form 2859 for TFRP assessments when possible IRM 5.1.4.3 (6): In list of items to include in recommendation for jeopardy assessment, replaced “taxpayer’s activity giving rise to recommendation” with “grounds for jeopardy assessment” and added reference to IRM 5.17.15.2.1(2)
IRM 5.1.4.3.1	Removed note from IRM 5.1.4.3.1 (3), specific to International revenue officers
IRM 5.1.4.3.2	IRM 5.1.4.3.2 (2): Added reference to Exam IRM 4.15.1.4.2
IRM 5.1.4.3.4	<ul style="list-style-type: none"> Moved subsection up where it is more relevant Renamed subsection “Advisory Responsibilities” (previously “Liaison”) IRM 5.1.4.3.4 (2): Added link for Jeopardy Termination Exam Coordinators

IRM Subsection	Description
IRM 5.1.4.3.5	<ul style="list-style-type: none"> Reorganized paragraphs and tables throughout the subsection for clarity IRM 5.1.4.3.5 (7): Added links to IRM 5.12.7.7.1, Jeopardy and Prompt Assessment and IRM 5.17.15.4, Jeopardy Collection
IRM 5.1.4.3.6	<ul style="list-style-type: none"> Consolidated tables throughout the subsection IRM 5.1.4.3.6 (1): Added link to IRM 5.17.15.3, Presumption Regarding \$10,000 in Unclaimed Cash Moved reference of ex parte communications to IRM 5.1.4.3.6 (3), which discusses communications between Advisory and other business units. Also added IRS.gov link for Rev. Proc 2000-44
IRM 5.1.4.4	Added that quick assessments apply to TFRP when the assessment statute will expire within 30 days and added link to IRM 5.7.6.3(1)
IRM 5.1.4.5	Added reference to IRM 5.7.8.4, Pyramiding Taxpayers, to IRM 5.1.4.5 (4)
IRM 5.1.4.6	<ul style="list-style-type: none"> IRM 5.1.4.6 (1): this was previously the only paragraph in its own subsection. It was moved to IRM 5.1.4.6, where it is relevant Removed references to Form 2859-T, which was obsoleted 03-23-2019 Removed paragraph advising not to use photocopies of Form 3552 and instead added to ensure "all forms are legible" to IRM 5.1.4.6 (3)

IRM Subsection	Description
IRM 5.1.4.7	Removed table and reorganized contents into paragraph form
IRM 5.1.4.8	<ul style="list-style-type: none">Specified that procedures in IRM 5.1.4.8 (1) and IRM 5.1.4.8 (2) apply when the tax is increasedIRM 5.1.4.8 (1): Added link to IRM 3.17.244.5, Corrections of Math Errors on Returns Involving Quick and Prompt Assessments (Form 3552)IRM 5.1.4.8 (3): Added paragraph to explain what happens when the error results in a decrease in tax, per IRM 3.17.244.5
Throughout this IRM section	<ul style="list-style-type: none">Added and updated links and references to other IRM sectionsEdited grammar and citations in accordance with IRM 1.11.2, Internal Revenue Manual (IRM) Process

EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 5.1.4, dated July 31, 2014.

AUDIENCE

SBSE revenue officers and advisors

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Small Business/Self-Employed

5.1.4

Jeopardy, Termination, Quick and Prompt Assessments

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5.1.4.1
(03-10-2022)
Program Scope and Objectives

- (1) **Purpose:** This IRM section provides guidance on identifying and processing accelerated assessments.
- (2) **Audience:** The primary users of this IRM are SBSE revenue officers and advisors.
- (3) **Policy Owner:** Director, Collection Policy, SBSE
- (4) **Program Owner:** Collection Policy, SBSE, Case Resolution Alternatives (CRA)
- (5) **Primary Stakeholders:**
 - Field Collection, including Civil Enforcement Advice and Support Operations (CEASO), Advisory
 - Insolvency
 - Chief Counsel

Others affected include Appeals, the Taxpayer Advocate Service (TAS), Examination, and Department of Justice attorneys.
- (6) **Program Goals:** Accelerated assessments protect the government's interest by allowing the IRS to assess tax expeditiously when collection of tax is at risk or when the assessment statute expiration date (ASED) is imminent.

5.1.4.1.1
(03-10-2022)
Background

- (1) Accelerated assessments expedite the normal assessment process. Collection personnel should be alert for situations where the use of accelerated assessments is appropriate. These tools are employed when:
 - a. The collection of the tax is at risk, or
 - b. The ASED is imminent.
- (2) There are four types of accelerated assessments:
 - Jeopardy assessments, initiated when collection of tax is in danger and the tax is due, but there is no return on file (neither a voluntarily filed return or IRS return prepared under IRC 6020(b) authority)
 - Termination assessments, initiated by Examination and used to assess income tax immediately because waiting until the end of the tax year would jeopardize collection
 - Quick assessments, initiated when the collection of tax is not in danger but the ASED is within 90 days

Note: For trust fund recovery penalty (TFRP) quick assessments, the ASED must be within 30 days. See IRM 5.7.6.3(1).
 - Prompt assessments, initiated when there is a secured or processable return or a TFRP and the tax should be assessed immediately
- (3) These four types of assessments accelerate the assessment of the tax only. They do not eliminate or accelerate the due process or other legal requirements. By accelerating the assessment, IRS can proceed with due process sooner.

5.1.4.1.2
(03-10-2022)
Authority

- (1) The following IRC sections provide authority and relate to jeopardy and termination and other accelerated assessments:

IRC Section	Title
IRC 6330	Notice and opportunity for hearing before levy
IRC 6851	Termination assessments of income tax
IRC 6861	Jeopardy assessments of income, estate, gift, and certain excise taxes
IRC 6862	Jeopardy assessment of taxes other than income, estate, gift, and certain excise taxes
IRC 6863	Stay of collection of jeopardy assessments
IRC 6867	Presumptions where owner of large amount of cash is not identified
IRC 6871	Claims for income, estate, gift, and certain excise taxes in receivership proceedings, etc.
IRC 7429	Review of jeopardy levy or assessment procedures

- (2) The following regulations provide authority relating to jeopardy and termination assessments:

CFR Reference	Title
26 CFR 301.6861-1	Jeopardy assessments of income, estate, gift and certain excise taxes
26 CFR 301.6863-1	Stay of collection of jeopardy assessments; bond to stay collection
26 CFR 301.6330-1	Notice and opportunity for hearing prior to levy
26 CFR 301.6867-1	Presumptions where owner of large amount of cash is not identified

- (3) The following delegation orders and policy statements pertain to jeopardy and termination assessments:

Delegation Order	Title
Delegation Order 4-21 (Rev. 2) (formerly DO-219, Rev. 4), per IRM 1.2.2.5.18	Jeopardy and Termination Assessments
Policy Statement 4-88, per IRM 1.2.1.5.27	Jeopardy assessments to be used sparingly and assessment to be reasonable in amount
Policy Statement 4-89, per IRM 1.2.1.5.28	Termination assessment of income tax to be used sparingly and assessment to be reasonable in amount

5.1.4.1.3
(03-10-2022)
Responsibilities

- (1) The Director, Collection Policy, is responsible for all policies relating to assessment and collection of jeopardy, termination, quick and prompt assessments initiated by Collection employees.
- (2) The Program Manager, Case Resolution Alternatives, is responsible for development and delivery of policies relating to Collection function responsibilities relating to jeopardy, termination, quick and prompt assessments.
- (3) Managers of revenue officers who request approval for or are working with any of the accelerated assessments described in this IRM are responsible for ensuring the procedures are followed and employee actions are timely and accurate.
- (4) Revenue officers and Collection advisors are responsible for following the procedures in this IRM.

5.1.4.1.4
(03-10-2022)
Program Management and Review

- (1) Revenue officers use Integrated Collection System (ICS) to document case actions.
- (2) Revenue officers use the Automated Trust Fund Recovery (ATFR) program for Trust Fund Recovery Penalty (TFRP) assessments, including quick and prompt TFRP assessments. ATFR pulls data from ICS and the Integrated Data Retrieval System (IDRS).
- (3) Management ensures program effectiveness through manager case reviews, territory, area and Collection operational reviews, and National Quality Review System (NQRS) data.

5.1.4.1.5
(03-10-2022)
Program Controls

- (1) Revenue officers must prepare Form 2644, Recommendation for Jeopardy/Termination Assessment, for all jeopardy assessments initiated by field collection. The territory manager must review termination and jeopardy assessments, then the area director and Counsel must approve such jeopardy assessments per IRM 1.2.2.5.18, Delegation Order 4-21 (Rev. 2) (formerly DO-219, Rev. 4), Jeopardy and Termination Assessments.

- (2) Revenue officers must prepare Form 2859, Request for Quick or Prompt Assessment, when recommending quick or prompt assessments. Generate Form 2859 through ATFR for TFRP assessments when possible. The form includes a chart of all required items.

5.1.4.1.6
(03-10-2022)
Acronyms

(1)

Acronym	Definition
ALS	Automated Lien System
ATFR	Automated Trust Fund Recovery program
CFR	Code of Federal Regulations
CRA	Case Resolution Alternatives
DLN	Document Locator Number
DO	Delegation Order
ICS	Integrated Collection System
IDRS	Integrated Data Retrieval System
IRC	Internal Revenue Code
NFOI	Non-Field Other Investigation
NFTL	Notice of Federal Tax Lien
NQRS	National Quality Review System
SBSE	Small Business/Self-Employed
TAS	Taxpayer Advocate Service
TC	Transaction Code
TFRP	Trust Fund Recovery Penalty
TIN	Taxpayer Identification Number

5.1.4.1.7
(03-10-2022)
Related Resources

- (1) The Taxpayer Bill of Rights (TBOR) lists rights that already existed in the tax code, putting them in simple language and grouping them into 10 fundamental rights. Employees are responsible for being familiar with and acting in accord with taxpayer rights. See IRC 7803(a)(3), Execution of Duties in Accord with Taxpayer Rights. For additional information about the TBOR, see <https://www.irs.gov/taxpayer-bill-of-rights>.

5.1.4.2
(03-10-2022)
Jeopardy and Termination Assessment Overview

- (1) The IRS initiates jeopardy assessments when collection of taxes will be endangered if regular assessment and collection procedures are followed and there is neither a voluntarily filed return nor an IRC 6020(b) return prepared by the Service.
- (2) Relevant IRC sections concerning jeopardy assessments are:

- IRC 6861 authorizes assessment where the due date for filing of a return has expired and applies to jeopardy assessments of income, estate, gift and certain excise taxes.
 - IRC 6862 applies to taxes other than income, estate, gift and certain excise taxes, that is, employment and other excise taxes whether or not the due date for filing and paying such tax has expired.
 - IRC 6867 authorizes a jeopardy assessment in situations where an individual is in possession of cash, in excess of \$10,000, and does not claim ownership or who claims the cash belongs to another individual, whose identity can be determined, and who claims ownership of the cash.
- (3) All jeopardy assessments must be in full compliance with Policy Statement 4-88, found in IRM 1.2.1.5.27, which provides:
- a. That jeopardy assessments are to be used sparingly,
 - b. Criteria under which jeopardy assessments will be made,
 - c. Examples of when prior national office notification is required,
 - d. A process to comply with a taxpayer request for administrative review, and
 - e. That jeopardy assessments involving alcohol, tobacco and firearms be closely coordinated with, and initiated at the request of, the Bureau of Alcohol, Tobacco and Firearms.
- (4) Jeopardy assessments should be used prudently and care must be taken to avoid excess and unreasonable assessments. The amount of the assessment should be limited to an amount that can reasonably be expected to equal the liability due.
- (5) Termination assessments are very similar to jeopardy assessments except that, under the provisions of IRC 6851, they are made only for the current or immediately preceding taxable year and can be made at any time prior to the return due date.
- A termination assessment is only initiated by Examination.
 - It is used to assess income taxes immediately because waiting until the end of the tax year would jeopardize collection.
 - Termination assessment of income tax, including terminations under the conditions described in IRC 6867, applies when the taxable year of a taxpayer has not ended or when the taxable year has ended but the return due date (determined with regard to any extensions) has not yet passed.
- (6) All termination assessments must be in full compliance with Policy Statement 4-89, found in IRM 1.2.1.5.28, which provides:
- a. That termination assessments are to be used sparingly and be a reasonable amount,
 - b. Criteria under which termination assessments will be made,
 - c. Criteria when prior national office notification is required, and
 - d. A process to comply with a taxpayer request for administrative review.
- (7) A potential jeopardy or termination assessment may develop as the result of information received from a confidential informant. The source of the information must not be divulged to the taxpayer or other unauthorized personnel.

- (8) For a more thorough discussion of jeopardy and termination assessments and criteria to consider before taking jeopardy collection actions, see IRM 5.17.15, Termination and Jeopardy Assessments and Jeopardy Collection, and IRM 5.11.3 , Jeopardy Levy without a Jeopardy Assessment.

5.1.4.3
(03-10-2022)

Requesting a Jeopardy Assessment

- (1) Jeopardy assessments initiated by Collection personnel are limited to:
- TFRP assessments (see IRM 5.7.4.5(8),
 - Employment and excise tax assessments, whether or not the return due date has passed,
 - Partnership penalty assessments, and
 - Income tax assessments when there is no question as to the amount of the liability.
- (2) Request a jeopardy assessment when collection is in jeopardy due to the existence of one or more of the four conditions outlined in Policy Statement 4–88. See IRM 1.2.1.5.27(5) .
- (3) Jeopardy assessments may apply when:
- The appropriate appeal and protest periods have not expired for TFRP or IRC 6020(b) assessments.
 - Assessment/collection action is being proposed prior to the return due date for a signed return for income tax liabilities.
- (4) Refer information that could lead to a jeopardy assessment of a proposed transferee liability, disputed additional income taxes, or any other tax liability to Examination.
- (5) Prepare Form 2644, Recommendation for Jeopardy/Termination Assessment, for all jeopardy assessments and Form 2859, Request for Quick or Prompt Assessment, for quick or prompt assessments. Generate Form 2859 through ATFR for TFRP assessments when possible. Form 2859 includes a chart of all required items to be completed for each type of return.
- (6) Attach a memo setting forth the conditions and factors in support of the recommendation including:
- Name, address, and taxpayer identification number (TIN),
 - Tax, penalty, and interest to be assessed by period,
 - Nature of the taxpayer's business or activity,
 - Taxpayer's present financial condition,
 - Information regarding the grounds for jeopardy assessment (see IRM 5.17.15.2.1(2)),
 - Records or statements with respect to continuing business or personal losses,
 - Filing record of taxpayer,
 - Taxpayer's record of delayed payment of taxes in the past (collection delays and unpaid taxes),
 - Nature and location of the taxpayer's assets and the source(s) of income,
 - Statement as to the factual basis for the determination of taxable income and a schedule showing how the tax was computed, and
 - Other information having a bearing upon the taxpayer's financial condition, future anticipation of losses, etc.

- 5.1.4.3.1
(03-10-2022)
Approval Prior to Jeopardy Assessment
- (1) Due to the urgency involved in jeopardy assessments, the file requires the highest priority of handling within and between the responsible functions.
 - (2) Refer to IRM 1.2.2.5.18, Delegation Order 4-21 (Rev. 2) (formerly DO 219, Rev. 4), Jeopardy and Termination Assessments, for delegated authority to approve jeopardy assessments.
 - (3) Per IRC 7429(a)(1)(A), Chief Counsel, or their delegate, must approve all jeopardy assessments and all jeopardy levies. This authority can be re-delegated no lower than Associate Area Counsel.
 - (4) Obtain Counsel's signature on Form 2644, Recommendation for Jeopardy/Termination Assessment. Approval via fax is acceptable.
- 5.1.4.3.2
(03-10-2022)
Termination Pre-Assessment Recommendations
- (1) Collection personnel cannot initiate termination assessment recommendations.
 - (2) Refer information that could lead to a termination assessment to Examination for appropriate action. Advisory serves as liaison between functions. See IRM 5.1.4.3.4, Advisory Responsibilities, and IRM 4.15.1.4.2 , Collection, for more information.
- 5.1.4.3.3
(04-07-2009)
Responsibility of Territory Manager
- (1) Prior to area director approval, the Collection territory manager will:
 - a. Review all termination and jeopardy assessment recommendations, including those initiated by Examination and Criminal Investigation,
 - b. Discuss disputed cases with the originating division,
 - c. Document and report unresolved issues to the area director, who has final responsibility for determining that collection of the proposed tax liability is in jeopardy.
- 5.1.4.3.4
(03-10-2022)
Advisory Responsibilities
- (1) Effective administration of jeopardy and termination assessment procedures requires the close cooperation of all involved Service personnel.
 - (2) Advisory has overall responsibility as the liaison between Collection and:
 - Examination

Note: Jeopardy/Termination Exam Coordinators are listed at <https://portal.ds.irsnet.gov/sites/vl019/SitePages/Exam-Jeopardy-Termination-Contacts.aspx>

 - Criminal Investigation
 - Appeals
 - SBSE Area Counsel
 - (3) Advisory will open the appropriate Non-Field Other Investigation (NFOI) 186 on ICS no later than 7 calendar days of receipt of the triggering request or documents for any necessary actions related to accelerated assessments. Due to the time-sensitive nature of the jeopardy/termination assessment and/or administrative/judicial review process, control and documentation of the case actions in ICS will necessitate loading the case well within the timeframe of 7 calendar days.

5.1.4.3.5
(03-10-2022)**Assessment and Post
Assessment Procedures**

- (1) Immediately after the area director has approved the jeopardy or termination assessment, eFax Form 2644, Recommendation for Jeopardy/Termination Assessment, and Form 2859, Request for Quick or Prompt Assessment, to the Campus Accounting Function. See *SERP, Who/Where, Prompt, Quick, Jeopardy and Termination Assessments* for the eFax number. eFax the forms to the campus where the return would normally be filed.

Reminder: Input TC 570 as a secondary transaction when posting payments to avoid the possibility of erroneously refunding credits.

Note: It takes approximately six weeks for the assessment to post to the Masterfile.

- (2) Use parts 3 and 4 of Form 3552, Prompt Assessment Billing Assembly, to provide notice and demand, after making the following changes:
 - a. Change the statement in the second sentence from “when you receive this notice” to “immediately”,
 - b. Delete the last portion of the third sentence which states, “and send it with a copy of this notice to the address shown above”, and
 - c. Delete the statement, “Please return this copy with your payment to the address shown above” from the bottom of the form.
- (3) In accordance with IRC 7429(a)(1)(B), provide the taxpayer with the following within 5 calendar days of assessment:
 - a. Notice and demand to pay the tax (Form 3552),
 - b. Notice of jeopardy or termination assessment, including notification of right of appeal and right of review under IRC 7429 and, in the case of levy, IRC 6330 (See Exhibit 5.1.4-1, Pattern Letter P-513, Notice of Jeopardy Assessment Right of Appeal and Letter 2439 or Letter 2439-A, Notice of Jeopardy Levy and Right of Appeal), and
 - c. Computation of income and tax.

Note: For jeopardy and termination assessments under the circumstances described in IRC 6867, individuals found in possession of cash or cash equivalent in excess of \$10,000 who do not claim ownership will be notified that they are **not** entitled to judicial review under IRC 7429 and no notice of right of appeal is provided (see IRC 6867(b)(3)). However, a termination or jeopardy assessment under IRC 6867 is appealable to Appeals.
- (4) Personally deliver the items listed in IRM 5.1.4.3.5 (3) when possible.
- (5) If the taxpayer cannot be located, send the notices by certified mail to the taxpayer's last known address.
- (6) If the taxpayer no longer resides at the address on the assessment, check IDRS for a new address. Review the jeopardy or termination file for the taxpayer's current address.
- (7) Determine whether to file a Notice of Federal Tax Lien (NFTL).

If ...	Then ...
The taxpayer does not full pay the amount of the assessment upon issuance of the notice and demand	File the NFTL through the Automated Lien System (ALS). See IRM 5.12.7.7.1 , Jeopardy and Prompt Assessments. Reminder: The taxpayer has the right to appeal the NFTL filing under the Collection Appeals Program or Collection Due Process.
Filing an NFTL will not ensure that the taxpayer will not dispose of, dissipate, or hide personal property	Immediately issue a levy to the third party or parties in possession of the taxpayer's cash or other liquid assets. See IRM 5.11.3.5, Forms and Letters for a Jeopardy Levy without a Jeopardy Assessment, and IRM 5.17.15.4, Jeopardy Collection, for the forms and letters to use for jeopardy levy.

Note: IRC 6863 provides conditions for the stay of collection of jeopardy or termination assessments.

- (8) IRC 6851 and IRC 6867 provide for the assessment (termination) and collection of tax associated with cash amounts in excess of \$10,000 when the cash or cash equivalent has been seized by law enforcement authorities and the owner cannot be identified. Collection of these assessments comes from the cash itself not from the personal assets of the person in possession of the cash.

5.1.4.3.6
(03-10-2022)
**Administrative/Judicial
Review of
Jeopardy/Termination
Assessments**

- (1) IRC 7429 provides that the taxpayer is entitled to administrative and judicial review of jeopardy and termination assessments.

Exception: Administrative and judicial review provisions provided by IRC 7429 do not apply to jeopardy or termination assessments made under IRC 6867 . See IRM 5.17.15.3, Presumption Regarding \$10,000 in Unclaimed Cash.

- (2) Within 1 business day of receipt of the written request, Advisory will inform the appropriate personnel and provide the entire case file, including the written request, to:
- a. Appeals, in the case of a request for an administrative review, or
 - b. SBSE Area Counsel, in the case of a request for judicial review.
- (3) Responsible employees must keep Advisory informed of the status of the case, so long as it does not violate any ex parte prohibitions. Specifically, Appeals should communicate with Advisory regarding the anticipated return of the case. See Rev. Proc. 2000-43, also available at <https://www.irs.gov/pub/irs-drop/rp-00-43.pdf>, for information about ex parte communications and prohibitions.

If ...	Then Advisory will...
The taxpayer files a civil suit at any time prior to conclusion of the administrative appeal	Request the entire Collection and/or Examination file for transmission to SBSE Area Counsel.
An individual comes forward and claims ownership of cash (or cash equivalent) previously assessed under IRC 6867	<p>Advise the individual to submit a written request, signed under penalties of perjury, to the area director marked to the attention of the Advisory manager. The written request will include the following:</p> <ol style="list-style-type: none"> The name, address and TIN of the person submitting the request, A detailed description of the person submitting the request A description of the claimant's basis for claiming the property levied upon as belonging to them, The name and address of the "possessor" of the cash or cash equivalent (the person who was originally found to be in possession of the cash and who denied its ownership and did not properly identify the true owner), and The origination internal revenue area, the date of lien or levy as shown on the NFTL, Notice of Levy, or, in lieu thereof, a statement of the reasons why such information cannot be furnished.
The ownership claim is submitted under conditions above and is disallowed	Notify the claimant as soon as possible of the right to bring suit against the government under provisions of IRC 7426 or for an administrative appeal with the Appeals Office.
Advisory determines that the ownership claim is valid	Refer the claim to Examination for consideration. Examination is responsible for abating any over-assessment and refunding the over-assessment to the claimant if applicable. Examination will notify Collection of their determination so that Advisory can arrange for disposition of any non-cash items seized.
A party files litigation against the government because of a jeopardy assessment made under IRC 6867	Notify Examination and furnish a copy of the third party's claim unless previously furnished.

- (4) See IRM 4.15.1.10.4, Administrative and Judicial Reviews, for a more thorough discussion of the administrative and judicial review process.

5.1.4.3.7
(07-31-2014)
Processing Abatements

- (1) Under the administrative/judicial review process, a determination may be made that the assessment was improperly made or the amount of tax is excessive. When this occurs, Advisory will coordinate the abatement of jeopardy/termination assessments.
- (2) Collection personnel will prepare Form 3870, Request for Adjustment, to decrease tax, penalty and interest as determined by Appeals or district court.
- (3) SBSE Area Counsel will provide Advisory with the final district court orders to abate all, or a part, of the tax. Within 14 calendar days of receipt of such orders, Advisory will return any files to the initiating office for immediate processing of the abatement. See IRM 4.15.1.10.5, Abatement Procedures, for instructions on processing the abatement request.
- (4) When the district court order is based on a determination that the collection of the tax was not in jeopardy, Examination will reestablish the taxpayer's filing requirement and ensure examination of the taxpayer's current year return.

5.1.4.4
(03-10-2022)
Quick Assessment

- (1) Quick assessment procedures apply when the tax is not at risk, but the assessment statute will expire within 90 days, or 30 days for TFRP assessments per IRM 5.7.6.3(1) , and is limited to the following:
 - a. Additional taxes and agreed deficiencies when the statutory period for assessment will expire before assessment action can be completed under regular procedures, and
 - b. Deficiencies or current additional and delinquent taxes where receivership/probate proceedings are involved or imminent, per IRC 6871.
- (2) A quick assessment:
 - a. Does **not** provide authority to make immediate demand for payment of the tax liability assessed.
 - b. Allows the taxpayer the statutory 10-day period in which to pay and the 30-day notice of intent to levy period under IRC 6331(d) and notice of a right to a hearing under IRC 6330(a).

Note: If the taxpayer is in a receivership or probate proceeding, an immediate proof of claim may be filed.
 - c. Does **not** change or update the existing Master File entity information.

Note: Use Form 2363, Master File Entity Change, to change the Master File entity to agree with the information on the return.
- (3) To eliminate unpostable conditions, research a transcript of the module involved, if practical, to determine if:
 - a. Module is established on Masterfile,
 - b. TIN and name line match Form 2859, Request for Quick or Prompt Assessment,
 - c. Tax period was previously assessed,

- d. Any freeze codes exist,
- e. Proper transaction codes are being input and not duplicated, and/or
- f. Taxpayer is in bankruptcy.

5.1.4.5
(03-10-2022)

Prompt Assessments

- (1) A prompt assessment is a manually processed assessment of a secured and processable return when collection of the resulting tax appears to be at risk and the intention is to proceed with collection action immediately following the 10-day period for notice and demand.
- (2) A prompt assessment of employment, excise, and partnership tax returns prepared and signed under authority of IRC 6020(b) may be requested provided that Letter 1085(DO), 30 Day Letter Proposed IRC 6020(b) Assessment, or Letter 1616, 30 Day Letter Proposed IRC 6020(b) Assessment Partnership Return, was sent to the taxpayer and the appeal period has lapsed.
- (3) Prior to recommending prompt assessment, determine the following:

If the taxpayer is . . .	Then . . .
In bankruptcy	Contact Insolvency prior to initiating a prompt assessment.
Quickly placing property beyond the reach of the government	Collection action may be pursued although the 10-day notice and demand period and the 30-day period following the notice of intent to levy has not expired. Refer to IRM 5.11.3, Jeopardy Levy Without a Jeopardy Assessment.
An in-business taxpayer	Do not request a prompt assessment if the proposed plan of action is to establish an installment agreement.

- (4) The initiator will establish, and document in the case history, a plan of action for ultimate resolution of the balance due. Do not recommend a prompt assessment in the following instances:
 - a. Taxpayer will be granted or already has an installment agreement,
 - b. Assessment will be reported as currently not collectible,
 - c. There are no known distrainable assets, or
 - d. Taxpayer is pyramiding tax liabilities and **no** enforcement action is pending. See IRM 5.7.8.4 , Pyramiding Taxpayers.
- (5) The revenue officer must compute all applicable penalties.

5.1.4.6
(03-10-2022)

Processing Quick and Prompt Assessments

- (1) See IRM 5.7.6.3, Quick and Prompt Assessment Actions, for procedures to process quick and prompt assessments on Trust Fund Recovery Penalties.
- (2) For a quick or prompt assessment,
 - a. Prepare Form 2859, Request for Quick or Prompt Assessment. The form includes a chart of all required items for each type of return.
 - b. Send a photocopy of Form 2859 to Advisory if receivership proceedings are involved.

- c. Forward Form 2363, Master File Entity Change, to the appropriate area office function for input if information needs to be updated on Masterfile to agree with the information on the tax return.
- (3) eFax the assessment package in the following order, ensuring all forms are legible:
 1. Form 2859, Request for Quick or Prompt Assessment , and
 2. Tax returns (with attachments).
- (4) eFax the forms and returns to the Accounting Control/Service. See *SERP, Who/Where, Prompt, Quick, Jeopardy and Termination Assessments* for the eFax number. eFax the forms to the campus where the return would normally be filed. Accounting and Tax Payment Branch in Submission Processing will ensure the eFax numbers on SERP are correct.

Reminder: Input TC 570 as a secondary transaction when posting payments to avoid the possibility of erroneously refunding credits.

Note: The assessment will take approximately six weeks to post to the Masterfile.

- (5) Upon receipt, Accounting Control/Services will process the request and either eFax the appropriate form or telephone acknowledgment of receipt along with the 23-C date and the Document Locator Number (DLN), with corrections to the computation if necessary, to the initiator immediately.
- (6) The originator can destroy the original returns once they receive acknowledgment of receipt, the summary date of assessment and a DLN.

5.1.4.7
(03-10-2022)
**Form 3552, Prompt
Assessment Billing
Assembly**

- (1) If requested, the campus will prepare Form 3552, Prompt Assessment Billing Assembly, and forward parts 3 and 4 to the initiator. Otherwise, the initiator must prepare Form 3552.
- (2) Immediately deliver Parts 3 and 4 of Form 3552 along with Pub 1, Your Rights as a Taxpayer, either personally or by certified mail.
- (3) If the initiator manually prepared Form 3552, ensure the amounts on the form match IDRS when the assessment posts to Master File. Take appropriate corrective actions if there are errors.

5.1.4.8
(03-10-2022)
Mathematical Errors

- (1) If the campus discovers a math error on a return submitted for prompt assessment which results in an increase of tax, they will prepare a new Form 3552 and send it to the revenue officer per IRM 3.17.244.5, Corrections of Math Errors on Returns Involving Quick and Prompt Assessments (Form 3552).
- (2) If the math error results in an increase in tax:
 - a. Issue Form 3552 and include the cause of assessment in parts 3 and 4,
 - b. Advise the taxpayer of their appeal rights,
 - c. Advise the taxpayer that collection action will not be pursued on the math error amount on a contested assessment, and
 - d. Advise the taxpayer to address a request for abatement to the campus.

- (3) If the math error results in tax, penalty or interest decrease, the campus will forward a copy of the return and Form 3552 to the initiator for abatement action.

Exhibit 5.1.4-1 (04-01-2005)
Pattern Letter P-513 (Rev. 9-2008)

Taxpayer Identification Number:

Contact Person:

Contact Telephone Number:

Employee Identification Number:

(Type on Appropriate Letterhead)
NOTICE OF JEOPARDY ASSESSMENT AND RIGHT OF APPEAL

Dear Taxpayer,

Under section (insert 6861, 6862, or 6867) of the Internal Revenue Code (the Code), you are notified that I have found (insert reason for asserting the jeopardy assessment) thereby tending to prejudice or render ineffectual collection of (insert type of tax) for the period ending (insert tax period). Accordingly, based on information available at this time, I have approved assessment of tax and additional amounts determined to be due as reflected in the attached computation:

Taxable Period Tax Penalty Interest

For a joint income tax assessment include the following, To ensure that you and your spouse receive this notice, we are sending a copy to each of you. Each copy contains the same information related to your joint account. Any amount you owe should be paid only once.

Under section 7429 of the Code, you are entitled to request administrative and judicial reviews of this assessment action.

For an administrative review, you must file a written proposal with the Area Director within 30 days from the date of this letter, requesting redetermination of whether or not: (1) the making of the assessment is reasonable under the circumstances, and/or (2) the amount so assessed or demanded as a result of the action is appropriate under the circumstances. A conference will be held on an expedite basis to consider your protest. Your protest will be forwarded to the area Appeals Office where a conference will be held. If you submit new information or documentation for the first time at an Appeals conference, the Appeals Office may request comment from the Area Director on such evidence or documents. Enforced collection action may proceed during any administrative appeal process unless arrangements are made regarding collection of the amount assessed. To make such arrangements, please contact (name of appropriate area official) at (appropriate telephone number).

You may pursue a judicial review of this assessment by bringing a civil suit against the United States in the U.S. District Court in the judicial district in which you reside, or in which your principal office is located. However, in order to have this action reviewed by the District Court, you must request administrative review within 30 days of the date of this letter. Such suit must be filed within 90 days after the earlier of : (1) the day the Service notifies you of its decision on your protest, or (2) the 16th day after your protest. The Court will make a determination of whether the making of the assessment is reasonable under the circumstances, and whether the amount assessed or demanded is appropriate under the circumstances. The Court's determination regarding the jeopardy assessment is final and not reviewable by any other court.

Appeal to Courts in Case of Income, Estate, Gift, and Certain Excise Taxes

Exhibit 5.1.4-1 (Cont. 1) (04-01-2005)
Pattern Letter P-513 (Rev. 9-2008)

If an agreement is not reached with the Internal Revenue Service, a notice of deficiency is required by law to be issued within 60 days from the date of the jeopardy assessment made under section 6861 of the Code. You will then have 90 days (150 days if outside the United States) from the date the notice is mailed to file a petition with the United States Tax Court.

Appeal to Courts in Case of Other Taxes Assessed Under IRC 6862

Claim for credit of refund of taxes assessed under section 6862 of the Code may be filed in accordance with section 6511(a) of the Code for administrative and judicial review of the merits of the liability assessed. An administrative decision on the claim may be appealed to the courts under the provisions of section 7422(a) of the Code.

If you have questions about this letter, you may contact the contact person identified on the front of this letter.

Sincerely,

Area Director

Enclosure

Computation