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Department of the Treasury
Internal Revenue Service

5.20.12

MAY 24, 2021

EFFECTIVE DATE

(05-24-2021)

PURPOSE

- (1) This transmits revised IRM 5.20.12, Abusive Tax Avoidance Transactions, Initial Contact and Research Actions Related to Abusive Tax Avoidance Transactions cases.

MATERIAL CHANGES

- (1) IRM 5.20.12.1, revised IRM subsection title and content to reflect internal control attributes. Added content to identify policy owner, program owner, program stakeholders and program goals.
- (2) IRM 5.20.12.1.1 through IRM 5.20.12.1.7, added background information and content to identify authority, roles and responsibilities, measures, terms and acronyms, and related resources to reflect internal control attributes.
- (3) IRM 5.20.12.2, updated the advance notice of potential third party contact requirements consistent with the Taxpayer First Act.
- (4) IRM 5.20.12.2.7, revised this section to reflect the migration from yK-1 to CDW Knowledge Graph Environment (CKGE).
- (5) IRM 5.20.12.11, a link to FATCA resources available on MySB/SE was added.
- (6) IRM 5.20.12.12, removed obsolete guidance on requesting Offshore Compliance Initiative research.
- (7) Editorial corrections made throughout the IRM section.

EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 5.20.12, dated 3-05-2015. Incorporates interim guidance memorandum titled, Interim Guidance on Third-Party Contact Notification Procedures, control number SBSE-04-0719-0034 , dated July 26, 2019.

AUDIENCE

SB/SE employees

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Small Business/Self-Employed

5.20.12

Initial Contact and Research Actions Related to Abusive Tax Avoidance Transactions cases

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5.20.12.1
(05-24-2021)
Program Scope and Objectives

- (1) **Purpose.** This IRM provides guidance to Field Collection employees for initial contact and research actions related to Abusive Tax Avoidance Transaction (ATAT) cases.
- (2) **Audience.** The audience for this guidance is revenue officers in SB/SE Field Collection.
- (3) **Policy Owner.** Director, Collection Policy, SB/SE.
- (4) **Program Owner.** Collection Policy, SB/SE, Global Strategic Compliance, is the program owner of this IRM.
- (5) **Primary Stakeholders.** The primary stakeholders are SB/SE Field Collection and SB/SE Lead Development Center (LDC).
- (6) **Program Goals.** The goal of the Abusive Tax Avoidance Transactions (ATAT) collection program is to identify and effect tax administration on cases involving complex transactions or multiple/layered entities intended to make it difficult to trace a taxpayer's assets or sources of income.

5.20.12.1.1
(05-24-2021)
Background

- (1) Some abusive tax avoidance transactions (ATAT) encountered by revenue officers are designed to appear, and often are, quite complex and involve various transactions as well as numerous entities including trusts, partnerships, corporations, limited liability companies and offshore entities. These transactions and multiple or layered entities are often used by a taxpayer to make it difficult to track and follow title to assets or locate income sources.
- (2) Research and investigation of ATAT cases does not entail techniques or tools unique to ATAT casework; however, some techniques are more commonly applied, such as use of the collection summons to follow income flow or to determine nominees, and nominee/alter ego/transferee relationships regarding title to assets.
- (3) Potential fraud indicators may be present in ATAT cases. Contact your local fraud enforcement advisor, when appropriate.
- (4) Research to identify the nature of the promotion or transaction used by a taxpayer is important in developing an effective case strategy for resolution of ATAT cases.
- (5) Research prior to contact is essential in ATAT cases. Guidance on conducting an initial analysis is located in IRM 5.1.10, Taxpayer Contact. Additional research may be necessary due to the complexity of an ATAT case. Because the goal of ATAT schemes is often to disguise the taxpayer's beneficial ownership of assets, developing a complete and accurate financial picture of a taxpayer participating in an abusive scheme is especially important. It is important to have a full understanding of the scheme and the transactions the taxpayer was involved with in order to maximize the effectiveness of any contacts.
- (6) Awareness of taxpayer rights is vitally important even in ATAT case work. Taxpayer rights, as identified in Pub 1, Your Rights as a Taxpayer are addressed in IRM 5.1.9, Collection Appeal Rights, and throughout IRM Part 5.

5.20 Abusive Tax Avoidance Transactions (ATAT)

5.20.12.1.2
(05-24-2021)

Authority

- (1) The following authorities provide the basis for these guidelines:
 - Internal Revenue Code (IRS) section 6103, Confidentiality and disclosure of returns and return information.
 - IRC section 6304, Fair tax collection practices.
 - IRC section 7602(c), Examination of books and witnesses. Notice of contact of third parties.
 - Section 1206 of the Taxpayer First Act.
 - IRM 1.2.65, Servicewide Policies and Authorities, Small Business/Self Employed Division Delegations of Authority-SB/SE Functional Delegations Orders-Collection.

5.20.12.1.3
(05-24-2021)

Responsibilities

- (1) The Director, Collection Policy is the executive responsible for the policies and procedures to be employed by Field Collection personnel.
- (2) Field Collection group managers and territory managers are responsible for ensuring compliance with the guidance and procedures described in this IRM.
- (3) Employees assigned ATAT cases for investigation are responsible for following these procedures.

5.20.12.1.4
(05-24-2021)

Program Management and Review

- (1) Program Reports:
 - Management utilizes management information reports from the Integrated Collection System (ICS) and ENTITY systems to monitor and track timely and appropriate case actions. ICS contains unique case sub-codes to identify ATAT cases. The ENTITY database also contains queries to assist in the identification of ATAT cases.
 - Reports from the Embedded Quality Review System (EQRS) measure program consistency, effectiveness in case actions and compliance with policy and procedures. Trends from these reports are used to recommend improvements where necessary when errors are identified. Reports from EQRS provide management information used in guiding revenue officers to take timely, effective and appropriate case actions.
- (2) Program Effectiveness:
 - Collection Policy performs ATAT program reviews as necessary to verify compliance with IRM requirements and address Treasury Inspector General for Tax Administration (TIGTA) and Government Accounting Office (GAO) audit findings.
 - Case reviews are performed by group managers and National Quality reviewers to ensure compliance with this IRM.
 - Operational reviews are performed by the territory manager and area director annually to evaluate program delivery and conformance to administrative and compliance requirements.

5.20.12.1.5
(05-24-2021)

Program Controls

- (1) Field Collection managers perform program controls by performing case consultations, reviews, employee observations and security reviews. IRM 1.4.50, Collection Group Manager, Territory Manager and Area Director Operational Aid, communicates responsibility for management to implement and monitor required internal controls. The Integrated Collection System, ENTITY Case Management System and Embedded Quality System provide management with case access and data to monitor internal controls.

- (2) Management utilize management information reports from the Integrated Collection System (ICS) and ENTITY systems to monitor and track timely and appropriate case actions. ICS contains unique case sub-codes to identify ATAT cases. The ENTITY database also contains queries to assist in the identification of ATAT cases.
- (3) Reports from the Embedded Quality Review System (EQRS) to measure program consistency, effectiveness in case actions and compliance with policy and procedures. Trends from these reports are used to recommend improvements where necessary when errors are identified. Reports from EQRS provide management information used in guiding revenue officers to take timely, effective and appropriate case actions.
- (4) Collection managers of employees with access to Bank Secrecy Act information must perform annual audits of employee Financial Crimes Enforcement Network Inquiry (FCQ) usage.
- (5) Managers may conduct activity logs of employee searches performed on the CKGE system.

5.20.12.1.6
(05-24-2021)

Terms, Acronyms and Definitions

- (1) The following terms and acronyms are used in this chapter:

Acronym	Definition
ATAT	Abusive Tax Avoidance Transactions
BEARS	Business Entitlement Access Request System
BSA	Bank Secrecy Act
CDW	Compliance Data Warehouse
CKGE	CDW Knowledge Graph Environment
CTR	Currency Transaction Report
ENTITY	ENTITY Case Management System
EQRS	Embedded Quality Review System
FATCA	Foreign Account Tax Compliance Act
FBAR	Foreign Bank Account Report
FCQ	Financial Crimes Enforcement Network Inquiry
FinCEN	Financial Crimes Enforcement Network
FRP	Frivolous Return Program

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Acronym	Definition
GAO	Government Accountability Office
ICS	Integrated Collection System
IDRS	Integrated Data Retrieval System
IRC	Internal Revenue Code
ITM	Integrated Talent Management
OCI	Offshore Compliance Initiative Database
SAR	Suspicious Activity Report
TIGTA	Treasury Inspector General for Tax Administration

5.20.12.1.7
(05-24-2021)

Related Resources

- (1) IRM 5.1.10, Taxpayer Contact.
- (2) IRM 5.20.3, Third Party Contacts.
- (3) IRM 5.20.6, Whipsaw Assessments.
- (4) IRM 5.11.1.4.4 , Property Outside the United States.
- (5) IRM 5.21.6, Foreign Financial Account Reporting.
- (6) IRM 25.27.1, Third Party Contact Program.
- (7) Collection SAR webpage on MySBSE at: <http://mysbse.web.irs.gov/Collection/toolsprocesses/sar/default.aspx>
- (8) ATAT Issues and Procedures: <http://mysbse.web.irs.gov/exam/tip/default.aspx>
- (9) International Collection Resources: <http://mysbse.web.irs.gov/Collection/international/default.aspx>
- (10) Collection E-Business Tools: <http://mysbse.web.irs.gov/collection/toolsprocesses/EBusiness/default.aspx>

5.20.12.2
(05-24-2021)

Initial Contact

- (1) The initial contact time frames outlined in IRM 5.1.10.3.1, Initial Contact Time Frames, apply to all Field Collection cases, including ATAT cases. However, the use of an appointment letter to initiate contact is common in ATAT work due to the complexity and other factors found more often in ATAT inventories. Issuing an appointment letter requesting the taxpayer provide the needed information may provide for a more effective initial contact and allow the revenue officer to determine the level of cooperation to expect from the taxpayer.

Note: If a contact letter is used to initiate contact, a field call to observe assets and the lifestyle of the taxpayer is recommended.

- (2) In situations where the revenue officer determines the use of an appointment letter as the appropriate method for initiating contact with the taxpayer, the revenue officer will document the case history outlining the circumstances for

the determination. When creating the Integrated Collection System (ICS) history entry for the appointment letter contact, the revenue officer will select "Create History", use Contact Type of "Correspondence", select "Taxpayer Contact" and then "ATAT Appointment Letter."

- (3) When an appointment letter is used, the revenue officer will include Form 9297, Summary of Taxpayer Contact, listing the information and documents the taxpayer should bring to the scheduled appointment so that a complete financial statement can be secured. Revenue officers should refrain from summons action until after it is determined that the taxpayer will not voluntarily provide the information being sought.

Note: In ATAT cases, the use of an appointment letter, along with the case history documenting why that approach is being used, within the time frames outlined in IRM 5.1.10.3.1, Initial Contact Time Frames, **will** meet the requirement for timely contact.

- (4) Prior to making contact, the revenue officer will need to:
- a. Verify that the taxpayer has been advised of potential third party contacts as stated in IRM 5.1.10.2(3), Pre-Contact, and IRM 5.20.3, Third Party Contacts, if the revenue officer intends to contact third parties. Effective August 15, 2019, Publication 1, Your Rights as a Taxpayer, will no longer satisfy the advance notice requirements of potential third party contacts under of IRC 7602(c)(1).
 - b. Identify the proper person to contact. Because ATAT cases often include multiple entities and whipsaw assessments, care must be given to properly identify the contact person for each entity. Each whipsaw entity should be treated as an individual entity unless the key taxpayer (usually the Individual Master File (IMF) taxpayer) has now reported all income on their tax return.
- (5) When the entity is a trust, the initial contact letter can be used to also request a copy of Form 56, Notice Concerning Fiduciary Relationship. This information is necessary to determine who has the authority to act for the trust.

5.20.12.3
(04-16-2013)
TXMODA Research

- (1) Integrated Data Retrieval System (IDRS) research using command code TXMOD with definer A can provide valuable information regarding ATAT cases in areas such as whipsaw assessments, examination project codes and frivolous filer Indicators, in addition to specific account transactions and control bases.

5.20.12.4
(03-05-2015)
Use of TC 971 AC 266 and TC 971 AC 267 on Unagreed Whipsaw Assessments

- (1) An abusive trust situation occurs when a taxpayer has attempted to reduce or eliminate the tax liability through the use of one or more layers of trust entities. When the subjects of the examination refuse to cooperate and the Service is unable to accurately determine the correct and agreed tax owed by each entity, the Service will issue whipsaw notices of deficiency (for example, one to the individual, one to the business trust, and one to the family trust), taxing the same income for each entity.
- (2) When the abusive trust case has defaulted after issuance of the whipsaw statutory notice of deficiency due to no agreement received or petition sent to the court, a whipsaw assessment will be made. This means that the tax may

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be assessed multiple times; for example, assessment is made against the individual and each separate trust entity, but the liability will only be collected once. See IRM 5.20.6, Whipsaw Assessments, for additional information.

- (3) Since the tax is only collected once in whipsaw assessment situations, each entity must be cross-referenced. The use of transaction code (TC) 971 action code (AC) 266/267 provides for identification and linking of the key and related cases. In most instances, the individual Form 1040 taxpayer will be identified as the key case. The key case will have a separate TC 971 AC 266 on each module that references each related entity involved in the whipsaw assessment. Each related case will have a TC 971 AC 267 to cross-reference the key case. TXMODA research for TC 971 AC 266/267 will identify cross references related to whipsaw assessments. Payments are not systemically cross-referenced and should be monitored to prevent over-collection of the liability.

5.20.12.5 (05-24-2021) Project Codes

- (1) When TC 424 (Examination Request Indicator) is present on TXMODA, research of the Exam project code will provide information regarding the nature of the abusive tax avoidance transaction identified by Examination. The project code can be located on TXMODA as the four digit numerical code following the literal SPCL-PROJ>. Once the project code has been identified, research can be done using the list available on the Abusive Transactions and International SharePoint site.

5.20.12.6 (05-24-2021) Fivolous Filer Indicators

- (1) The Frivolous Return Program (FRP), located at the Ogden Campus, or an IRS employee such as a revenue agent or revenue officer may have identified frivolous filings by a taxpayer during original return processing, amended return or claim processing, examinations, or contact with a taxpayer or their representative. In response to frivolous filing, Letter 3175 or Letter 3176, Frivolous Documents/Returns Received from Taxpayers, may have been issued by the Service.
- (2) Issuance of Letter 3175 is reflected on ENMOD. If Letter 3175 is issued by the revenue officer, use command code ACTON to annotate ENMOD with a history entry reflecting that the letter was issued and the date of issuance. If FRP issues the Letter 3175, a correspondex letter is sent and IDRS is systemically updated.
- (3) Issuance of Letter 3176 is limited to FRP. Documentation of issuance can be located on TXMODA History section.
- (4) A frivolous tax penalty is typically reflected as a TC 240 with penalty reference number 666 on TXMODA.
- (5) See IRM 5.20.10, Identification and Processing of Frivolous Documents, for guidelines for the appropriate processing of frivolous returns and other specified submissions.

5.20.12.7 (05-24-2021) CKGE and yK-1 Research

- (1) Compliance Data Warehouse Knowledge Graph Environment (CKGE) and yK-1 are interactive software tools that provide linked data and graph analytics for a range of a taxpayer's related entities. CKGE and yK-1 were developed by Research, Applied Analytics & Statistics (RAAS) and are "Graph Database" tools.

- (2) CKGE and yK-1 perform data analytics from information in the Compliance Data Warehouse (CDW). The CDW is a repository of information and not considered an authoritative source. Therefore, CKGE and yK-1 should be used in conjunction with an authoritative source such as the Integrated Data Retrieval System (IDRS).
- (3) CKGE provides a graphic representation of a taxpayer's relationship to other entities. It is not limited to direct investments and can display multiple levels of investment tiering. CKEG research may provide a number of benefits on ATAT cases because it:
 - a. Expands knowledge of related entities, including investments or participation in entities which may not initially be apparent from other collection activity or research.
 - b. Provides an interactive visual analysis of the taxpayer's relationships which may be useful in planning the scope of the taxpayer's cross compliance.
 - c. Provides useful information in conducting a more efficient and effective investigation.
- (4) Revenue officers can request access to CKGE by submitting an electronic OL-5081 at: <https://ol5081.enterprise.irs.gov/>. The CKGE application name is: "PROD USER CDW GRAPH DATABASE (CDW-UNMASKED TINS)." After approval, users will receive a new account email with login information.
- (5) The manager of revenue officers who have been granted access to CKGE will receive Manager Audit Module (CMAM) which allows review of activity logs of their employee's search history as an internal control.
- (6) yK-1 is another "Graph Database" tool which provides additional information regarding the entities related to the taxpayer. yK-1 may provide additional benefits on ATAT cases because it:
 - a. Expands the information about the related entities including other shareholders and partners.
 - b. May identify unknown investors and help in organizing data from other sources in promoter investigations.
 - c. Provides the total assets of the related entity as well as the taxpayer's percentage of ownership in the related entity for each tax year.
- (7) Revenue officers can request access to yK-1 by submitting an electronic OL-5081 at: <https://ol5081.enterprise.irs.gov/>. The yK-1 application name is: "PROD USER YK1 YK1SUITE."

Note: CKGE & yK-1 Disclosure: The output from the CKGE Link Analysis Tool and yK-1 (electronic or hardcopy) contains tax return information of multiple taxpayers. Pursuant to IRC 6103, 7213, and 7431 this information cannot be disclosed to the taxpayer or his representative.

5.20 Abusive Tax Avoidance Transactions (ATAT)

5.20.12.8
(05-24-2021)

Financial Crimes Enforcement Network Query (FCQ) System

- (1) Financial Crimes Enforcement Network Query (FCQ) is a web-based application which is owned by the Financial Crimes Enforcement Network (FinCEN), a bureau within the Department of the Treasury. FCQ is a powerful and versatile tool to query and analyze Bank Secrecy Act (BSA) data, which is accessible through the FinCEN portal. FCQ stores information reported by financial institutions.
- (2) The FCQ system provides authorized users with access to currency and other BSA reports, such as:
 - Currency Transaction Report (CTR)
 - Report of Foreign Bank and Financial Accounts (FBAR)
 - Designation of Exempt Person
 - Registration of Money Services Businesses
 - Report of International Transportation of Currency or Monetary Instruments
 - Report of Cash Payments Over \$10,000 Received in a Trade or Business (Form 8300)
 - Suspicious Activity Report (SAR)
- (3) FCQ information is useful in identifying cash activity that may not be accurately reported on the income tax return or disclosed on financial statements. FCQ information is a “window” on the underground economy, with invaluable information not obtainable elsewhere.
- (4) ATAT, International and GS 13 Field Collection revenue officers are authorized online access to FCQ. Access must be in connection with active and assigned cases.
- (5) Getting online access to FCQ:
 - a. Prior to being authorized access to FCQ, revenue officers and their managers must complete required security briefings. Revenue officers must complete the following briefing on Integrated Talent Management (ITM) before submitting an online 5081/BEARS request.
 - ITM 41166, Safeguarding Online Access and Using SAR Information Group managers must complete this same briefing (ITM 41166) as well as
 - ITM 41167, Manager Online SAR Audit Trail Reviews.
 - b. Once the revenue officer and group manager have completed the briefings, the revenue officer will prepare an online 5081/BEARS request.
 - If the revenue officer does not have an active FCQ account, the revenue officer will prepare an online 5081/BEARS request and will click the “add” button for the application titled: SYS USER FINCEN QUERY SYSTEM -IRS COLLECTION FUNCTIONS (FINCEN QUERY -CURRENCY AND BANKING RETRIEVAL SYSTEM).
 - Include the following statement in the Special Instruction box: “SBSE ATAT, International or Grade 13 revenue officer authorized online access. Required briefing(s) have been completed.”
- (6) Authorized users have the ability to select from one of four search options and use enhancements, such as filters, wildcards, operators and import lists, to facilitate search efforts. Revenue officers can refer to the FCQ User Manual for guidance in interpreting FCQ extracts. The FinCEN User Manual is located under the Tools and Training link at the FinCEN Network homepage.

- (7) For more information on authorized user training, access and review procedures refer to the Collection SAR webpage on MySBSE at: <http://mysbse.web.irs.gov/Collection/toolsprocesses/sar/default.aspx>

5.20.12.8.1
(05-24-2021)
**Bank Secrecy Act (BSA)
Review Procedures**

- (1) Collection managers of employees with electronic access to BSA information must conduct online reviews of the FinCEN audit trails at least annually, see the Exhibit in IRM 5.1.18-4. The audits must include all FCQ searches within a selected 30 day period within the past year. BSA will provide an audit trail report, which is a history of the query parameters used by the FCQ user. The system will maintain 13 months of user query information.
- (2) BSA has established a FinCEN query audit report mailbox to use when requesting audit trail information on specific FCQ system users. The mailbox address is: *SBSE FCQ AUDIT TRAIL.
- (3) To obtain an audit trail report for a FCQ user, managers will send the full employee email address and the period of the audit trail request to the above mailbox address. Multiple FCQ user audit trails can be included in each email request.
- (4) BSA will send the requested audit trail information directly to the requestor through secure email.

5.20.12.9
(03-05-2015)
**Suspicious Activity
Reports (SAR)**

- (1) SARs are reports made by a financial institution to FinCEN regarding suspicious or potentially suspicious activity. SARs include detailed information about transactions that are or appear to be suspicious which is stored on FCQ.
- (2) Access to BSA information through FCQ for tax purposes is governed by the Memorandum of Understanding (MOU) between FinCEN and IRS dated September 24, 2010.

- (5) Revenue officers not authorized online access to FCQ can request a search for SARs through their Area SAR gatekeeper. The link to the Area SAR gatekeepers can be found on the Collection SAR webpage at <http://mysbse.web.irs.gov/Collection/toolsprocesses/sar/default.aspx>.

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- 5.20.12.10
(05-24-2021)
**Foreign Bank and
Financial Accounts**

- (1) Foreign banking information can be valuable in working ATAT cases and can be utilized as a source to trace a taxpayer's assets and income. One resource available to obtain foreign financial information is the Treasury Department's Report of Foreign Bank and Financial Accounts (FBAR), FinCEN Form 114. FBAR reports are filed electronically through the BSA e-filing system.
- (2) FBAR reports must be filed by any United States person who has a financial interest in, or signature or other authority over, one or more foreign financial accounts that have an aggregate value greater than \$10,000 at any time during a calendar year. Failure to file FBAR reports when required to do so may result in civil and criminal penalties. United States persons include a U.S. citizen or resident, a domestic partnership, a domestic limited liability company, a domestic corporation, and a domestic estate or trust. A "financial account" includes, but is not limited to, a securities, brokerage, savings, demand, checking, deposit, time deposit, or other account maintained with a financial institution (or other person performing the services of a financial institution). A financial account also includes a commodity futures or options account, an insurance policy with a cash value (such as a whole life insurance policy), an annuity policy with a cash value, and shares in a mutual fund or similar pooled fund (i.e., a fund that is available to the general public with a regular net asset value determination and regular redemptions).
- (3) Information required on FBAR reports includes:
 - Number of accounts.
 - Type of accounts.
 - Names of financial institutions.

- Last name or organization name of account holder(s).
- Taxpayer Identification Number.

- (4) FBAR information may be valuable in working ATAT cases and may be secured through research of IDRS command code IRPTR, and FCQ research. IRPTR research will indicate whether a taxpayer has filed an FBAR report. Once FBAR activity has been noted through command code IRPTR, a revenue officer can access or request FCQ research to obtain transcript data from FBAR filings.
- (5) FBAR filings can provide indicators of offshore activity by a taxpayer. Foreign banking information can be utilized to “follow the money” to trace a taxpayer’s assets and income. FBAR information can also be used to determine if a taxpayer has been forthcoming with financial information.

Note: Administrative collection action cannot be taken against funds held offshore unless the funds are on deposit in countries with which the U.S. has a collection tax treaty, funds are on deposit in an offshore account of a U.S. bank, or the funds are on deposit with an offshore financial institution that has a branch in the U.S. or a U.S. territory. See IRM 5.11.1.4.4, Property Outside the United States , for additional information.

5.20.12.11
(05-24-2021)
**Foreign Account Tax
Compliance Act (FATCA)**

- (1) Foreign Account Tax Compliance Act (FATCA) became law on March 18, 2010 as part of the Hiring Incentives to Restore Employment (HIRE) Act and is intended to improve tax compliance by U.S. taxpayers holding accounts with foreign financial institutions or other foreign assets. FATCA increases transparency of offshore accounts through information reporting by foreign financial institutions and by certain U.S. taxpayers holding assets outside the United States. Certain U.S. taxpayers holding financial assets, including accounts, outside the United States are required to report those assets to the IRS. Foreign financial institutions will report to the IRS certain information about financial accounts held by U.S. taxpayers, or by foreign entities in which U.S. taxpayers hold a substantial ownership interest.
- (2) FATCA is a statute written subsequent to the FBAR statute. Under FATCA some taxpayers who file FBAR reports have a further requirement to file Form 8938, Statement of Specified Foreign Financial Assets, if they have specified foreign financial assets with an aggregate value exceeding \$50,000 on the last day of the tax year or \$75,000 at any time during the tax year, with higher thresholds for married individuals filing jointly and individuals living abroad.
- (3) The Form 8938 filing requirement does not replace or otherwise affect a taxpayer’s obligation to file an FBAR report. Individuals must file each form for which they meet the relevant reporting threshold. See IRM Exhibit 5.21.6-1, Comparison of Form 8938 and FBAR Requirements, for a comparison of these two foreign account reporting requirements.
- (4) IDRS command code RTVUE will indicate that a taxpayer has filed Form 8938. The “CC CD” indicator (or Computer Condition Code) will include an “H ” to indicate that Form 8938 was filed. If Form 8938 has been filed, ESTAB the return to view the return information. This may lead to identification of a foreign account or asset.

5.20.12.12
(05-24-2021)

Electronic Research

- (5) Additional information on FATCA is located on the MySB/SE Collection website at: <http://mysbse.web.irs.gov/collection/toolsprocesses/FATCA/default.aspx>

- (1) Electronic research can lead to useful information on ATAT cases. The SB/SE Collection ATAT and IRS Abusive Transactions and Technical Issues websites contain a number of resources for conducting electronic research.
- (2) Information on specific promotions and transactions encountered in ATAT cases can be found on the Issues and Procedures website at <http://mysbse.web.irs.gov/exam/tip/default.aspx>.
- (3) The Offshore Compliance Initiatives (OCI) Information Database is a web based application that contains financial information on taxpayers that have accounts offshore. It includes data from John Doe summonses issued to offshore credit card companies, third party processor and merchant accounts. Information has also been received from Exchange of Information and through other government agencies such as the Security Exchange Commission. The database is maintained by the Large Business & International OCI group and is a potential source for financial information. Revenue officers can request access to the OCI Application through the online 5081/BEARS process. The application is titled, ASTARS - OCI Users (ASTARS). The link to the database is <https://vp0smemappociw1.ds.irsnet.gov/OCI/index.aspx>.
- (4) The International Collection website contains contact names and useful information on international issues and can be found at: <http://mysbse.web.irs.gov/Collection/international/default.aspx>.
- (5) The Investigative Techniques home page located at the MySB/SE Collection website contains links to internet resources and other valuable information. The Investigative Techniques home page can be found at: <http://mysbse.web.irs.gov/collection/toolsprocesses/InvestTech/default.aspx>.
- (6) Additional information and links can be accessed through the Collection E-Business Corner website at: <http://mysbse.web.irs.gov/collection/toolsprocesses/EBusiness/default.aspx>.