



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

5.19.27

FEBRUARY 25, 2025

EFFECTIVE DATE

(02-25-2025)

PURPOSE

- (1) This transmits new IRM 5.19.27, Liability Collections, Bipartisan Budget Act (BBA) Assessment Processing

MATERIAL CHANGES

- (1) This new IRM 5.19.27 has been established to provide guidance to SB/SE Campus Compliance employees who process Bipartisan Budget Act (BBA) payment transcripts.

EFFECT ON OTHER DOCUMENTS

None

AUDIENCE

This document is intended for use by Small Business Self Employed (SBSE) Compliance Campus employees who process Bipartisan Budget Act (BBA) payment transcripts.

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5.19.27

Bipartisan Budget Act (BBA) Assessment Processing

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5.19.27.1
(02-25-2025)
Program Scope and Objectives

- (1) **Purpose:** The Bipartisan Budget Act of 2015, referred to as BBA, repealed the Tax Equity and Fiscal Responsibility Act (TEFRA) partnership procedures and the rules applicable to electing large partnerships and created a new partnership audit regime. BBA changed the audit, assessment, and collection procedures involving partnership returns. BBA allows the partnership to pay the tax, penalties and interest instead of flowing the ratable share of the adjustment to each partner for assessment and collection of any tax due. Generally, the BBA regime applies to partnership tax years beginning after December 31, 2017.
- (2) **Audience:** This Internal Revenue Manual (IRM) section contains instructions for the Bipartisan Budget Act (BBA) program Collection function in Campus Compliance Service Collection Operations (CSCO). Campus personnel includes tax examiners, clerks, and associated management staff.
- (3) **Policy Owner:** Director, Small Business / Self Employed, Collection Operations, Headquarters Collection, Collection Policy.
- (4) **Program Owner:** Small Business / Self Employed, Collection Operations, Headquarters Collection, Collection Policy, Employment Tax Policy.
- (5) **Primary Stakeholders:** External stakeholders include but are not limited to: Government Accountability Office (GAO), Large Business & International (LB&I), taxpayers, and taxpayer representatives. Internal stakeholders include, but are not limited to: SB/SE Examination; Chief Financial Officer (CFO), Accounting; IRS Counsel; SB/SE Collection, including CSCO. The Campus Collection CSCO function, centralized at the Brookhaven Campus, will:
 - Process BBA cross reference payment transcript cases
 - Input account corrections

5.19.27.1.1
(02-25-2025)
Background

- (1) This IRM 5.19.27 Bipartisan Budget Act (BBA) Assessments Processing, provides guidelines for working the BBA transcripts program.

5.19.27.1.2
(02-25-2025)
Authority

- (1) Section 1101 of the Bipartisan Budget Act of 2015 (BBA) created new procedures that repealed the TEFRA partnership procedures.
 - (2) The examination process is for partnership returns that are subject to the BBA centralized partnership audit regime.
- Note:** These procedures apply to SB/SE cases sent to Memphis Centralized Case Processing (CCP) Exam and LB&I cases sent to Ogden (CCP) Exam.
- (3) BBA repealed TEFRA partnership procedures and the rules applicable to electing large partnerships and created a new partnership audit regime.
 - (4) The cross-reference payment transcript processing of this program will be worked in SB/SE Compliance Services in Brookhaven CSCO.

5.19.27.1.3
(02-25-2025)

**Roles and
Responsibilities**

- (1) Director, Collection Policy, is responsible for overseeing program coordination for Bipartisan Budget Act, which includes cross-referencing of BBA payment transcripts, as well as policies, strategies, objectives, and procedures for the program. Directs evolving program issues and collaborates with stakeholders to ensure BBA financial reporting requirements meet GAO and CFO standards. Clarifies tax code issues within this IRM.
- (2) Director, Campus Collection, has administrative responsibility for all Campus managerial and Collection BBA program responsibilities. Provides adequate funding and staffing of Campus personnel to ensure BBA financial reporting requirements meet GAO and CFO standards. Promotes adherence to BBA IRM program processes and procedures to ensure IRS meets the needs of the customers and the IRS.
- (3) Director, Campus Operations, has administrative responsibility for Campus management and Collection BBA employees. Maintains adequate BBA staffing and ensures full and efficient utilization of BBA funding allocations. Promotes adherence to BBA IRM program processes and procedures. Certifies the accuracy and timeliness of BBA casework on a quarterly basis.
- (4) Campus Operations Manager oversees Collection BBA department, team, and employee actions. Ensures Collection BBA employees are provided with appropriate tools and training to perform their job and casework meets BBA IRM accuracy and timeliness requirements. Facilitates efficient usage of BBA funding allocations and performs all necessary actions to maintain proper staffing levels.
- (5) Campus Department Manager oversees Collection BBA team and employee actions. Ensures Collection BBA employees are provided with appropriate tools and training to perform their job and casework meets BBA IRM accuracy and timeliness requirements. Reviews all local BBA program inventory and quality review reports to confirm accuracy. Initiates and monitors actions to identify and resolve case errors and error trends. Resolves internal campus BBA processing issues. Elevates complex BBA program questions to Headquarters Collection, Collection Policy, Employment Tax Analysts.
- (6) Campus Team Manager is responsible for managing employees and programs in their team. Oversees employee actions and assigns inventory. Ensures employees are provided with appropriate tools and training to perform their job and casework meets BBA IRM accuracy and timeliness requirements. Oversees the preparation of BBA team quality review and inventory reports and reviews them for accuracy. Suggests actionable items to identify and resolve errors and error trends. Resolves routine internal campus BBA processing issues. Elevates complex BBA program issues to Department Manager.
- (7) Campus Tax Examiners work their assigned cases in accordance with BBA IRM accuracy and timeliness requirements. Their responsibilities include, but are not limited to, the cross-referencing of all payments and credits to related duplicate assessments, adjusting existing BBA accounts, responding directly to taxpayers and/or their representatives on inquiries regarding these accounts, performing quality reviews, preparing inventory and quality review reports, and varied interactions with other BBA program functions within the organization.
- (8) Campus Clerks batch incoming BBA casework on AMS, scan cases, and route cases to Campus Tax Examiners for necessary action.

5.19.27.1.4
(02-25-2025)
**Program Management
and Review**

- (1) **Program Reports:** Local campus reports are submitted via the Batch/Block Tracking System (BBTS) to the Work Planning & Control (WP&C) reports. The WP&C is used to monitor rates, receipts, and closures to determine if cases are being received and subsequently closed. WP&C reports are located on the Business Objects platform. Accounts Management Services (AMS) system includes reports for inventory summary and inventory age. Integrated Data Retrieval System (IDRS) Case Control Activity (CCA) System reports detail the cases assigned to an operation, department, team or employee; these reports are located on Control D.
- (2) **Program Effectiveness:** Effectiveness of this program is monitored and tracked on the AMS inventory summary reports. The report captures the data weekly and roles up in monthly and yearly cumulative totals. The program goals and results are housed on the Collection Program and Campus Reports SharePoint site in the MMR (Monthly Monitoring Report). The MMR captures monthly and cumulative data on inventory and rates, as well as periodic snapshots of aged case percentages. Operational and program reviews are conducted to ensure case actions are timely and in accordance with the procedures in this IRM.
 - Case Reviews are conducted by Group Managers and are recorded in the EQRS (Embedded Quality Review System).
 - Program Reviews are conducted by Headquarters annually to evaluate program delivery and conformance to administrative and compliance requirements.

5.19.27.1.5
(02-25-2025)
Program Controls

- (1) The following inventory mechanisms and employee actions are monitored by the Campus Operation, department, and team managers, along with Collection Policy, Employment Tax analysts.
 - IRS Master File (MF) is programmed to generate transcripts when specified activity occurs on BBA IRC 6232(f) assessments and/or related partners.
 - Transcripts are loaded into AMS and then assigned to tax examiners (TE).

5.19.27.1.6
(02-25-2025)
**Terms/Definitions/
Acronyms**

- (1) The following table lists commonly used terms for BBA:

Term	Definition
BBA regime or PBBA regime	Examination subject to the Bipartisan Budget Act of 2015 (BBA), also referred to as the Partnership Bipartisan Budget Act (PBBA). This term is used interchangeably with “centralized partnership audit regime”.
Reviewed year	Partnership tax year under examination or to which a partnership adjustment relates.

Term	Definition
Adjustment year	Partnership tax year in which: <ul style="list-style-type: none"> • The decision of a court becomes final in a proceeding brought under IRC 6234; • An administrative adjustment request is filed under IRC 6227 or; • In any other case, a notice of final partnership adjustment is mailed under IRC 6231 or a waiver is executed to waive the restrictions under IRC 6232(b).
Partnership	Any partnership required to file a return under IRC 6031(a).
Partnership adjustment	Any adjustment to a partnership-related item as defined in IRC 6241.
Pass-through partner	Any pass-through entity that holds an interest in a partnership.
Push Out	An election to push out adjustments to partners under IRC 6226 instead of paying the imputed underpayment.

(2) The following table lists acronyms that may be used:

Acronym	Definition
AAR	Administrative Adjustment Request
ATDNR	Adjustments That Do Not Result
BBA	Bipartisan Budget Act of 2015
BEO	BBA Elect Out
CAP	Compliance Assurance Process
CCP	Centralized Case Processing
CH 2/2A	Chapters 2 and/or 2A of the IRC
DI	Designated Individual
ECI	Effectively Connected Income
EPR	Entity Partnership Representative
ESBT	Electing Small Business Trust

Acronym	Definition
FDAP	Fixed, Determinable, Annual or Periodical Income
FPA	Notice of Final Partnership Adjustment (Some IRS systems use a 3-character acronym)
ILSC	Investor Level Statute Control
IPR	Individual Partnership Representative
IU	Imputed Underpayment
IUA	Imputed Underpayment Amount
LEP	LB&I Examination Process
NAP	Notice of Administrative Proceeding
NIIT	Net Investment Income Tax
NOPPA	Notice of Proposed Partnership Adjustment
PBBA	Partnership Bipartisan Budget Act
PCS	Partnership Control System
POA	Power of Attorney
POC	Point of Contact
PPA	Notice of Proposed Partnership Adjustment (Some IRS systems use a 3-character acronym for NOPPA)
PR	Partnership Representative
PRI	Partnership-Related Item
PTE/PTEPA	Pass-Through Entities Practice Area (Some IRS systems use a 3-character acronym for PTEPA)
PTP	Pass-Through Partner
PTPP	Pass-Through Partnership Partner
QSST	Qualified Subchapter S Trust
SECA	Self-Employment Contributions Act
SFR	Substitute for Return
SND	Statutory Notice of Deficiency

Acronym	Definition
SRS	Specialist Referral System
TC	Transaction Code
TCS	Tax Computation Specialist
TEFRA	Tax Equity and Fiscal Responsibility Act of 1982
TIN	Taxpayer Identification Number
TNPA	Total Netted Partnership Adjustment
TS	Technical Services
TSPC	Technical Service Pass-Through Coordinator

5.19.27.1.7
(02-25-2025)

Related Resources

- (1) This program may require research specific to the program including access and input to the Integrated Data Retrieval System (IDRS) with and without Integrated Automation Tools (IAT), the Accounts Management System (AMS), and the Automated Non-Master File System (ANMF).
- (2) 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 *Taxpayer Bill of Rights*. For additional information see IRM 1.2.1.2.36, Policy Statement 1-236.

5.19.27.2
(02-25-2025)

Payment Options

- (1) The following payment types are related to BBA. This list includes a description, form number, and designated payment code (DPC) code.
 - a. Administrative Adjustment Request (AAR) - Payment of imputed underpayment amount submitted with BBA AAR (BBA AARs can be filed beginning January 1, 2018) filed by a partnership not related to an examination, modification or an Exam push out. This option is titled "BBA AAR Imputed Underpayment" and will have tax type 1065Q with **DPC 70**.
 - b. AAR Push Out - Payment submitted by pass-through partner in a push out from a BBA AAR (Form 8985, Pass-Through Statement-Transmittal/ Partnership Adjustment Tracking Report (Required Under Sections 6226 and 6227), will be filed by the pass-through partner with "AAR" box checked). This option is titled "BBA AAR Push Out" and will have tax type 1120R, 1065R or 1041R (corresponding with the type of form used by the partner) with **DPC 71**.
 - c. Exam - Payment of imputed underpayment amount by audited partnership. This option is titled "BBA Exam Imputed Underpayment" and will have tax type 1065T and **DPC 72**.
 - d. Exam Modification - Payment of tax submitted with a partner's amended return/alternative procedure to reduce the imputed underpayment amount via a modification. This option is titled "Partner Payment for BBA Modifi-

- cation” and will have tax type 1040W, 1120W, 1065W, 1041W, or 9904W (corresponding with the type of form used by the partner) with **DPC 73**.
- e. Exam Push Out - Payment submitted by pass-through partner in tiered exam push out (Form 8985 will be filed by the pass-through partner with “BBA Audit” box checked). This option will be titled “BBA Exam Push Out” and will have tax type 1120Y, 1065Y or 1041Y (corresponding with the type of form used by the partner) with **DPC 74**.
 - f. AAR/Exam Push Out - Prepayments (ES payments) by individual or business partners before they report on their next filed return. This option will be titled “Prepayment on BBA AAR/Exam Push Out” and will have tax type 1040Z, 1120Z, 1041Z or 9904Z with **DPC 75**.
 - g. Partner Payment Proportionate Share of BBA IU – Payment for assessment upon a partner of a partnership (determined at the close of the adjustment year or, if the partnership has ceased to exist as of such time, the former partners of the partnership) for the tax equal to such partner’s proportionate share of such amount (including any such interest or penalties). This option will be titled “Prtnr pymt proportionate shr BBA IU” and will have tax types 9904E, 1041E, 1065E, 1120E, or 1040E with **DPC 76**.

5.19.27.3
(02-25-2025)
**Cross referencing
Bipartisan Budget Act
(BBA) payment
transcripts**

- (1) The centralized partnership audit regime, also referred to as BBA or PBBA, is generally effective for tax years beginning January 2018. Partnerships that file returns for tax years starting January 2018 must follow rules under BBA. Partnerships under BBA must follow certain filing requirements including designating a partnership representative or, if eligible, elect out of the regime on a timely filed return. Under BBA, the IRS generally assesses and collects any understatement of tax (called an imputed underpayment or IU) at the partnership level. If the partnership does not pay the IU, the partners can be assessed pursuant to Internal Revenue Code IRC 6232(f). Once the IRS assesses the partners, they are now liable to pay, and their payments will be cross-referenced back to the entity/partnership.
- (2) The payments will generate BBA cross-reference payment transcripts that will post under OFP 61470 on AMS at the Brookhaven CSCO campus.
- (3) Transcripts are generated when a payment or credit post to a module with TC 971 AC 817, 818 or 819. This occurs on BMF MFTs 02 ,05 or 06 and IMF MFTs 30 or 31.
- (4) Payments and credits must be cross-referenced to all related accounts within 9 cycles.

5.19.27.3.1
(02-25-2025)

BBA Identification

- (1) The following codes are found on BMF BBA partnership entities:

Transaction Code	Definition
TC 290 RC 185	Assessment of BBA Imputed Underpayment Amount reflected on a BBA Administrative Adjustment Request (BBA AAR) filed by a partnership not related to an examination, modification or a push out elected after issuance of a notice of Final Partnership Adjustment (FPA). (Valid for MFT 06 only)
TC 290 RC 186	Assessment of BBA Imputed Underpayment Amount on pass through partner in Push Out elected as a result of a BBA AAR (Form 8985 will be filed by the pass-through partner with "AAR" box checked). (Valid for MFTs 02, 05 & 06)
TC 290 RC 189	Assessment of BBA Imputed Underpayment Amount on pass through partner in tiered Exam Push Out (Form 8985 will be filed by the pass-through partner with "BBA Audit" box checked.) (Valid for MFTs 02, 05 & 06)
TC 300 RC 187	Assessment of BBA Imputed Underpayment Amount on Audited Partnership (valid for MFT 06 only and posted with TC 300)
TC 971 AC 817	Posts to the partnership's reviewed year return. Identifies the adjustment year in which the BBA partnership adjustments and the imputed underpayment (IU) are considered final
TC 971 AC 818	BBA partnership for linking partner/owner accounts
TC 971 AC 819	BBA partnership for linking partner/owner accounts

- (2) The following codes are found on IMF BBA partner entities.

Transaction Code	Definition
TC 298 RC 194	Partner's portion of BBA assessment
TC 971 AC 818	Shows the partnership entity (TIN and MFT) where the original assessment is located

5.19.27.3.2
(02-25-2025)
Determining Payment Split for Cross-Referencing

- (1) In determining the split to partners, you can use fractions or percentages.
- (2) In the event of uneven split amounts, choose a partner to apply/remove the excess cent. Try to rotate the excess cent to different partners on splits to keep it equitable.
- (3) Fractions are most easily used when each partner was assessed the same amount (even splits).

Example: Your research shows three TC 971 AC 819 references on the partnership module. Each partner has the same TC 298 assessment amount. So, with 3 partners, each get a third of the split. In this example, there are two payments to cross-reference (\$365 and \$5,215).

Partner	TC 298 Assessment	Fraction	Payment Split
Partner 1	\$1,350.00	1/3	\$121.67 \$1,738.33
Partner 2	\$1,350.00	1/3	\$121.67 \$1,738.33
Partner 3	\$1,350.00	1/3	\$121.66 \$1,738.34

- (4) Percentages are most easily used when each partner had different assessment amounts.

Example: Your research shows three TC 971 AC 819 references on the partnership module. Each partner has different TC 298 assessment amounts. In this example, there is one payment to cross-reference (\$4,500 which included penalties and interest).

Partner	TC 298 Assessment	Percentage	Payment Split
Partner 1	\$1,500.00	50%	\$2,250.00
Partner 2	\$1,000.00	33.3%	\$1,498.50
Partner 3	\$500.00	16.7%	\$751.50

5.19.27.3.3
(02-25-2025)

**Processing BBA
Payment Transcripts**

- (1) Analyze IDRS to identify the payment or credit that generated the transcripts. Cross-reference payments following the chart below:

If	Then
Payment is posted on the BMF partnership entity	<p>a. Determine split of payment to each partner (see IRM 5.19.27.3.2)</p> <p>b. Cross-reference with TC 766 CRN 337 to each partner according to their allocated split.</p> <p>Note: If a partner's assessment is posted to Non Master File (NMF), complete actions using cross-referencing.</p>
Payment is posted on a partner	Cross-reference with TC 766 CRN 337 to the partnership entity.

Note: If the potential payment to be cross-referenced might full pay the account, then use CC: INTST to determine the amount required to full pay through the date of the payment being cross-referenced.

- (2) Update AMS with the action taken and close the case control.
- (3) If the BBA assessment has not posted, then **do not** input cross-reference actions. Close the transcript case on AMS as "no action".

5.19.27.3.4
(02-25-2025)

**Cross-Referencing to
BBA Non-Master File
(NMF) Accounts**

- (1) Due to programming limitations certain BBA partner assessments can not post to Master File (MF). Until further notice those assessments will post to Non-Master File (NMF).
- (2) When TC 971 AC 819 shows a cross-reference to MFT 20, the assessment is posted to NMF.
- (3) Use the following table to complete the NMF cross-reference actions.

If	Then
Available payments/credits have not been cross-referenced to the account	<ol style="list-style-type: none"> Determine split of payment to each partner (see IRM 5.19.27.3.2) Complete Form 1331-B requesting a TC 291 to reduce the BBA assessment. A separate Form 1331-B is not necessary for each payment. However, each payment/credit included must be listed separately on the form. Include a current ANMF account transcript to show the requested action has not already been input. Forward the request package to *TS KCSPC Non-Master File Team Input a history to AMS to document accounts that have been moved to Non-Master File.
An incorrect, unreversed cross references (TC 766 CRN 337) have posted to ANMF	<ol style="list-style-type: none"> Complete Form 1331-B requesting a TC 767 to reduce the incorrect cross-reference. A separate Form 1331-B is required for each TC 767 request (they can't be combined). Forward the request package to *TS KCSPC Non-Master File Team Input a history to AMS to document accounts that have been moved to Non-Master File.
A TC 766 CRN 337 posted to ANMF with the incorrect date	<ol style="list-style-type: none"> Complete Form 3809 to change the date of the cross reference. Forward the form to *TS KCSPC Non-Master File Team. Input a history to AMS to document accounts that have been moved to Non-Master File.

If	Then
An incorrect TC 291 posted to ANMF (full or partial amount)	<ul style="list-style-type: none"> a. Prepare a 2-Way Memo and Form 3465 requesting a TC 860 to restore the erroneous abatement to the account balance. b. Forward the form to *TS KCSPC Non-Master File Team. c. Input a history to AMS to document accounts that have been moved to Non-Master File.
An incorrect TC 860 posted to ANMF (full or partial amount)	<ul style="list-style-type: none"> a. Complete Form 1331-B requesting a TC 862 to reduce the account balance. b. Forward the form to *TS KCSPC Non-Master File Team. c. Input a history to AMS to document accounts that have been moved to Non-Master File.

- (4) Monitor the ANMF account for the posting of the Form 1331-B request. If review of the ANMF account identifies inaccurate or incomplete action, follow up with NMF to correct the account, if necessary.