



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

8.7.5

JANUARY 22, 2024

## EFFECTIVE DATE

(01-22-2024)

## PURPOSE

- (1) This transmits revised IRM 8.7.5, Technical and Procedural Guidelines, Transferee and Transferor Liabilities.

## MATERIAL CHANGES

- (1) The following changes are made to this IRM:

IRM	TITLE	DESCRIPTION/CHANGE
IRM 8.7.5.1	Introduction to Working Transferee Cases in Appeals	<ul style="list-style-type: none"><li>Renamed the subsection to “Program Scope and Objectives.”</li><li>Moved paragraph (1) to IRM 8.7.5.2, paragraph (1). The definitions for transferor and transferee moved to IRM 8.7.5.1.5(2), Terms and Acronyms.</li><li>Moved paragraphs (2) through (5) to IRM 8.7.5.2.</li><li>Added Program Scope and Objectives and related subsections required by IRM 1.11.2.2.5, Address Management and Internal Controls.</li><li>Included in IRM 8.7.5.1.6, Related Resources, information on the Taxpayer Bill of Rights (TBOR), 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).</li><li>Added reference to IRM 25.30.2 Service Level Agreement between the IRS Independent Office of Appeals and the Taxpayer Advocate Service.</li></ul>
IRM 8.7.5.1.5	Terms and Acronyms	<ul style="list-style-type: none"><li>Added chart of acronyms to paragraph (2).</li><li>Removed list of terms and acronyms from paragraph (2).</li></ul>
IRM 8.7.5.2	Points for Account and Processing Support (APS) to Remember When Establishing Transferee/Transferor Cases	<ul style="list-style-type: none"><li>Moved to IRM 8.20.5.37, Transferee/Transferor Case Carding.</li></ul>
IRM 8.7.5.3	How APS Establishes a Case with Transferee and Income Tax Liabilities	<ul style="list-style-type: none"><li>Moved to IRM 8.20.5.37.1, Transferee and Income Tax Liability Cases.</li></ul>
IRM 8.7.5.3.1	Input for Cases Inventory Screen on Transferee Case	<ul style="list-style-type: none"><li>Moved to IRM 8.20.5.37.1.1, Transferee Case Carding.</li></ul>

IRM	TITLE	DESCRIPTION/CHANGE
IRM 8.7.5.3.2	Input for Return Information Screen on Transferee Case	<ul style="list-style-type: none"> <li>Moved to IRM 8.20.5.37.1.2, Transferee ACDS RETURN Input Screen.</li> </ul>
IRM 8.7.5.3.3	Input for Related Income Tax Case	<ul style="list-style-type: none"> <li>Moved to IRM 8.20.5.37.1.3, Carding the Related Income Tax Case.</li> </ul>
IRM 8.7.5.3.4	Input for CASES Inventory Screen on Transferor Case	<ul style="list-style-type: none"> <li>Moved to IRM 8.20.5.37.1.4, Transferor Case Carding.</li> </ul>
IRM 8.7.5.3.5	Input for Return Information Screen on Transferor Case	<ul style="list-style-type: none"> <li>Moved to IRM 8.20.5.37.1.5, Transferor ACDS RETURN Input Screen.</li> </ul>
IRM 8.7.5.4	Considering Transferor and Transferee Cases at the Same Time	<ul style="list-style-type: none"> <li>Moved paragraph (1) to IRM 8.7.5.2(6), ATE Case Receipt Procedures.</li> <li>Moved paragraph (2) to IRM 8.7.5.2(7). Revised the procedures to follow if the possibility of transferee liability first comes to light during consideration by the IRS Independent Office of Appeals, based on IRM 8.6.1.7.1, Defining a New Issue.</li> <li>Moved paragraph (3) to IRM 8.7.5.1.6(3), Related Resources.</li> <li>Added steps 1 through 5 in paragraph (1) to IRM 8.7.5.2, ATE Case Receipt Procedures, listing additional steps the ATE should take upon case receipt.</li> </ul>
IRM 8.7.5.5	Consents and Period of Limitations of Transferee Cases	<ul style="list-style-type: none"> <li>Moved paragraph (2) to the renamed subsection IRM 8.7.5.2(1), ATE Case Receipt Procedures.</li> </ul>
IRM 8.7.5.7	Modification of Agreement Forms in Transferee Cases	<ul style="list-style-type: none"> <li>Renumbered as IRM 8.7.5.8.</li> <li>Added reference to Form 2504-T, that replaced Form 2504-WC.</li> <li>Added/revised information on agreement forms used in settled cases involving transferee liability.</li> <li>Added excise and employment taxes to the list of taxes.</li> </ul>
IRM 8.7.5.6.2	Interest Computations in Transferee Cases	<ul style="list-style-type: none"> <li>Renumbered as IRM 8.7.5.5.2.</li> <li>Revised paragraph (3) to indicate when the transferee is liable for interest on the transferor's liability and when interest runs on the transferee's liability.</li> <li>Revised paragraph (4) regarding the transferee's liability for tax, penalty and interest under IRC 6601 on the transferor's liability. Added information on interest under state law. Deleted paragraph (4)(b) and moved information to paragraph (4).</li> </ul>

IRM	TITLE	DESCRIPTION/CHANGE
IRM 8.7.5.9	Issuing a Notice of Liability on an Unagreed Transferee Case	<ul style="list-style-type: none"> <li>• Renumbered as IRM 8.7.5.8.</li> <li>• Revised subsection title to “Issuing a Notice of Transferee or Fiduciary Liability on an Unagreed Transferee Case.”</li> <li>• Deleted the clause after IRC 368(a) in paragraph (2) as it is superfluous.</li> <li>• Clarified information in paragraph (3) that fiduciary liability is not applicable to worker classification issues.</li> <li>• Revised information in paragraph (4) regarding types of excise tax cases that are subject to a Notice of Deficiency and thus, a Notice of Transferee or Fiduciary Liability regarding excise taxes.</li> </ul>
IRM 8.7.5.9.2	Letter 3424 - Notice of Transferee or Fiduciary Liability	<ul style="list-style-type: none"> <li>• Renumbered as IRM 8.7.5.8.2.</li> <li>• Revised title of the subsection to match the revised title of Letter 3424.</li> <li>• Revised paragraphs (3) and (4) based on the revised Letter 3424 selectable opening paragraphs in APGolf.</li> </ul>
IRM 8.7.5.9.2.1	Opening Paragraphs for Letter 3424	<ul style="list-style-type: none"> <li>• Renumbered as IRM 8.7.5.8.2.1.</li> <li>• Revised paragraph (1) information on Letter 3424, preparation applicable to substantive state law situations.</li> </ul>
IRM 8.7.5.9.2.2	Modified Opening Paragraph for Jeopardy Assessment Against Transferee	<ul style="list-style-type: none"> <li>• Renumbered as IRM 8.7.5.8.2.2.</li> <li>• Re-titled subsection and modified the Example of the jeopardy assessment opening paragraph.</li> </ul>
IRM 8.7.5.9.4	Explanations of Adjustments and Computations of Tax	<ul style="list-style-type: none"> <li>• Renumbered as IRM 8.7.5.8.4.</li> <li>• Deleted paragraph (2) information as paragraph (1) guidance indicates to include information, “if available.”</li> </ul>
IRM 8.7.5.9.6	Transferee Assessments	<ul style="list-style-type: none"> <li>• Renumbered as IRM 8.7.5.8.6.</li> <li>• Revised paragraph (1) adding excise to the list of taxes that may be assessed.</li> </ul>
IRM 8.7.5.11	APS Closing Procedures for Transferee/Transferor Cases	<ul style="list-style-type: none"> <li>• Changed subsection number and title to IRM 8.7.5.10, “Closing Procedures for Transferee/Transferor Cases.”</li> <li>• Moved paragraphs (1) through (4) to IRM 8.20.7.61, Transferee/Transferor Case Closing.</li> <li>• Moved note in paragraph (4) to paragraph (1). Added references to paragraph (1).</li> </ul>
IRM 8.7.5.12	Authority for Asserting Transferee Liability	<ul style="list-style-type: none"> <li>• Moved content to IRM 8.7.5.1.2, Authority.</li> </ul>
Exhibit 8.7.5-1	Form 3610, Audit Statement - Transferee with Limited Liability - One Year	<ul style="list-style-type: none"> <li>• Reformatted exhibit. Underlying information is the same.</li> </ul>

IRM	TITLE	DESCRIPTION/CHANGE
Exhibit 8.7.5-2	Form 3610, Audit Statement - Transferee with Limited Liability - Multiple Years	<ul style="list-style-type: none"> <li>Reformatted exhibit. Underlying information is the same.</li> </ul>
Exhibit 8.7.5-3	Sample Form 1296, Assessment Against Transferee or Fiduciary	<ul style="list-style-type: none"> <li>Added/revised descriptive paragraph in the Exhibit.</li> </ul>
Exhibit 8.7.5-4	Attachment to Form 1296-Transferee with Limited Liability-Multiple Years	<ul style="list-style-type: none"> <li>Added/revised descriptive paragraph in the Exhibit.</li> </ul>
Exhibit 8.7.5-5	Sample Opening Paragraphs for Letter 3424	<ul style="list-style-type: none"> <li>Revised title to "Selectable Opening Paragraphs for Letter 3424".</li> <li>Updated paragraph (1) to add excise and employment to the list of tax cases.</li> <li>Revised paragraph (1) with the three selectable opening paragraphs for Letter 3424, and deleted the remainder of the exhibit.</li> </ul>
Exhibit 8.7.5-6	Transferee Statement Attached to Letters	<ul style="list-style-type: none"> <li>Added/revised descriptive paragraphs in the Exhibit.</li> </ul>
Exhibit 8.7.5-7	Full Liability Transferee Notice	<ul style="list-style-type: none"> <li>Added/revised descriptive paragraphs in the Exhibit.</li> </ul>
Exhibit 8.7.5-8	Limited Liability for Transferee- Notice Letter, Form 870-T, and Statement	<ul style="list-style-type: none"> <li>Additional paragraph moved from second page of Form 870-T to first page.</li> </ul>

- (2) Throughout this IRM, editorial changes were made, references were corrected, and links were revised. Fictitious taxpayer information was updated per IRM 1.11.2.5.6(2). Descriptive paragraphs were added/revised for all the exhibits.

## EFFECT ON OTHER DOCUMENTS

This supersedes IRM 8.7.5, dated May 18, 2015.

## AUDIENCE

The IRS Independent Office of Appeals

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8.7.5

Transferee and Transferor Liabilities

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8.7.5.1  
(01-22-2024)  
**Program Scope and Objectives**

- (1) **Purpose:** This IRM section describes the technical and procedural guidelines for transferee and transferor liabilities. Specifically, IRM 8.7.5:
  - a. Describes the steps that the IRS Independent Office of Appeals (Appeals) will take to assess a transferee liability against a recipient (transferee) of property from the transferor, for the tax liability of the transferor.
  - b. Establishes how Tax Computation Specialist (TCS) completes the settlement computations and Notice of Transferee or Fiduciary Liability.
  - c. Provides details on the authority for asserting transferee liability.
  - d. Recommends IRM resources, including decision tools, websites, and other IRM sections.
  - e. Explains how to issue consents (statute extensions) on transferee cases, and closing agreed and unagreed transferee cases.
- (2) **Audience:** The primary users of this IRM section are Appeals Technical Employees (ATEs) and TCS.
- (3) **Policy Owner:** Director, Case and Operations Support (COS).
- (4) **Program Owner:** Director, Policy, Planning, Quality and Analysis (PPQ&A).
- (5) **Contact Information:** Appeals employees should follow established procedures on *How to Contact an Analyst*. Other employees should contact the Product Content Owner shown on the Product Catalog Information page for this IRM.

8.7.5.1.1  
(01-22-2024)  
**Background**

- (1) Appeals is the only administrative function of the IRS with authority to consider settlements of tax controversies and has the primary responsibility to resolve these disputes, without litigation, to the maximum extent possible.
- (2) Appeals' mission is to resolve federal tax controversies without litigation on a basis which is fair and impartial to both the Government and the taxpayer, promotes a consistent application and interpretation of, and voluntary compliance with, the federal tax laws, and enhances public confidence in the integrity and efficiency of the IRS. See IRC 7803(e)(3), Purposes and Duties of Office.
- (3) Appeals accomplishes this mission by considering protested and Tax Court cases and negotiating settlements in a manner which ensures Appeals employees act in accord with the Taxpayer Bill of Rights (TBOR) in every interaction with taxpayers. See IRM 8.1.1.2, Accomplishing the Appeals Mission.

8.7.5.1.2  
(01-22-2024)  
**Authority**

- (1) IRC 6901, Transferred Assets, provides for assessment and collection against a transferee's property for tax liability of the transferor, and describes the types of tax liability to which this provision applies.
- (2) Administrative assertion of transferee liability for income, estate and gift tax is provided by IRC 6901(a)(1).
- (3) Administrative assertion of transferee liability for certain other taxes is provided by IRC 6901(a)(2).
- (4) Administrative assertion of liability against a fiduciary under 31 USC 3713(b) is provided by IRC 6901(a)(1)(B).

- (5) 31 USC 3713(b) provides a fiduciary is personally liable for income, estate and gift taxes when they have paid debts or distributed assets without first having satisfied the claims of the United States, in violation of federal priority found in 31 USC 3713(a).
- (6) The authority to settle protested and Tax Court cases is delegated to Appeals Team Managers (ATMs) and Appeals Team Case Leaders (ATCLs) as to their respective cases. This does not include the authority to set aside a closing agreement. For details, see IRM 1.2.2.9.8, Delegation Order 8-8 (Rev. 1) (formerly DO-66, Rev. 15), Authority of Appeals in Protested and Tax Court Cases, and IRM 1.2.2.9.1(2)b for Delegation Order 8-1 (formerly DO-60, (Rev. 7), Appeals Functions. Settlement of Cases Docketed in the United States Tax Court.

8.7.5.1.3  
(01-22-2024)  
**Responsibilities**

- (1) The Director, COS, is the executive responsible for Appeals' policy and procedural guidance.
- (2) The Director, PPQ&A, is the program manager responsible for program oversight.
- (3) The Policy analyst shown on the Product Catalog page as the originator is the assigned author of this IRM.

8.7.5.1.4  
(01-22-2024)  
**Program Reports**

- (1) Director, PPQ&A provides trend and data analyses and detailed summary reports for Appeals.

8.7.5.1.5  
(01-22-2024)  
**Terms and Acronyms**

- (1) See Exhibit 8.1.1-1, Common Terms Used in Appeals, for common terms and definitions used in IRM Part 8.
- (2) The following terms and acronyms are also applicable to this IRM:

Acronym	Definition
AIMS	Audit Information Management Systems
APS	Account and Processing Support
ATCL	Appeals Team Case Leader
ATE	Appeals Technical Employee
ATM	Appeals Team Manager
ERCS	Exam Return Control Systems
MF	Master File
NMF	Non-Master File
TCS	Tax Computation Specialist
TIN	Taxpayer Identification Number



8.7.5.1.6  
(01-22-2024)  
**Related Resources**

- (1) This IRM is the primary source of guidance on this program for Appeals.
- (2) A primary companion to this IRM is IRM 4.8.9.19.5, Transferor-Transferee Liability and Fiduciary Liability Cases.
- (3) Additional information regarding transferee cases is also found in:
  - IRM 4.4.17, Jeopardy Assessments/Termination Assessments/Transferor-Transferee Assessments
  - IRM 4.11.52, Transferee Liability Cases
  - IRM 8.20.5, Carding New Receipts
  - IRM 8.20.7, Closing Procedures
  - IRM 20.2.11, Miscellaneous Interest Provisions
  - IRM 25.6.22, Extension of Assessment Statute of Limitations by Consent
- (4) 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) In accordance with IRM 25.30.2.3, Statement of Commitment, Appeals will work collaboratively with the Taxpayer Advocate Service (TAS) to enhance the taxpayer experience. For more information, see IRM 25.30.2, Service Level Agreement between the IRS Independent Office of Appeals and the Taxpayer Advocate Service.

8.7.5.2  
(01-22-2024)  
**Introduction to Working Transferee Cases in Appeals**

- (1) IRC 6901 provides a transferee liability against a recipient (transferee) of property from the transferor, for the tax liability of the transferor and is a tool used to collect a taxpayer's tax liability.
- (2) The government can assess another taxpayer's (transferor's) liability against a transferee to collect this tax liability based on some other provision of state or federal law. The liabilities include taxes, penalties and interest. Taxes and penalties are computed through the date of the transfer, while interest may not be limited to the date of the transfer. It also includes liabilities resulting from an examination.
- (3) Appeals considers and processes transferee cases in much the same manner as other cases. The administrative file of a transferee case must contain the tax returns of the transferor with a revenue agent's report.
- (4) Use current transcripts to confirm the liability was assessed against either the transferor or one or more transferees.
- (5) Refer to IRM 8.2.1.7.2, Verification of New Material or Request for Further Development - ATE, for procedures regarding the verification of new information or evidence received during the Appeals process.

8.7.5.3  
(01-22-2024)  
**ATE Case Receipt Procedures**

- (1) Upon receipt of the case, the ATE will:
  1. Verify that the case has been carded-in properly as per IRM 8.20.5.37, Transferee/Transferor Case Carding.

2. Verify the statute of limitations on all new case receipts and follow the guidelines contained in IRM 8.21, Appeals Statute Responsibility, with respect to protecting the statute. Appeals will not accept non-docketed cases if less than 365 days (or less than 180 days for a case being returned from Compliance after their consideration of a new issue or new information) remain on the statute of limitations for assessment. Refer to IRM 8.20.5.3.1.3, Cases Not Accepted by Appeals, for additional information on statute of limitations requirements for new case receipts in Appeals.
3. Follow the procedures in IRM 8.6.1.2, New Receipts and Initial Case Actions, for time frames to conduct statute verification and to issue initial contact letter. For liability cases, the statute must be verified and the initial contact letter issued within 45 days of case assignment.
4. Issue initial contact Letter 5157, Non-docketed Acknowledgement & Conference, for non-docketed cases. For docketed cases, issue initial contact Letter 3808, Docketed Acknowledgement and Conference (To Petitioner), or Letter 3808-A, Docketed Acknowledgement and Conference (To Counsel of Record).
5. See Exhibit 8.6.1-1, Pre-Selected Enclosures for Initial Contact Letters Based on Category and Case Type, for enclosures to include with the initial contact letter based on category and case type.
  - a. For non-docketed income tax liability cases, include Notice 1016, How to Stop Interest on Your Account, Pub 4167, Introduction to Alternative Dispute Resolution, and Pub 4227, Overview of the Appeals Process Brochure, as enclosures to Letter 5157.
  - b. For docketed income tax liability cases, include Notice 1016, How to Stop Interest on Your Account, and Pub 4227, Overview of the Appeals Process Brochure, as enclosures to Letter 3808, or Letter 3808-A.
6. When possible, give simultaneous consideration to the transferor and all transferees. Consolidate all pending Appeals cases, including those from other Appeals offices, if possible. If consolidation is not possible, coordinate case processing.
7. If the possibility of transferee liability first comes to light during Appeals consideration of a case, this would constitute a new issue if the taxpayer disputes it per IRM 8.6.1.7.1, Defining a New Issue. Accordingly, for non-docketed cases, release jurisdiction and return the case to the originating function (See IRM 8.6.1.7.7, Jurisdiction Released). For docketed cases, follow the guidance in IRM 8.4.1.9.3, New Issues in Docketed Cases.

8.7.5.4  
(01-22-2024)

**Consents and Period of  
Limitations on  
Transferee Cases**

- (1) Immediately obtain a current transcript on the transferor since the transferee's statute of limitations is based upon the transferor's statute of limitations.
  - a. The statute of limitations for the initial transferee is one year after the expiration of the period of limitation for assessment against the transferor.
  - b. The statute of limitations for a transferee of a transferee is one year after the expiration of the period of limitations against the preceding transferee, but no more than three years after the expiration of the limitations period against the original transferor.
  - c. See IRM 4.11.52.3, Assessment Statute of Limitations (SOL), and IRM 4.10.13.3.3, Statutory Period and Consents, for additional information.
- (2) Extend the period of limitations for assessment against the transferee by using Form 977, Consent To Extend the Time To Assess Liability at Law or in Equity

for Income, Gift and Estate Tax Against a Transferee or Fiduciary. **This will not extend the period for assessment against a transferee of a transferee.**

- (3) Separate extensions are necessary for each transferee.
- (4) In the case of a statutory merger, consolidation or a mere change in identity, form, place or organization, the new or surviving corporation is held to be the same as the old and is primarily liable for the debts of the old. Take action against the new or surviving corporation within the statutory period of limitation for assessment against the transferor.
- (5) See IRM 8.21, Appeals Statute Responsibility, for additional information on consents and statutes for Appeals cases.

8.7.5.5  
(01-22-2024)  
**Settlement  
Computations in  
Transferee Cases**

- (1) This subsection covers the procedures followed by the TCS or other Appeals employee who prepares settlement computations on transferee cases.
- (2) Generally, the settlement computation in transferee cases shows a recomputation of the transferor's unpaid liability, including assessed tax and any assessed penalties.
- (3) When preparing the recomputation of tax (on Form 5278, Form 4549, etc.) show the transferor's name, TIN, and tax period on all schedules since the recomputed tax is actually the transferor's.
- (4) Unlimited liability cases: Value of the assets the transferee receives from the transferor exceeds the transferor's unpaid tax liability, or deficiency. The liability of the transferee is the full amount of the unpaid tax or deficiency of the transferor.
- (5) Limited liability case: Value of the assets transferred to the transferee is less than the transferor's unpaid tax liability, or deficiency.
- (6) The following table is a guide to actions needed in each particular situation:

If ...	Then ...
Transferee's liability is limited	reflect transferor's <b>total unpaid liability</b> for each tax period which is not adjusted or reduced because of the transferee's limited liability.
Transferee is liable for part or all of the <b>unpaid deficiency</b> of transferor	a computation is required.
No change to previously computed transferor liability	only Form 3610 is required. No tax computation is necessary.
Transferee is liable for part or all of the <b>unpaid original assessment</b> of the transferor	only Form 3610 is required. No tax computation is necessary.

- (7) Carefully check a current transcript to see if the transferor's liability was assessed either against the transferor or against other transferees, or if there are payments on the liability. There may be a need to secure Non-Master File (NMF) transcripts when working transferee/transferor cases.
- (8) If the transferor made payments to reduce the liability, the payments are netted against the tax, penalties and interest for the earliest tax periods first.

- a. The payments are allocated to the tax, penalties and interest previously assessed against the transferor on the basis of the ratio of the separate amounts of tax, penalties and interest to the aggregate amount assessed in each specific tax period so as to reduce or eliminate the earliest tax periods' total liability first.
  - b. The net remaining unpaid liability is reflected on the settlement computation.
- (9) See IRM 8.7.5.8, Issuing a Notice of Transferee or Fiduciary Liability on an Unagreed Transferee Case, for additional information about transferee cases, including a discussion of limited and unlimited liability. See also IRM 4.11.52, Transferee Liability Cases, for more information.

## 8.7.5.5.1

(01-22-2024)

**How to Prepare the Form 3610**

- (1) Procedures for preparing the Form 3610 for a transferee/transferor case are the same as those followed when preparing Form 3610 in any other case, except for the following.
- (2) Show the name of taxpayer as follows:
- John Oriole, Transferee of the assets of  
XYZ Corporation, Transferor
- (3) Use the Taxpayer Identification Number (TIN) of the transferee on Form 3610.
- (4) Use the tax period of the transferor as the tax period of the transferee.
- a. For example, if the transferor is XYZ Corporation with a fiscal year ending 09/30/95, and the transferee is John Oriole with a tax year ending 12/31/95, show the tax year for John Oriole as 09/30/95.
  - b. In the reverse situation, if the transferor is John Dove with a tax year ending 12/31/96 and the transferee is ZZZ Company with a fiscal year ending 08/31/96, show the tax year for ZZZ Company as 12/31/96.
- (5) Unlimited liability cases:
- a. Show liability amounts once on Form 3610.
  - b. Show name of taxpayer as discussed in paragraph (2) above.
  - c. Modify Form 3610 to include a label titled "Liability of Transferee" under the deficiency and overassessment columns.
- (6) Limited liability case:
- a. Prepare the columns of the Form 3610 like the examples shown in the exhibits. See Exhibit 8.7.5-1 and Exhibit 8.7.5-2.
- (7) State law sometimes governs the interest liability of the transferee. In these cases, avoid misunderstandings by adding the following to the Form 3610:
- "Plus interest at \_\_\_\_% from \_\_\_\_\_(date)"

## 8.7.5.5.2

(01-22-2024)

**Interest Computations in Transferee Cases**

- (1) The Tax Court has jurisdiction of interest in transferee cases and may sometimes require computations of interest.

- (2) Interest on a transferee liability is computed based on the state or federal law that governs the liability. State laws that may apply, for example, are wrongful transfer or fraudulent conveyance statutes. IRC 6901 is strictly procedural as to the assertion of transferee liability. *O'Sullivan v. Commissioner*, T.C. Memo. 1994-17 summarizes some of the principles.
- (3) Interest when value of transferred assets is greater or equal to the transferor's total tax liability, including penalties and interest: Transferee is liable for the interest under IRC 6601 on the transferor's liability. *Lowy v. Commissioner*, 35 T.C. 393 (1960) discusses this principle. The transferee is liable for interest on penalties and additions to tax imposed against the transferor as provided by IRC 6601(e). The transferee is liable for interest on the transferor's liability up until the date of Notice of Transferee or Fiduciary Liability. Interest runs on the transferee's liability from the date of the notice to the date of payment under IRC 6601(b).
  - a. See IRM 4.10.13.3.5, Liability of Transferee for Interest, and IRM 20.2.1, Interest Introduction, Standard and Guidelines, for further information.
- (4) Interest when the value of transferred assets is less than transferor's total liability, including penalties and interest: Amount of transferee's liability is limited by the value of the transferred assets, except to the extent that the state law that gives rise to the transferee liability allows interest. *Estate of Stein v. Commissioner*, 37 T.C. 945 (1962) discusses this principle. In other words, the transferee is liable for tax, penalties and interest under IRC 6601 on the transferor's liability only to the extent of value of the transferred assets. Depending on the value of the transferred assets, the transferee's liability may include some of the interest under IRC 6601 on the transferor's liability. In addition, state law may provide for interest. State law controls the starting date and rate of interest allowed under state law. Interest under state law does not extend beyond the date of the Notice of Transferee or Fiduciary Liability.
  - a. Consider when total tax liability (deficiency plus penalties and interest) becomes larger than the value of assets, the state law governing the asset transfer, the date the assets were transferred, and the date of the Notice of Transferee or Fiduciary Liability. These items are relevant when determining interest in a limited liability situation.
  - b. Seek Counsel's advice as to the state interest rate (if applicable) and the effective dates of both state and federal rates. See IRM 4.10.13.3.5, Liability of Transferee for Interest, and IRM 5.17.14.3.3.2.1, Fraudulent Transfers Under Federal and State Law.
- (5) Interest on Estate/Gift Tax Transferee Liability:
  - a. State law has no bearing on transferee liabilities (limited or unlimited) resulting from a transferor's estate/gift tax liability.
  - b. IRC 6324(a) specifically governs the transferee's estate/gift tax liability and together with IRC 6901 provides that interest under IRC 6601 will apply from the due date of the tax of the transferor. See IRM 8.7.4, Appeals Estate and Gift Tax Cases, for more information on estate and gift tax cases.

8.7.5.5.3  
(01-22-2024)

**Form 1296, Assessment  
Against Transferee or  
Fiduciary**

- (1) Form 1296, Assessment Against Transferee or Fiduciary, is used to make NMF transferee assessments. The form is generally prepared by the same person that prepares the settlement computations, at the time those computations are prepared. If no settlement computation is needed, the ATE should review Form 1296 prepared by Exam and, if that form is accurate, may use that form instead of preparing a new one.
  - a. Form 1296 is available in an Excel spreadsheet on the *Appeals Tax Computation Specialist SharePoint site* or as a fillable Adobe Acrobat form on the *Electronic Publishing Catalog website*.
- (2) The transferee is controlled using a “dummy” TIN on NMF.
  - a. The transferee’s account is set up on NMF using the transferee’s Taxpayer Identification Number (TIN) with a “-D” (dummy) and “Transferee” after the name to indicate transferee status.
  - b. Using the “-D” eliminates the other dashes in the TIN. For example if the transferee is John Finch with a TIN of 000-00-XXXX, on NMF the TIN is reflected as 00000XXXX-D.
  - c. The creation of the “Dummy” TIN format is necessitated by the fact that current ERCS / AIMS programs do not allow both a Master File (MF) and a NMF control for the same TIN. Therefore, establish a dummy TIN with a “-D” for the transferee case.
  - d. See paragraph (3) of IRM 4.11.52.5, Administration Procedures, for further information.
- (3) Unlimited liability cases:
  - a. In unlimited liability cases, prepare a separate Form 1296 for each taxable period and each kind of tax.
  - b. Use the tax period of the transferor as the tax period of the transferee.
- (4) Limited liability cases:
  - a. If the value of assets received by the transferee is less than the unpaid liability of the transferor and more than one year is involved, do not allocate the transferee’s liability to the various years. Instead, show the liability as one amount on the Form 1296 of the earliest unpaid liability year of the transferor without identifying it with any particular year of the transferee.
  - b. Prepare a single Form 1296. Show total transferee liability on the right-hand side of Form 1296.
  - c. Annotate the interest starting date and the interest rate on Form 1296 or the attachment to Form 1296.
  - d. Itemize the liability of the transferor for each taxable year on an attachment, or in the remarks section of Form 1296, or on a separate Form 1296, depending upon the preference of the processing office.
- (5) An example of a completed Form 1296 and the attachment are found in the exhibits. See Exhibit 8.7.5-3 and Exhibit 8.7.5-4.
- (6) See IRM 8.7.5.8.1, Identification of Tax Years in Transferee Notice, for more detailed information on transferee assessments.



8.7.5.5.4  
(01-22-2024)  
**Statements of Account  
in Transferee Cases**

- (1) In some instances the ATE or Counsel Attorney may request a statement of account on a docketed transferee case. See IRM 8.17.3, Preparing a Statement of Account, for instructions for preparing a statement of account.

8.7.5.6  
(01-22-2024)  
**Modification of  
Agreement Forms in  
Transferee Cases**

- (1) Form 2045, Transferee Agreement, is an admission of status as a transferee and waives any requirement for issuance of a statutory notice to the transferor. It is not, however, a substitute for a waiver of restrictions against the assessment of tax against the transferee.
- (2) Secure agreement Form 870-T in settled cases involving transferee liability.
- (3) For an agreed estate and gift tax transferee case, secure agreement Form 890-T.
- (4) For an agreed employment tax transferee case, secure agreement Form 2504 or Form 2504-T, whichever is appropriate.
- (5) For an agreed excise tax transferee case, secure agreement Form 2504-E.
- (6) In the case of a transferee (other than one liable under 31 USC 3713) insert the following on the agreement form: *"This represents the undersigned's liability as a transferee of the assets of (name and address of transferor) for (type of tax), penalties, and interest thereon as provided by law due from said transferor."*
  - a. In the case of a transferee of a transferee, insert the following on the agreement form: *"This represents the undersigned's liability as a transferee of assets of (first transferee), (address), transferee of assets of (transferor), (address), for (type of tax) tax due from (transferor)."* IRM 4.10.13.3.4.2, Transferee Waivers.
  - b. If a fiduciary liability exists under 31 USC 3713 for income, excise, employment, estate or gift taxes insert the following on the agreement form: *"This represents the undersigned's personal liability under section 3713 of Title 31 of the United States Code, for (kind of tax) tax due from \_\_\_\_\_."*
- (7) If the transferor's total liability exceeds the assets transferred insert the following on the agreement form - *"This, plus interest thereon, represents the undersigned's liability as a transferee of the assets of (name and address of the transferor) for (type of tax), penalties and interest thereon, to the extent of the net value of the assets received from the transferor, plus interest thereon as provided by law. It has been determined that the net value of the assets received is (value of the assets received)."*
- (8) For information concerning closing agreements in transferee cases, see IRM 8.13, Closing Agreements.

8.7.5.7  
(01-22-2024)  
**Closing an Agreed  
Transferee Case**

- (1) Treat the transferor case as the "principal" or "key" case when preparing Form 5402, Appeals Transmittal and Case Memo, and Instructions for Form 5403, Appeals Closing Record, and case memos. This applies even when the amount of the unpaid liability against the transferor was assessed. For case memos in related cases, see IRM 8.6.2, Appeals Case Memo Procedures.
- (2) If there is concurrent settlement of the transferor and transferee cases, instruct Account and Processing Support (APS) to abate any excess assessment

against the transferor. Then, waive the liability against the transferee(s) if the agreed liability is paid immediately by or for the transferor.

- (3) If the liability, or any part of it, was not assessed against the transferor, instruct APS to include it in the required payment and assess it.
- (4) If the liability of the transferor was assessed against the transferee(s), instruct APS to abate the transferee assessment(s).
- (5) To avoid misunderstandings, ATEs must advise taxpayers or representatives of the rate of transferee interest and the date from which it is computed. For example, under varying state law in limited liability cases, it might be computed at the legal rate from one of the following:
  - Due date of transferor's return;
  - Date of transfer of assets;
  - Date of Notice of Transferee and Fiduciary Liability.

ATEs should seek Counsel's advice when determining the applicable interest rates in transferee liability cases.

- (6) In situations where there are multiple transferees and not all agree, close the key transferor case with the agreed transferees and create a new key case for the transferor along with related cases for the remaining unagreed transferees.

#### 8.7.5.8 (01-22-2024)

##### **Issuing a Notice of Transferee or Fiduciary Liability on an Unagreed Transferee Case**

- (1) A TCS is generally responsible for the preparation of Notices of Transferee or Fiduciary Liability in transferee/transferor cases.
- (2) Notices are issued to a transferee (at law or in equity) liable for income, estate, and gift taxes; including liability of a fiduciary under 31 USC 3713(b) for income, estate and gift taxes; and in respect to taxes arising on a liquidation of a partnership or corporation, or on a reorganization within the meaning of IRC 368(a).
- (3) Notices of Transferee or Fiduciary Liability are issued for employment taxes only to the extent that a notice of determination of worker classification would have been issued to the transferor. IRC 6901, *Transferred Assets*, provides "the liability will be assessed, paid and collected in the same manner as in the case of the taxes with respect to which the liabilities were incurred." Therefore, the only time a Notice of Transferee or Fiduciary Liability is issued for employment taxes is when the transferor's employment tax liability was based upon worker classification issues under IRC 7436. Fiduciary liability would not be applicable to worker classification issues.
- (4) Certain excise taxes are subject to the deficiency procedures under IRC 6211, Definition of a Deficiency. Specifically, Notices of Deficiency are issued by Appeals in Chapter 41, 42, 43 and 44 excise tax cases when a mutually satisfactory basis of settlement cannot be reached. A Notice of Deficiency is not issued on other unagreed excise tax cases. Those cases cannot be litigated in the U.S. Tax Court. Excise taxes are not covered by IRC 6901(a)(2), unless such liability arises as the result of a liquidation of a corporation, partnership, or reorganization within the meaning of IRC 368(a), Reorganization. In these instances, a Notice of Transferee or Fiduciary Liability would be issued to a transferee regarding an excise tax that is subject to deficiency procedures.



- (5) Issue the notice to the transferee within the applicable statutory period (usually one year beyond the transferor's limitation date) whether or not a Notice of Deficiency was issued to or assessed against the transferor.
- (6) The term "transferee" includes transferee of a transferee, heir, legatee, devisee, distributee of an estate, shareholder of a dissolved corporation, assignee or donee of an insolvent person, successor of a corporation, party to a reorganization defined in IRC 368, and all other classes of distributees. It also includes in gift tax cases, the donee, without regard to the solvency of the donor, and any person who, under IRC 6324(a)(2), is personally liable for any part of the estate tax.
  - a. 31 USC 3713(b) provides a fiduciary is personally liable for tax where they have paid debts or distributed assets without first having satisfied the claim of the United States, in violation of federal priority found in 31 USC 3713(a).
  - b. Issue the notice the later of the following periods: (1) One year after the liability arises or (2) the collection period of the tax in respect of which such liability arises.
- (7) IRC 6901 provides for assessment and collection against a transferee of property for tax liability of the transferor, and describes the types of tax liabilities to which this provision applies.
- (8) There are many different aspects of the law to consider when determining whether the transferee's liability is limited or full. The ATE or Counsel Attorney is responsible for making the determination and providing the information to the TCS when requesting work. The ATE or Counsel Attorney must also provide the approximate date that the assets were transferred to the transferee. If liability is limited, they must provide the amount of the limited liability.

**Note:** The amount of the limited liability is needed because in limited transferee liability cases the paragraphs that are included on the notice letter and the notice statement require an entry for the amount that the transferee is liable for. Also, in a limited liability case, the notice statement requires the approximate date that the assets were transferred to the transferee.

  - a. See IRM 5.17.14.3, Transferee Accountability in General, for a discussion of liability under IRC 6901. The burden of proof is on the IRS to prove that a transferee or fiduciary is liable for the tax of another. See IRC 6902(a).
  - b. Counsel must review the notice before issuance because the burden of proof is on the IRS. See IRM 8.17.4.31(1) f.
- (9) The following provides a simple overview of limited and full liability:
  - a. Limited Liability - Generally, the liability of the transferee is limited to the excess of the value of the assets received from the transferor over the consideration paid by the transferee for the assets, if that excess is less than the unpaid liability of the transferor. If more than one year is involved in a limited liability situation, state the transferee liability as one figure in the notice and do not allocate the transferee liability to various years.
  - b. Full Liability - Generally, where the excess of the value of the assets received from the transferor over the consideration paid by the transferee for the assets is more than the unpaid liability or deficiency of the transf-

error, the transferee is liable for the full amount of the unpaid liability or deficiency of the transferor. If more than one year is involved in a full liability situation, assert the transferee liability for the same years as that of the transferor.

- (10) Usually transferee cases in which Notices of Transferee or Fiduciary Liability are issued by Appeals, cover the following situations:
- Transferee liability for the full liability for the unpaid deficiency of the transferor. See Exhibit 8.7.5-7.
  - Transferee liability for limited liability for the unpaid deficiency of the transferor. See Exhibit 8.7.5-8. (The Form 5278 and explanations use the same format as those shown in Exhibit 8.7.5-7.)
  - Transferee liability for the full liability for the unpaid original assessment of the transferor.
  - Transferee liability for limited liability for the unpaid original assessment of the transferor.
- (11) There are three parts to the Notice of Transferee or Fiduciary Liability:
- Letter to the transferee (Letter 3424);
  - Statement that summarizes the liability of the transferee; and
  - Waiver (usually Form 870-T, Waiver of Restrictions on Assessment and Collection of Transferee or Fiduciary Liability and Acceptance of Over-assessment, or Form 890-T, Waiver of Restrictions on Assessment and Collection and Acceptance of Overassessment as to Transferee or Fiduciary Liability for Estate, Gift, and Generation-Skipping Transfer Tax.)
- Note:** Schedules to show the computation or tax and explanations of adjustment may be attached if necessary.
- (12) For transferee cases involving types of tax other than income tax, alter the letter and statements to fit the type of tax.

8.7.5.8.1  
(01-22-2024)  
**Identification of Tax  
Years in Transferee  
Notice**

- Transferor assessments are made on MF for the appropriate tax year.
- Transferee liability assessments are made on NMF using the transferor's tax year.
  - For example, if the transferor is XYZ Corporation with a fiscal year ending 09/30/95, and the transferee is Joe Gull with a tax year ending 12/31/95, the assessment against Joe Gull would be made NMF using a taxable period of 09/30/95. Therefore, the transferee notice of liability would show the tax year for Joe Gull as 09/30/95.
  - In the reverse situation, if the transferor is John Dove for a tax year ending 12/31/96 and the transferee is ZZZ Company with a fiscal year ending 08/31/96, the Notice of Transferee or Fiduciary Liability for ZZZ Company would show the tax year as 12/31/96.
- If the value of assets received is less than the unpaid liability or deficiency of the transferor and more than one year is involved, the transferee liability is not allocated to various years but is stated as one figure in the notice. See Exhibit 8.7.5-8. This exhibit contains an example of language to use in the first paragraph of the notice letter, in the Form 870-T and in the Notice of Liability Statement.

## 8.7.5.8.2

(01-22-2024)

**Letter 3424 - Notice of Transferee or Fiduciary Liability**

- (1) Letter 3424 - only address to the transferee.
  - a. "Taxpayer Identification Number" field on the letter - Use the transferee's TIN.
  - b. "Form Number" field on the letter - enter the tax form filed by the transferor.
  - c. Use the transferor's tax year on the Letter 3424.
- (2) Use this letter instead of Letter 901. A copy of this letter is shown in Exhibit 8.7.5-7.
- (3) A special opening paragraph is used depending on the type of transferee liability involved. Use the opening paragraphs for Letter 3424 in ACDS 2.0/ APGolf and as discussed further in IRM 8.7.5.8, Issuing a Notice of Transferee or Fiduciary Liability on an Unagreed Transferee Case. Selectable paragraphs 1, 2, or 3 are used for all letters except transferee jeopardy assessments. Selectable paragraphs 4, 5 or 6 are used for transferee jeopardy assessment situations.
- (4) The selectable paragraphs are applicable for both full or limited liability situations of the transferee.

## 8.7.5.8.2.1

(01-22-2024)

**Opening Paragraphs for Letter 3424**

- (1) Letter 3424 must include special opening paragraphs, depending on the type of transferee liability, that will identify the name and address of the transferor and the nature of the tax liability. The mailing address on the letter will only include the name and address of the transferee. If the transferee liability is based on substantive state law (state fraudulent conveyance act, state bulk sales law, state merger and dissolution law, etc.), the basis should be asserted in the first paragraphs of the letter. For these situations, use Letter 3424 with the appropriate selectable opening paragraph in combination with the open selectable paragraph 7.
- (2) See Exhibit 8.7.5-5, Sample Opening Paragraphs for Letter 3424. Select the appropriate paragraphs when generating the letter using APGolf.

## 8.7.5.8.2.2

(01-22-2024)

**Modified Opening Paragraph for Jeopardy Assessment Against Transferee**

- (1) If a jeopardy assessment has been made under IRC 6861 and IRC 6862 against a transferee with respect to an unpaid liability, the opening paragraph of Letter 3424 is modified as discussed below:
  - a. Add the following at the end of the paragraph: "We have assessed the liability under the Internal Revenue laws that apply to jeopardy assessments."
  - b. These changes may be accomplished by generating Letter 3424 using ACDS 2.0/APGolf and selecting either paragraph 4, 5 or 6.
  - c. A waiver is not included with the jeopardy assessment situations associated with Letter 3424. Selecting opening paragraph 4, 5 or 6 of Letter 3424 will automatically modify the "If we don't hear from you" paragraph found in selectable paragraphs 1,2 or 3 by deleting reference to signing and returning a waiver.

**Example:** A transferee with unpaid tax of transferor (full or limited liability) jeopardy assessment opening paragraph would read as follows: "We determined that you are liable for \$X.XX, plus interest as the law provides. This is your liability as transferee of assets of (Transferor), (Address), for unpaid (income/estate/gift/excise/employment) taxes due from (Transferor), for

the tax year ended December 31, YYYY, as shown in the enclosed statement. We've assessed the liability under the Internal Revenue laws that apply to jeopardy assessments."

8.7.5.8.3  
(01-22-2024)  
**Notice of Liability  
Statement**

- (1) A transferee notice contains a statement that is attached to the letter. Neither Form 4089 nor Form 4089-A is used for the statement. Prepare a separate schedule labeled "Notice of Liability Statement". (See Exhibit 8.7.5-7 and Exhibit 8.7.5-8 for examples.)
- (2) The Notice of Liability Statement is included as an attachment to the transferee letter and explains to the transferee where the proposed assessment originated. The Notice of Liability Statement is divided into two parts: the transferor section and the transferee section.
- (3) The transferor's section lists the name, address and taxpayer identification number (TIN) of the transferor. In addition, the Notice of Liability Statement also includes a list of the transferor's unpaid income tax and penalties, if applicable, for each tax period.
  - a. If the taxpayer/transferor has made payments to reduce the liability, the payments are netted against the tax, penalties and interest for the earliest tax periods first. The transferor's remittance (if not otherwise designated by the transferor) is allocated first to tax, then to penalties, and then to interest for the earliest year. Any excess is then applied in the same manner to the following year. This treatment is in accordance with Rev. Proc. 2005-18.
  - b. The net figures will be reflected on the Notice of Liability Statement and on the waiver.
  - c. If the transferee's liability is limited, the list of the transferor's unpaid liability will reflect the transferor's total unpaid liability without regard to the transferee's limitation.
  - d. Place a statement similar to the following below the listing of the unpaid liability: "Interest as provided by law will be charged on the unpaid liability until it is paid in full."
- (4) The transferee's section lists the name, address and TIN of the transferee. This section also lists the extent of the transferee's liability and may include an explanation of why the transferee is the transferee.
  - a. If the value of the assets received by a transferee is less than the unpaid tax liability of the transferor, include the following language:

"Since the value of the assets you received amounted to \$ \_\_\_\_\_, your liability as transferee is limited to that amount."

- (5) See Exhibit 8.7.5-6, Notice of Liability Statements, for sample formats for transferee liability statements attached to the transferee letter.

8.7.5.8.4  
(01-22-2024)  
**Explanations of  
Adjustments and  
Computation of Tax**

- (1) If available, include explanations of adjustments and all schedules showing the computation of the transferor's tax in the notice prepared for the transferee. This only applies if the notice involves deficiencies (not unpaid original assessment) of the transferor.

- (2) If the transferor's liability has been judicially determined, omit the adjustments to income, explanation of adjustments, and computation of tax of the transferor and insert the following type of paragraph on the statement:

"The correctness of the amount of the deficiency due from John Dove, Transferor, has been determined by decision of the Tax Court of the United States, Docket no. XXXXX-XX."

8.7.5.8.5  
(01-22-2024)  
**Waiver Needed**

- (1) Waiver - Prepare Form 870-T or Form 890-T. The forms include blocks for the transferee's and transferor's name, address and TIN.
- (2) The total transferor's unpaid tax and penalty liability will be inserted in the applicable blanks on Form 870-T or Form 890-T, even if the transferee's liability is limited. If the liability is limited, the paragraphs modifying the waiver will state the amount to which the liability is limited.
- (3) If the taxpayer/transferor has made payments to reduce the liability, see IRM 8.7.5.8.3, Notice of Liability Statement, for information on how to allocate the payments and what amounts to include on the waiver.
- (4) Special language is required on the waiver. The following paragraphs provide suggested language to use in various situations. If penalties are not applicable, then omit the penalty references in the paragraphs.

- (5) In the case of full liability of a transferee (other than one liable under 31 USC 3713(b)):

"This represents the undersigned's liability as a transferee of assets of (*Transferor*), (*Address*), for (*kind of tax*), penalties plus interest as provided by law, due from said (*Transferor*)."

- (6) In the case of limited liability of a transferee (other than one liable under 31 USC 3713(b)):

"The determination of the income tax liability of (*Transferor*), (*Address*), for the tax year ended \_\_\_\_\_discloses a deficiency in tax and penalties as shown above. \$ \_\_\_\_\_of the amount of the deficiency represents the undersigned's liability as a transferee of assets of (*Transferor*), (*Address*), for (*kind of tax*), plus interest as provided by law, due from said (*Transferor*)."

- (7) In the case of a transferee of a transferee:

"This represents the undersigned's liability as a transferee of assets of (*First Transferee*), (*Address*), transferee of assets of (*Transferor*), (*Address*), for ( *kind of tax*), penalties plus interest as provided by law, due from said (*Transferor*)."

**Note:** Modify the above paragraph in a manner similar to the example shown in paragraph (6) if there is limited liability.

- (8) In case the liability is of a fiduciary under IRC 6901 and 31 USC 3713(b):

"This represents the undersigned's personal liability under 31 USC 3713(b) for (*kind of tax*), penalties plus interest as provided by law, due from said (*Taxpayer*)."

**Note:** Modify the above paragraph in a manner similar to the example shown in paragraph 3 if there is limited liability.

8.7.5.8.6  
(01-22-2024)

**Transferee Assessments**

- (1) Form 1296, Assessment Against Transferee or Fiduciary, is prepared by the same employee that prepares the computations and is used to provide information to Account and Processing Support (APS) for making assessments of income, employment, excise, estate or gift tax against a transferee or a fiduciary. A separate Form 1296 is prepared for each transferee for each kind of tax for which a separate return was filed and for each taxable period of the transferor.
- (2) If the value of the net assets received by the transferee is less than the unpaid liability of the transferor and more than one tax period is involved, the transferee's liability should not be allocated to the various years. Instead, the liability should be shown as one amount of the Form 1296 for the earliest year of the transferor, without identifying it with any particular year of the transferee.
- (3) In limited liability situations such as the above, instructions should be included on Form 1296 for computation of the interest. The interest starting date and the interest rate should be noted on Form 1296.

**Note:** See IRM 8.7.5.5.3 for more information about preparing Form 1296 for limited liability cases. See Exhibit 8.7.5-3 for an example of a completed Form 1296 in a limited liability case.

8.7.5.9  
(01-22-2024)

**Jurisdiction of Tax Court**

- (1) Tax Court has jurisdiction to redetermine the deficiency determined by the IRS. In a case commenced in the Court by a transferee or fiduciary, jurisdiction depends upon the issuance by the Commissioner of a notice of liability to the transferee or fiduciary.
- (2) Appeals may ask Counsel to prepare the settlement documents on cases involving transferee or fiduciary liability.
- (3) If a transferee petitions the Tax Court, a "dummy" docket number is added to the transferor (key case). Update the AIMS to status 82 (if on AIMS). The transferee(s) carries the actual docket number, revised statute date, and Notice of Deficiency information. When appropriate, use closing code 43 to move the work unit to Part 3.

8.7.5.10  
(01-22-2024)

**Closing Procedures for Transferee/Transferor Cases**

- (1) Information needed to complete Form 5403 can be found on Form 1296 , Assessment Against Transferee or Fiduciary, which should be prepared by the same employee that prepares the computation. See the following for additional information:
  - IRM 8.7.5.7, Closing an Agreed Transferee Case
  - IRM 8.7.5.8, Issuing a Notice of Transferee or Fiduciary Liability on an Unagreed Transferee Case
  - IRM 20.2.11.8, Transferee Interest and Assessments, and the related subsections

**Exhibit 8.7.5-1 (01-22-2024)****Form 3610, Audit Statement - Transferee with Limited Liability - One Year**

The following table shows how to prepare the Name of Taxpayer section on Form 3610 for a transferee with limited liability for one year.

Name of Taxpayer	SSN/EIN	Date Prepared
John Oriole, Transferee of the assets of XYZ Corporation, Transferor	XXX-11-1111	

For Kind of Tax, enter the type of tax for the transferor's liability.

Kind of Tax	Docket Number
Income	

The following table shows how to continue completing Form 3610 for a transferee with limited liability for one year for the Tax Period section.

Tax Period Ended	Tax	IRC 6662(a)	Liability of Transferee, Limited to:
12/31/1996	20,000	4,000	7,500.00*

The following shows a statement to be included at the bottom of Form 3610 for a transferee with limited liability for one year.

- \* Transferee liability limited to \$7,500.00, plus interest as provided for by law.



**Exhibit 8.7.5-2 (01-22-2024)****Form 3610, Audit Statement - Transferee with Limited Liability - Multiple Years**

The following table shows how to prepare the Name of Taxpayer section on Form 3610 for a transferee with limited liability for multiple years.

Name of Taxpayer	SSN/EIN	Date Prepared
John Oriole, Transferee of the assets of XYZ Corporation	XXX-11-1111	

For Kind of Tax, enter the type of tax for the transferor's liability.

Kind of Tax	Docket Number
Income	

The following table shows how to continue completing Form 3610 for a transferee with limited liability for multiple years for the Tax Period section.

Tax Period Ended	Tax	IRC 6662(a)	Liability of Transferee, Limited to:
12/31/1993	15,000.00	3,000.00	
12/31/1994	10,000.00	2,000.00	
12/31/1995	5,000.00	1,000.00	
12/31/1996	4,000.00	800.00	
Total	34,000.00	6,800.00	16,000.00*

The following shows a statement to be included at the bottom of Form 3610 for a transferee with limited liability for multiple years.

- \*Transferee liability limited to \$16,000.00, plus interest as provided for by law.



## Exhibit 8.7.5-3 (01-22-2024)

## Sample Form 1296, Assessment Against Transferee or Fiduciary

<b>Assessment Against Transferee or Fiduciary</b>		Type of Tax (Place an "X" in appropriate box)	
<i>(Prepare a separate form for each kind of tax for which a separate return was filed)</i>		<input checked="checked" type="checkbox"/> INCOME <input type="checkbox"/> ESTATE <input type="checkbox"/> GIFT <input type="checkbox"/> OTHER Specify _____	
TRANSFEROR ASSESSMENT		TRANSFEE OR FIDUCIARY ASSESSMENT	
TAXPAYER (Name and address) <b>William H. Eagle, Transferor</b> <b>123 Minnow Lane</b> <b>Anytown, USA 00000</b>		NAME AND ADDRESS <b>Carol J. Falcon, Transferee</b> <b>4567 Perch Blvd, Apt 123</b> <b>Anytown, USA 00000</b>	
TIN <b>XXX-00-XXXX</b>		EIN OR SSN <b>000-XX-0000</b>	
TAXABLE YEAR OR PERIOD	CODE SECTION	TAXABLE YEAR OR PERIOD	CODE SECTION
		<b>199512</b>	<b>6901(a)(1)</b>
TAX .....	\$	TAX .....	\$ <b>35,000.00</b>
PENALTY .....		PENALTY .....	
PENALTY .....		PENALTY .....	
INTEREST TO DATE ____/____/____		INTEREST TO DATE ____/____/____	
TOTAL .....	\$ <b>0.00</b>	TOTAL .....	\$ <b>35,000.00</b>
DISTRICT		DISTRICT	
ASSESSMENT DATE	ACCOUNT NO.	ASSESSMENT DATE	ACCOUNT NO.
DATE OF DEFICIENCY LETTER		DATE OF DEFICIENCY LETTER	

## REMARKS

\*Transferee liability limited to the value of assets received in the total amount of \$35,000.

Interest as provided by (state) law will apply at a rate of \_\_\_\_% from 03/05/2002, date of transfer of assets to 12/01/2002, date of Notice of Transferee Liability. Interest as per IRC 6601 is applicable on 12/01/2002 through full payment date.

See attachment for breakdown of transferor liability by period.

**Exhibit 8.7.5-4 (01-22-2024)****Attachment to Form 1296 - Transferee with Limited Liability – Multiple Years**

**WILLIAM FALCON, Transferor**  
**111 Main Street**  
**Anytown, USA 00000**

**SSN: XXX-00-XXXX****LIABILITY OF TRANSFEROR**

		<b>Additions to</b>	<b>Additions to</b>	<b>Additions to</b>
<b>Tax Period Ended</b>	<b>Tax</b>	<b>Tax</b>	<b>Tax</b>	<b>Tax</b>
	<b>Deficiency</b>	<b>IRC §6651(a)(1)</b>	<b>IRC §6651(a)(2)</b>	<b>IRC §6654</b>
12/31/1995	26,395.63	5,939.02	6,273.50	0.00
12/31/1996	25,191.00	5,667.97	6,297.75	1,297.99
12/31/1997	708.00	159.30	166.38	0.00
12/31/1998	6,122.50	1,554.75	794.65	0.00
<b>Total</b>	<b>58,417.13</b>	<b>13,321.04</b>	<b>13,532.28</b>	<b>1,297.99</b>

**CAROL PIGEON, Transferee**  
**1234 Elm Street**  
**Anytown, USA 00000**

**SSN: 000-XX-0000****LIABILITY OF TRANSFEE**

Income Tax

35,000.00

Transferee liability is limited to the value of assets received in the total amount of \$35,000.00.

Interest as provided by (State) law will apply at a rate of % from 03/05/2002, date of transfer of assets to 12/01/2002, date of Notice of Transferee Liability. Interest as per IRC 6601 is applicable on 12/01/2002 through full payment date.

**Exhibit 8.7.5-5 (01-22-2024)****Selectable Opening Paragraphs for Letter 3424**

1. The following opening paragraphs are generally used in letters addressed to transferees with respect to their liabilities for an unpaid deficiency of the transferor in income, estate, gift, excise and employment tax cases.
  - a. Selectable Paragraph 1 - Transferee of assets of transferor (select either income, estate, gift, excise taxes as a result of a liquidation of a corporation, partnership, or reorganization within the meaning of IRC 368(a) , or employment taxes when transferor's employment tax liability was based on worker classification issues under IRC 7436 ), full or limited liability:  
"We determined that you are liable for \$X.XX, plus interest as the law provides. This is your liability as transferee of assets of (transferor), (address), for unpaid (select either income, estate, gift, excise, employment) taxes due from (transferor), for the tax year ended December 31, (YYYY) as shown in the enclosed statement."
  - b. Selectable Paragraph 2 - Transferee of assets of first transferee (who received transfer of assets from transferor) (select either income, estate, gift, excise taxes as a result of a liquidation of a corporation, partnership, or reorganization within the meaning of IRC 368(a), or employment taxes when transferor's employment tax liability was based on worker classification issues under IRC 7436), full or limited liability:  
"We determined that you are liable for \$X.XX, plus interest as the law provides. This is your liability as transferee of assets of (first transferee),(address), for the unpaid (select either income, estate, gift, excise, employment) taxes due from (transferor) for the tax year ended December 31, (YYYY), as shown in the enclosed statement."
  - c. Selectable Paragraph 3 - Tax liability under 31 USC 3713(b), as fiduciary of (taxpayer) (select either income, estate, gift, excise taxes as a result of a liquidation of a corporation, partnership, or reorganization within the meaning of IRC 368(a), or employment taxes when transferor's employment tax liability was based on worker classification issues under IRC 7436):  
**We determined that you are liable for \$X.XX, plus interest as the law provides. This is your personal liability under 31 USC 3713(b), as fiduciary of (select either name of taxpayer of income, gift, excise, employment tax, or name of estate), as shown in the enclosed statement.**

**Exhibit 8.7.5-6 (01-22-2024)****Transferee Statements Attached to Letters**

Examples of statements for transferee Notices of Liability most commonly used by Appeals are shown below.

If the value of the assets received by a transferee is less than the unpaid tax liability of the transferor, modify the paragraphs to include the following language:

“Since the value of the assets you received amounted to \$ \_\_\_\_\_, your liability as transferee is limited to that amount.”

## Exhibit 8.7.5-6 (Cont. 1) (01-22-2024)

## Transferee Statements Attached to Letters

**Notice of Liability Statement - Full Liability for Unpaid Deficiency of Transferor**

See below for an example of how to prepare the notice of liability statement for transferee cases involving full liability for an unpaid deficiency of the transferor.

For transferee cases involving types of tax other than income tax, alter the statement to fit the type of tax.

**Notice of Liability Statement**

John Owl, Transferor  
(Enter address of  
Transferor) (Enter TIN of  
Transferor)

Tax liability for the tax years ended 12/31/2004 and 12/31/2005:

**Income Tax Deficiency**

	<u>Tax</u>	<u>Penalty Section IRC 6662(a)</u>
12/31/2004	8,000.00	1,600.00
12/31/2005	<u>5,000.00</u>	<u>1,000.00</u>
Totals	<u>\$13,000.00</u>	<u>\$2,600.00</u>

Interest as provided by law will be charged on the unpaid liability until it is paid in full.

Harry Pelican, Transferee  
(Enter address of  
Transferee) (Enter TIN of  
Transferee)

**Liability**

	<u>Tax</u>	<u>Penalty Section IRC 6662(a)</u>
12/31/2004	8,000.00	1,600.00
12/31/2005	<u>5,000.00</u>	<u>1,000.00</u>
Totals	<u>\$13,000.00</u>	<u>\$2,600.00</u>

It is determined that assets of John Owl, (enter transferor address) were transferred to you on or about (enter date). The above amounts are your liability as transferee of assets of John Owl for deficiencies in income tax and penalties due from John Owl for the tax years shown above.

**Exhibit 8.7.5-6 (Cont. 2) (01-22-2024)****Transferee Statements Attached to Letters****Notice of Liability Statement- Limited Liability for Unpaid Deficiency of Transferor**

See below for an example of how to prepare a notice of liability statement when the value of the assets received by the transferee is of a value less than the unpaid deficiency of the transferor. Since more than one year is involved in this example, show the transferee liability as one figure and do not allocate it to the various years.

For transferee cases involving types of tax other than income tax, alter the statement to fit the type of tax.

**Notice of Liability Statement**

John Owl, Transferor  
*(Enter address of Transferor)*  
*(Enter TIN of Transferor)*

Tax liability for the tax years ended 12/31/2004 and 12/31/2005:

**Income Tax Deficiency**

	<u>Tax</u>	<u>Penalty Section</u> <u>IRC 6662(a)</u>
12/31/2004	8,000.00	1,600.00
12/31/2005	<u>5,000.00</u>	<u>1,000.00</u>
Totals	<u>\$13,000.00</u>	<u>\$2,600.00</u>

Interest as provided by law will be charged on the unpaid liability until it is paid in full.

Harry Pelican, Transferee  
*(Enter address of Transferee)*  
*(Enter TIN of Transferee)*

Income Tax

Liability  
 \$9,000.00

It is determined that assets of John Owl, *(enter transferor address)* were transferred to you on or about *(enter date)*.

The above amount is your liability as transferee of assets of John Owl for deficiencies in income tax and penalties due from John Owl for the tax years shown above. Since the value of the assets you received amounted to \$9,000.00, your liability as a transferee is limited to that amount.

## Exhibit 8.7.5-6 (Cont. 3) (01-22-2024)

## Transferee Statements Attached to Letters

**Notice of Liability Statement - Full Liability for Unpaid Tax of Transferor**

See below for an example of how to prepare the notice of liability statement for transferee cases involving full liability for an unpaid original tax assessment of the transferor.

For transferee cases involving types of tax other than income tax, alter the statement to fit the type of tax.

**Notice of Liability Statement**

XYZ Corporation, Transferor  
(Enter address of  
Transferor) (Enter TIN of  
Transferor)

Tax liability for the tax years ended 9/30/2005 and 9/30/2006:

	<u>Income Tax</u>
9/30/2005	12,000.00
9/30/2006	<u>13,000.00</u>
Totals	<u>\$25,000.00</u>

Interest as provided by law will be charged on the unpaid liability until it is paid in full.

Harry Pelican, Transferee  
(Enter address of Transferee)  
(Enter TIN of Transferee)

	<u>Liability</u>
9/30/2005	12,000.00
9/30/2006	<u>13,000.00</u>
Totals	<u>\$25,000.00</u>

It is determined that assets of XYZ Corporation, (enter transferor address) were transferred to you on or about (enter date). The above amounts are your liability as transferee of assets of XYZ Corporation for unpaid income tax due from XYZ Corporation for the tax years shown above.

**Exhibit 8.7.5-6 (Cont. 4) (01-22-2024)****Transferee Statements Attached to Letters****Notice of Liability Statement - Limited Liability for Unpaid Original Tax of Transferor**

See below for an example of how to prepare a notice of liability statement when the value of the assets received by the transferee is of a value less than the unpaid original tax assessment of the transferor. Since more than one year is involved in this example, show the transferee liability as one figure and do not allocate it to the various years.

For transferee cases involving types of tax other than income tax, alter the statement to fit the type of tax.

**Notice of Liability Statement**

XYZ Corporation, Transferor  
(Enter address of  
Transferor) (Enter TIN of  
Transferor)

Tax liability for the tax years ended 9/30/2005 and 9/30/2006:

	<u>Income Tax</u>
9/30/2005	12,000.00
9/30/2006	<u>13,000.00</u>
Totals	<u>\$25,000.00</u>

Interest as provided by law will be charged on the unpaid liability until it is paid in full.

Harry Pelican, Transferee (Enter address of Transferee) (Enter TIN of Transferee)

Income Tax

Liability

\$20,000.00

It is determined that assets of XYZ Corporation, (enter transferor address) were transferred to you on or about (enter date). The above amount is your liability as transferee of assets of XYZ Corporation for unpaid income tax due from XYZ Corporation for the tax years shown above. Since the value of the assets you received amounted to \$20,000.00, your liability as a transferee is limited to that amount.



## Exhibit 8.7.5-6 (Cont. 5) (01-22-2024)

## Transferee Statements Attached to Letters

**Notice of Liability Statement - Transferee of Assets of a Corporation**

See below for an example of how to prepare the notice of liability statement for a transferee of the assets of a corporation. This case involves full liability for an unpaid deficiency of the transferor.

If the case involves an unpaid original tax assessment of the corporation, replace "a deficiency in income tax" in the last paragraph with the words "unpaid income tax."

**Limited Liability** - If there is limited liability, the liability amount listed under the transferee's name should show the limited liability of the transferee. In addition, add this sentence to the last paragraph: *Since the value of the assets you received amounted to \$\_\_\_\_\_, your liability as a transferee is limited to that amount.*

---

**Notice of Liability Statement**

ABCD Company, Transferor  
(Enter address of  
Transferor) (Enter TIN of  
Transferor)

Tax liability for the tax year ended 6/30/2006:

**Income Tax**

6/30/2006 \$16,500.00

Interest as provided by law will be charged on the unpaid liability until it is paid in full.

Richard Robin, Transferee  
(Enter address of  
Transferee) (Enter TIN of  
Transferee)

**Liability**

6/30/2006 \$16,500.00

It is determined that the ABCD Company, (enter transferor address), has been dissolved and that assets were transferred to you on or about (enter date). The above amount is your liability as transferee of assets of the ABCD Company for a deficiency in income tax due from the ABCD Company for the tax year shown above.

**Exhibit 8.7.5-6 (Cont. 6) (01-22-2024)****Transferee Statements Attached to Letters****Notice of Liability Statement - Transferee of Assets of a Deceased Taxpayer**

See below for an example of how to prepare the notice of liability statement for the transferee of the assets of an estate of a deceased taxpayer. This case involves full liability for an unpaid income tax deficiency of the transferor.

If the case involves an unpaid original tax assessment of the transferor, replace "a deficiency in income tax" in the last paragraph with the words "unpaid income tax."

**Limited Liability** - If there is limited liability, the liability amount listed under the transferee's name should show the limited liability of the transferee. In addition, add this sentence to the last paragraph: *Since the value of the assets you received amounted to \$\_\_\_\_\_, your liability as a transferee is limited to that amount.*

**Notice of Liability Statement**

Estate of Joe Seagull, Deceased, Transferor

*(Enter address of  
Transferor) (Enter TIN of  
Transferor)*

Tax liability for the tax year ended 12/31/2007:

**Income Tax**

12/31/2007 \$10,500.00

Interest as provided by law will be charged on the unpaid liability until it is paid in full.

Richard Robin, Transferee

*(Enter address of  
Transferee) (Enter TIN of  
Transferee)*

**Liability**

12/31/2007 \$10,500.00

It is determined that assets of the above-named decedent's estate were transferred to you on or about *(enter date)*. The above amount is your liability as a transferee of assets of the Estate of Joe Seagull for a deficiency in income tax due from his estate for the tax year shown above.

## Exhibit 8.7.5-6 (Cont. 7) (01-22-2024)

## Transferee Statements Attached to Letters

**Notice of Liability Statement - Deceased Transferee**

See below for an example of how to prepare the notice of liability statement to be attached to the transferee letter addressed to the decedent's estate for the liability of the decedent incurred prior to the date of his death as a transferee of the assets of a corporation.

If the case involves an unpaid original tax assessment of the transferor rather than a deficiency, change "payment of an income tax deficiency" to "payment of *unpaid income tax*". Also change "payment of the *deficiency*" to "payment of the *unpaid tax*".

**Limited Liability** - If there is limited liability, the liability amount listed under the transferee's name should show the limited liability of the transferee. In addition, add this sentence to the last paragraph: *Since the value of the assets you received amounted to \$XXXX, your liability as a transferee is limited to that amount.*

**Notice of Liability Statement**

ABCD Company, Transferor  
(Enter address of Transferor)  
(Enter TIN of Transferor)

Tax liability for the tax year ended 12/31/2005:

**Income Tax**

12/31/2005 \$12,300.00

Interest as provided by law will be charged on the unpaid liability until it is paid in full.

Estate of Joe Sparrow, Deceased, Transferee  
(Enter address of Transferee)  
(Enter TIN of Transferee)

(Enter name of administrator), Administrator  
(Enter address of administrator)

12/31/2005

**Liability**

\$12,300.00

It is determined that the ABCD Company, (enter address), has been dissolved, that assets were transferred to Joe Sparrow on or about (enter date), and that payment of an income tax deficiency in the amount of \$12,300.00 for the tax year shown above is due from that corporation.

The above amount represents the liability of the estate of Joe Sparrow for payment of the deficiency due from ABCD Company, which liability was incurred by Joe Sparrow during his lifetime as a transferee of assets of said corporation.

**NOTE TO TCS:** If the transferor is not a corporation but is an estate or other taxpayer, the above paragraphs should be changed to cover the facts in that particular case.

**Exhibit 8.7.5-6 (Cont. 8) (01-22-2024)****Transferee Statements Attached to Letters****Notice of Liability Statement - Transferee of a Transferee**

See below for an example of how to prepare the notice of liability statement for the transferee of a transferee of assets of a corporation.

This case involves full liability for an unpaid deficiency of the transferor. In this example ABCD Company was the transferor, and EFGH Corporation was the original transferee. But then EFGH Corporation was dissolved, and Richard Robin received assets of EFGH Corporation. EFGH Corporation is the first transferee and Richard Robin the second transferee. The notice of liability letter is addressed to Richard Robin.

If the case involves an unpaid original tax assessment of the transferor, replace "*an income tax deficiency*" in the last paragraph with the words "*unpaid income tax.*"

**Limited Liability** - If there is limited liability, the liability amount listed under the transferee's name should show the limited liability of the transferee. In addition, add this sentence to the last paragraph: *Since the value of the assets you received amounted to \$\_, your liability as a transferee is limited to that amount.*

**Notice of Liability Statement**

ABCD Company, Transferor  
(Enter address of Transferor)  
(Enter TIN of Transferor)

Tax liability for the tax year ended 12/31/2007.

12/31/2007	<u>Income Tax</u>
	\$24,000.00

Interest as provided by law will be charged on the unpaid liability until it is paid in full.

Richard Robin, Transferee (Enter Richard Robin's address) (Enter Richard Robin's TIN)

12/31/2007	<u>Liability</u>
	\$24,000.00

It is determined that the ABCD Company, (enter transferor address), has been dissolved, that assets were transferred to EFGH Corporation, (enter EFGH Corporation address), on or about (enter date), and that EFGH Corporation has been dissolved and its assets were transferred to you on or about (enter date).

The above amount is your liability as a transferee of assets of EFGH Corporation, transferee of assets of the ABCD Company for an income tax deficiency due from ABCD Company for the taxable year shown above.

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**NOTE TO TCS:** If the transferor is not a corporation but is an estate or other taxpayer, the above paragraphs should be changed to cover the facts in that particular case.

**Exhibit 8.7.5-6 (Cont. 9) (01-22-2024)****Transferee Statements Attached to Letters****Notice of Liability Statement -Trustees**

See below for an example of how to prepare the notice of liability statement for trustees of a decedent's estate where the duly qualified executors or administrators have been discharged and they or others have been appointed trustees. This case involves full liability for an unpaid deficiency of the transferor.

If the case involves an unpaid original tax assessment, replace "a deficiency in income tax" in the last paragraph with the words "unpaid income tax."

**Limited Liability** - If there is limited liability, the liability amount listed under the transferee's name should show the limited liability of the transferee. In addition, add this sentence to the last paragraph: *Since the value of the assets you received amounted to \$\_\_\_\_, your liability as a transferee is limited to that amount.*

**Notice of Liability Statement**

Estate of Joe Owl, Deceased, Transferor

(Enter address of Transferor)

(Enter TIN of Transferor)

Tax liability for the tax year ended 12/31/2007:

12/31/2007

Income Tax

\$22,100.00

Interest as provided by law will be charged on the unpaid liability until it is paid in full.

Estate of Joe Owl, Deceased, Transferee

Richard Owl, Trustee

(Enter Richard Owl's address)

Clara Owl, Trustee

(Enter Clara Owl's address)

12/31/2007

Liability

\$22,100.00

It is determined that Richard Owl and Clara Owl were the qualified executor and executrix\* of the Estate of John Owl, Deceased, until they were discharged as such on (enter date) and that they have been since that time and are now the trustees of that estate.

The above amount represents the liability of the trust created under the will of John as transferee of assets of his estate for a deficiency in income tax due from him (or his estate) for the tax year shown above.

\* **Note to TCS:** This can be the executor and/or executrix and/or administrator

**Exhibit 8.7.5-6 (Cont. 10) (01-22-2024)****Transferee Statements Attached to Letters****Notice of Liability Statement - Fiduciary with Personal Liability - Income Tax**

See below for an example of how to prepare the notice of liability statement to be attached to the transferee letter addressed to a fiduciary who has incurred personal liability for payment of the tax of an estate under 31 U.S.C. 3713(b) through failure to observe the priority of the United States. Richard Crow is the fiduciary.

This is one format for a fiduciary with personal liability for income tax. If you don't have the information needed for the first paragraph shown below, you can use the following more general paragraph instead: *It is determined that you have served as a fiduciary of the estate of the decedent named above, and that you, as a fiduciary, paid certain debts or distributed the assets without first satisfying the tax due to the United States from the estate in violation of the federal priority provided in 31 U.S.C. section 3713(a).*

If the case involves an unpaid original tax assessment, replace "a deficiency of income due" in the last paragraph with the words "unpaid income tax due."

**Notice of Liability Statement**

Estate of Joe Gull, Deceased

(Enter address)

(Enter TIN)

Tax liability for the tax year ended 12/31/2007:

12/31/2007	<u>Income Tax</u>
	\$15,000.00

Interest as provided by law will be charged on the unpaid liability until it is paid in full.

Richard Crow (Enter address) (Enter TIN)

12/31/2007	<u>Liability</u>
	\$15,000.00

It is determined that you were served with proof(s) of claim by the United States on (enter date(s)). The records of the (enter name of court), (enter address), show the Estate of John Gull, Deceased, was closed on (enter date), and that certain debts were paid or distribution of the assets was made after such service without first satisfying the tax due to the United States from the estate in violation of the federal priority provided in 31 U.S.C. section 3713(a).

The above amount is your personal liability under 31 U.S.C. section 3713(b), for a deficiency of income tax due from the Estate of John Gull, Deceased, for the tax year shown above.

## Exhibit 8.7.5-6 (Cont. 11) (01-22-2024)

## Transferee Statements Attached to Letters

**Notice of Liability Statement Fiduciary with Personal Liability - Estate Tax Return**

See below for an example of how to prepare the notice of liability statement to be attached to the estate tax transferee letter addressed to a fiduciary who has incurred personal liability for payment of the estate tax of an estate under 31 U.S.C. 3713(b), through failure to observe the priority of the United States. Robert Crow is the fiduciary.

This is a format for a fiduciary with personal liability when an estate tax return has been filed.

**Notice of Liability Statement**

Estate of Joe Gull, Deceased  
(Enter address)  
(Enter TIN)

Date of Death: 10/12/2006

Estate Tax  
\$15,000.00

Interest as provided by law will be charged on the unpaid liability until it is paid in full.

Robert Crow  
(Enter address)  
(Enter TIN)

Date of Death: 10/12/2006

Liability  
\$15,000.00

It is determined that you have served as a fiduciary of the estate of the decedent named above, that the estate tax liability of the estate has not been paid, and that you, as a fiduciary, paid a debt or debts, or distributed the estate in whole or in part without first paying the estate tax liability. Accordingly, under 31 U.S.C. section 3713(b), as amended, you are personally liable for the unpaid estate tax to the extent of such payments and distributions. The above amount is your personal liability.

**Exhibit 8.7.5-6 (Cont. 12) (01-22-2024)****Transferee Statements Attached to Letters****Notice of Liability Statement - Transferee received property after decedent's death**

See below for an example of how to prepare the notice of liability statement to be attached to the estate tax transferee letter addressed to a transferee of property received from an estate after a decedent's death

---

**Notice of Liability Statement**

Estate of Joe Gull, Deceased, Transferor  
(Enter  
address)  
(Enter TIN)

Date of Death: 6/28/2005	<u>Estate Tax</u>
	\$19,280.00

Interest as provided by law will be charged on the unpaid liability until it is paid in full.

Robert Crow, Transferee  
(Enter  
address)  
(Enter TIN)

Date of Death: 6/28/2005	<u>Liability</u>
	\$19,280.00

It is determined that property of the Estate of John Owl, Deceased, was transferred to you on or about (*enter date*). The liability of the estate for estate tax has not been discharged. The above amount is your liability as a transferee of property of that estate. Your liability does not exceed the value of the property you received.

Paragraph to include on the statement, if appropriate:

The estate tax return filed by the executor (*or executrix or administrator*) on Form 706 has been verified as filed except as follows:  
(*Show changes as in usual setup to the estate.*)



## Exhibit 8.7.5-6 (Cont. 13) (01-22-2024)

## Transferee Statements Attached to Letters

**Notice of Liability Statement**  
**Transferee received property before the decedent's death**

See below for an example of how to prepare the notice of liability statement to be attached to the estate tax transferee letter addressed to a transferee of property transferred by the decedent during his/her life, or insurance, powers of appointment, and jointly owned property with right of survivorship:

**Notice of Liability Statement**

Estate of Joe Gull, Deceased, Transferor  
(Enter  
address)  
(Enter TIN)

Date of Death: 04/15/2007

Estate Tax  
\$22,000.00

Interest as provided by law will be charged on the unpaid liability until it is paid in full.

Robert Roe, Trustee and Transferee  
or  
(Insurance beneficiary and  
transferee) or  
(Trustee, Insurance beneficiary and transferee)  
(Enter  
address)  
(Enter TIN)

Date of Death: 04/15/2007

Liability  
\$22,000.00

**First paragraph to include on the statement:**

It is determined that property included in the gross estate of the decedent named above for the purpose of estate tax was transferred to or received by you on or about (enter date), and that the liability of the estate for estate tax has not been discharged.

***Note to TCS: See next page for additional paragraphs to include on the notice of liability statement.***

**Exhibit 8.7.5-6 (Cont. 14) (01-22-2024)****Transferee Statements Attached to Letters****Notice of Liability Statement**

See below for additional paragraphs to include on the notice of liability statement.

**Second paragraph to include on the statement - Select one of the following paragraphs:**

The above amount is your liability as transferee and trustee of property under a trust created by the decedent on (*enter date*), of which you are trustee. The amount of your liability does not exceed the value of the property you received,

**OR**

The above amount is your liability as transferee and trustee of insurance upon the life of John Swan, Deceased, the policy (or policies) numbered having been issued by your company. The proceeds of the insurance are being held in whole or in part by your company and the income (or the income and part of the principal) is being paid to a designated beneficiary (or beneficiaries). The amount of your liability does not exceed the amount of insurance.

**OR**

The above amount is your liability as a transferee of property from the decedent during his lifetime on or about (*enter date*) and also from the estate at or after his death. The amount of your liability does not exceed the value of the property you received.

**Third paragraph to include on the statement, if appropriate:**

The estate tax return filed by the executor (*executrix or administrator*) on Form 706 has been verified as filed except as follows:

(*Show changes as in usual setup to the estate.*)

**NOTE:** Combinations and variations of the above statement will be necessary.

Each one should be worded to cover the particular case, care being exercised to combine with "transferee" the appropriate term "trustee" or "insurance beneficiary" or both.

## Exhibit 8.7.5-6 (Cont. 15) (01-22-2024)

## Transferee Statements Attached to Letters

**Notice of Liability Statement - Transferee of Property as a Gift**

See below for example of how to prepare the notice of liability statement to be attached to the gift tax transferee letter addressed to a transferee of property from an individual as a gift:

**Notice of Liability Statement**

John Dove,  
Donor (*Enter  
address*) (*Enter  
TIN*)

12/31/2009

Gift Tax  
\$3,750.00

Interest as provided by law will be charged on the unpaid liability until it is paid in full.

Richard Robin, Transferee  
(*Enter address of  
Transferee*) (*Enter TIN of  
Transferee*)

12/31/2009

Liability  
\$3,750.00

It is determined that on or about (*enter date*) John Dove transferred property to you as a gift (*or gifts*) and that the gift tax liability has not been paid. The above amount is your liability as a transferee of the property you received.

*Paragraph to include on the statement, if appropriate:*

The gift tax return by the donor (*executor*) on Form 709 has been verified as filed except as follows:  
(*Show usual setup.*)

**Exhibit 8.7.5-6 (Cont. 16) (01-22-2024)****Transferee Statements Attached to Letters****Notice of Liability Statement Fiduciary with Personal Liability - Gift Tax Return**

See below for an example of how to prepare the notice of liability statement to be attached to the gift tax transferee letter addressed to a fiduciary who has incurred personal liability for payment of the gift tax of a deceased donor under 31 U.S.C. section 3713(b), through failure to observe the priority of the United States:

This is a format for a fiduciary with personal liability when a gift tax return has been filed.

**Notice of Liability Statement**

Joe Dove, Donor  
(Enter address)  
(Enter TIN)

12/31/2008	<u>Gift Tax</u>
	\$1,600.00

Interest as provided by law will be charged on the unpaid liability until it is paid in full.

Richard Robin (Enter address) (Enter TIN)

12/31/2008	<u>Liability</u>
	\$1,600.00

It is determined that you have served as executor (*or administrator*) of the Estate of Joe Dove, Deceased. At the time of his death, he was indebted to the United States for gift tax upon the transfer of certain property as a gift (*or gifts*). It also appears that you, as fiduciary, paid a debt or debts of the decedent or distributed the estate in whole or in part after notification of such indebtedness without first discharging the gift tax liability. Accordingly, under 31 U.S.C. section 3713(b), you are personally liable for the undischarged gift tax to the extent of such payments and distributions. The above amount is your personal liability.

**Paragraph to include on the statement, if appropriate:**

The gift tax return by the donor (executor) on Form 709 has been verified as filed except as follows:

(Use same setup as to donor)

## Exhibit 8.7.5-6 (Cont. 17) (01-22-2024)

## Transferee Statements Attached to Letters

**Notice of Liability Statement - Trustee & Transferee Received Property as a Gift**

See example below of how to prepare the notice of liability statement to be attached to a gift tax transferee letter addressed to a trustee as transferee of property received from an individual as a gift in trust for the benefit of others:

**Notice of Liability Statement**

John Dove, Donor  
(Enter address)  
(Enter TIN)

12/31/2006

Gift Tax  
\$6,000.00

Interest as provided by law will be charged on the unpaid liability until it is paid in full.

ABCD Trust Co., Trustee and Transferee  
(Enter address of Transferee)  
(Enter TIN of Transferee)

12/31/2006

Liability  
\$6,000.00

It is determined that on or about (enter date) John Dove transferred property to you as gifts under a trust (or trusts) (dated ) for the benefit of a certain person(s) named therein, and that the gift tax liability has not been discharged. The above amount is the liability of your company as trustee and transferee of the property you received.

**Paragraph to include on the statement, if appropriate:**

The gift tax return by the donor (executor) on Form 709 has been verified as filed except as follows:

(Show same setup as to donor.)

## Exhibit 8.7.5-7 (01-22-2024)

## Full Liability Transferee Notice


**Department of the Treasury  
Internal Revenue Service  
Independent Office of Appeals**

[Street address]

[City, State ZIP]

 ROBERT ROBIN, TRANSFEREE  
1234 SALMON STREET  
ANYTOWN, USA 00000-0000

Date:

Person to contact:

Name:

Employee ID number:

Telephone:

Fax:

Hours:

Taxpayer ID number:

XXX-00-XXXX

Form:

1040

Date of death (for estate tax):

Last day to file petition with US Tax Court:

Certified Mail



## Notice of Transferee or Fiduciary Liability

Tax Year Ended	<input type="checkbox"/>	12/31/2000	12/31/2001		
Tax		\$6,832.00	\$6,959.00	\$0.00	\$0.00
Penalties and/or Additions to Tax					
IRC Section 6662(a)		\$1,366.00	\$1,392.00	\$0.00	\$0.00

 Add  
Row
 Delete  
Row

Dear Mr Robin:

**Why we're sending you this letter**

We determined that you are liable for \$16,549.00, plus interest as the law provides. This is your liability as transferee of assets of John Pelican, 1040 Marlin Street, Anytown, USA 00000-0000, for unpaid income taxes due from John Pelican, for the tax year ended December 31, 2000 and December 31, 2001, as shown in the enclosed statement.

**If you agree with the notice of transferee or fiduciary liability**

If you agree with our determination, sign the enclosed waiver and return it to us at the address shown above. Sending this now can help limit interest accruals.

**If you disagree with the notice of transferee or fiduciary liability**

If you want to contest our final determination, you have 90 days from the date of this letter (150 days if addressed to you outside of the United States) to file a petition with the United States Tax Court.

**How to file your petition**

You can get a petition form and the rules for filing a petition from the Tax Court's website at [www.ustaxcourt.gov](http://www.ustaxcourt.gov), by contacting the Office of the Clerk at the address below, or by calling 202-521-0700. Do **not** send your petition form to the Internal Revenue Service. Send your completed petition form, a copy of this letter, copies of all statements and schedules you received with this letter and a filing fee payable by check or money order to the "Clerk, United States Tax Court", to the address below:

 United States Tax Court  
400 Second Street, NW  
Washington, DC 20217

If this notice shows more than one tax year, you can file one petition form showing all the years you disagree with.

 Letter 3424 (Rev. 5-2021)  
Catalog Number 31591E

## Exhibit 8.7.5-7 (Cont. 1) (01-22-2024)

## Full Liability Transferee Notice

<b>Waiver of Restrictions on Assessment and Collection of Transferee or Fiduciary Liability</b>						Date received by Internal Revenue Service
Name of Transferee or Fiduciary Robert Robin			Name of Taxpayer John Pelican			
Identification number XXX-00-XXXX			Taxpayer Identification Number 000-00-XXXX			
Address of Transferee or Fiduciary 1234 Salmon Street			Address of Taxpayer 1040 Marlin Street			
City Anytown	State USA	ZIP code 00000	City Anytown	State USA	ZIP code 00000	
<b>Liability of the above transferee or fiduciary for the following liability(ies) of the above taxpayer, subject to the limitation below.</b>						
<small>The liabilities listed below represent [insert an appropriate statement consistent with IRM 4.8.9.17.5.4]. This represents the undersigned's liability as transferee of assets of John Pelican, 1040 Marlin Street, Anytown, USA 00000, for income tax, penalties, plus interest as provided by law, due from said John Pelican.</small>						
<b>Tax Period Ended</b>	<b>Tax</b>	<b>Penalties</b>				
		IRC 6662(a)				
12/31/2000	\$6,832.00	\$1,366.00				
12/31/2001	\$6,959.00	\$1,392.00				
<i>(For instructions, see back of form)</i>						
<b>Consent to Assessment and Collection</b>						
<small>I consent to the immediate assessment and collection of any liability shown above. I understand that by signing this waiver, I will not be able to contest this liability in the United States Tax Court, except as additional transferee or fiduciary liability is determined for these years.</small>						
Transferee or Fiduciary signature here					Date	
Transferee or Fiduciary Representative here					Date	
Corporate name					Date	
Corporate Officer(s)		Title			Date	
Sign here		Title			Date	

**Exhibit 8.7.5-7 (Cont. 2) (01-22-2024)**  
**Full Liability Transferee Notice**

Page 2

Name of Transferee or Fiduciary

Robert Robin

Identification number

XXX-00-XXXX

Name of Taxpayer

John Pelican

Taxpayer Identification Number

000-00-XXXX

**Instructions for Form 870-T, Waiver of Restrictions on Assessment and Collection of  
Transferee or Fiduciary Liability****General Information**

If you consent to the assessment of the transferee or fiduciary liability shown in this waiver, please sign and return the form in order to limit any interest charge and expedite the adjustment to your account. Your consent will not prevent you from filing a claim for refund (after you have paid the liability) if you later believe you are so entitled. It will not prevent us from later determining, if necessary, that you owe additional liability; nor extend the time provided by law for either action.

If you later file a claim and the Service disallows it, you may file suit for refund in a district court or in the United States Claims Court, but you may not file a petition with the United States Tax Court.

**Who Must Sign**

If this waiver is for a corporation, it should be signed with the corporation name, followed by the signatures and titles of the corporate officers authorized to sign. An attorney or agent may sign this waiver provided such action is specifically authorized by a power of attorney which, if not previously filed, must accompany this form.

If this waiver is signed by a person acting in a fiduciary capacity (for example, an executor, administrator, or a trustee) Form 56, Notice Concerning Fiduciary Relationship, should, unless previously filed, accompany this form.

Form **870-T** (Rev. 8-2015) Catalog Number 52446C publish.no.irs.gov Department of the Treasury - Internal Revenue Service



## Exhibit 8.7.5-7 (Cont. 3) (01-22-2024)

## Full Liability Transferee Notice

**Notice of Liability Statement**

John Pelican, Transferor  
 1040 Marlin Street  
 Anytown, USA 00000  
 SSN: 000-00-XXXX

Tax liability for the tax years ended 12/31/2000 and 12/31/2001.

**Income Tax Deficiency**

	<u>Tax</u>	<u>Penalty Section</u> <u>IRC 6662(a)</u>
12/31/2000	6,832.00	1,366.00
12/31/2001	<u>6,959.00</u>	<u>1,392.00</u>
Totals	<u>\$13,791.00</u>	<u>\$2,758.00</u>

Interest as provided by law will be charged on the unpaid liability until it is paid in full.

Robert Robin, Transferee  
 1234 Salmon Street  
 Anytown, USA 00000  
 SSN: XXX-00-XXXX

**Liability**

	<u>Tax</u>	<u>Penalty</u> <u>IRC 6662(a)</u>
12/31/2000	6,832.00	1,366.00
12/31/2001	<u>6,959.00</u>	<u>1,392.00</u>
Totals	<u>\$13,791.00</u>	<u>\$2,758.00</u>

It is determined that assets of John Pelican, 1040 Marlin Street, Anytown, USA 00000 were transferred to you on or about June 1, 2002. The above amounts are your liability as transferee of assets of John Pelican for deficiencies in income tax and penalties due from John Pelican for the tax years shown above.

**Exhibit 8.7.5-7 (Cont. 4) (01-22-2024)**  
**Full Liability Transferee Notice**

Form <b>5278</b> (Rev. June 2011)		<b>Statement - Income Tax Changes</b>		Page 1 of 1 Schedule
<b>1. Name(s) of taxpayer(s)</b> John Pelican		<b>2.</b> <input type="checkbox"/> Notice of Deficiency <input checked="" type="checkbox"/> Other <input type="checkbox"/> Settlement Computation <u>Notice Transferee Liability</u>		
<b>3. Taxpayer Identification Number</b> 000-00-XXXX	<b>4. Form number</b> 1040	<b>5. Docket number</b>	<b>6. Office symbols</b>	
		Tax Year(s) Ended		
<b>7. Adjustments to income</b>		<b>12/31/2000</b>	<b>12/31/2001</b>	
a. Schedule C Loss		33,670.00	33,100.00	
b.				
c.				
d.				
e.				
f.				
g.				
h.				
<b>8. Total adjustments</b>		33,670.00	33,100.00	
<b>9. Taxable income as shown in</b>				
<input type="checkbox"/> Preliminary letter dated _____		6,298.00	9,876.00	
<input type="checkbox"/> Notice of deficiency dated _____				
<input checked="" type="checkbox"/> Return as filed				
<b>10. Taxable income as revised</b>		39,968.00	42,976.00	
<b>11. Tax</b>				
Tax Method <u>Tax Table</u>		7,781.00	8,437.00	
Filing Status <u>Single</u>				
<b>12. Alternative tax, if applicable</b>				
<b>13. Alternative minimum tax (Starting in tax year 2000)</b>				
<b>14. Corrected tax liability - (lesser of line 11 or 12 plus line 13)</b>		7,781.00	8,437.00	
<b>15. Less credits</b>				
a.				
b.				
c.				
<b>16. Balance - (line 14 less total of lines 15a - 15c)</b>		7,781.00	8,437.00	
<b>17. Plus other taxes</b>				
a.				
b.				
c.				
<b>18. Total corrected tax liability - (line 16 plus lines 17a - 17c)</b>		7,781.00	8,437.00	
<b>19. Total tax shown on return or as previously adjusted</b>		949.00	1,478.00	
<b>20. Adjustments: increase or (decrease) to:</b>				
a.				
b.				
c.				
<b>21. Deficiency - Increase in tax (overassessment - decrease in tax) (line 18 less line 19 adjusted by lines 20a - 20c)</b>		6,832.00	6,959.00	
<b>22. Adjustments to prepayment credits - Increase (decrease)</b>				
<b>23. Balance due or (Overpayment) excluding interest and penalties (line 21 adjusted by line 22)</b>		6,832.00	6,959.00	
<b>24. Penalties and/or Additions to Tax (listed below)</b>				
IRC 6662(a) Note to TCS: Tax comp. scheds. & explanations for the transferor are attached to the notice of liability of the transferee. Use SSN/EIN of the transferor in these scheds. which are only necessary if the notice involves deficien. (not unpd orig tax) of the transferor.		1,366.00	1,392.00	

Form **5278** (Rev. 6-2011) Catalog Number 23735U

publish.no.irs.gov

Department of the Treasury - Internal Revenue Service

**Exhibit 8.7.5-7 (Cont. 5) (01-22-2024)****Full Liability Transferee Notice*****Explanation of Adjustment for Full Liability Transferee Notice (Cont)***

John Pelican, Transferor

Schedule 2

**Explanation of Adjustments****a) Schedule C Loss**

It is determined that the amounts of \$33,670.00 for tax year ended December 31, 2000 and \$33,100.00 for tax year ended December 31, 2001, claimed as losses from horse racing are not allowed. It has not been established that the losses from such activity constitute a bona fide business venture entered into for profit. Further, it has not been established that the claimed expenses were incurred or, if incurred, paid by you during the taxable years for ordinary and necessary business expenses, or that any claimed amount qualifies as a deduction under the provisions of the Internal Revenue Code. Accordingly, your taxable income is increased \$33,670.00 and \$33,100.00 for the taxable years 2000 and 2001, respectively.

*Note to preparer of this Explanation of Adjustment schedule: Schedule 3 is not included in this exhibit. Schedule 3 is the RGS or Excel penalty computation.*

**Exhibit 8.7.5-8 (01-22-2024)****Limited Liability for Transferee- Notice Letter, Form 870-T, and Statement**
**Department of the Treasury  
Internal Revenue Service  
Independent Office of Appeals**

[Street address]

[City, State ZIP]

 ROBERT ROBIN, TRANSFEREE  
1234 SALMON STREET  
ANYTOWN, USA 00000-0000

Date:

Person to contact:

Name:

Employee ID number:

Telephone:

Fax:

Hours:

Taxpayer ID number:

XXX-00-XXXX

Form:

1040

Date of death (for estate tax):

Last day to file petition with US Tax Court:

Certified Mail ☐**Notice of Transferee or Fiduciary Liability**

Tax Year Ended <input type="checkbox"/>	12/31/2000	12/31/2001		
Tax	\$6,832.00	\$6,959.00	\$0.00	\$0.00
Penalties and/or Additions to Tax				
IRC Section 6662(a)	\$1,366.00	\$1,392.00	\$0.00	\$0.00

 Add  
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Dear Mr. Robin:

**Why we're sending you this letter**

We determined that you are liable for \$10,000.00, plus interest as the law provides. This is your liability as transferee of assets of John Pelican, 1040 Marlin Street, Anytown, USA 00000-0000, for unpaid income taxes due from John Pelican, for the tax year ended December 31, 2000 and December 31, 2001, as shown in the enclosed statement.

**If you agree with the notice of transferee or fiduciary liability**

If you agree with our determination, sign the enclosed waiver and return it to us at the address shown above. Sending this now can help limit interest accruals.

**If you disagree with the notice of transferee or fiduciary liability**

If you want to contest our final determination, you have 90 days from the date of this letter (150 days if addressed to you outside of the United States) to file a petition with the United States Tax Court.

**How to file your petition**

You can get a petition form and the rules for filing a petition from the Tax Court's website at [www.ustaxcourt.gov](http://www.ustaxcourt.gov), by contacting the Office of the Clerk at the address below, or by calling 202-521-0700. Do **not** send your petition form to the Internal Revenue Service. Send your completed petition form, a copy of this letter, copies of all statements and schedules you received with this letter and a filing fee payable by check or money order to the "Clerk, United States Tax Court", to the address below:

 United States Tax Court  
400 Second Street, NW  
Washington, DC 20217

If this notice shows more than one tax year, you can file one petition form showing all the years you disagree with.

**Letter 3424 (Rev. 5-2021)**  
Catalog Number 31591E

## Exhibit 8.7.5-8 (Cont. 1) (01-22-2024)

## Limited Liability for Transferee- Notice Letter, Form 870-T, and Statement

<b>Waiver of Restrictions on Assessment and Collection of Transferee or Fiduciary Liability</b>					Date received by Internal Revenue Service	
Name of Transferee or Fiduciary Robert Robin			Name of Taxpayer John Pelican			
Identification number XXX-00-XXXX			Taxpayer Identification Number 000-00-XXXX			
Address of Transferee or Fiduciary 1234 Salmon Street			Address of Taxpayer 1040 Marlin Street			
City Anytown	State USA	ZIP code 00000	City Anytown	State USA	ZIP code 00000	
<b>Liability of the above transferee or fiduciary for the following liability(ies) of the above taxpayer, subject to the limitation below.</b>						
<p>The liabilities listed below represent [insert an appropriate statement consistent with IRM 4.8.9.17.5.4]. A redetermination of the income tax liability of John Pelican, 1040 Marlin St, Anytown, USA 00000, for the tax years ended 12/31/2000 and 12/31/2001 discloses deficiencies in income tax and penalties as shown above. \$10,000.00 of the amount of the deficiencies, plus interest as the Internal Revenue Code provides, represents the undersigned's liability as transferee of assets of John Pelican, 1040 Marlin St, Anytown, USA 00000 for income tax and penalties, plus interest as provided by law, due from John Pelican.</p>						
<b>Tax Period Ended</b>	<b>Tax</b>	<b>Penalties</b>				
		IRC 6662(a)				
12/31/2000	\$6,832.00	\$1,366.00				
12/31/2001	\$6,959.00	\$1,392.00				
<i>(For instructions, see back of form)</i>						
<b>Consent to Assessment and Collection</b>						
I consent to the immediate assessment and collection of any liability shown above. I understand that by signing this waiver, I will not be able to contest this liability in the United States Tax Court, except as additional transferee or fiduciary liability is determined for these years.						
Transferee or Fiduciary signature here					Date	
Transferee or Fiduciary Representative here					Date	
Corporate name					Date	
Corporate Officer(s)		Title		Date		
Sign here		Title		Date		

**Exhibit 8.7.5-8 (Cont. 2) (01-22-2024)****Limited Liability for Transferee- Notice Letter, Form 870-T, and Statement**

Page 2

Name of Transferee or Fiduciary

Robert Robin

Identification number

XXX-00-XXXX

Name of Taxpayer

John Pelican

Taxpayer Identification Number

000-00-XXXX

**Instructions for Form 870-T, Waiver of Restrictions on Assessment and Collection of Transferee or Fiduciary Liability****General Information**

If you consent to the assessment of the transferee or fiduciary liability shown in this waiver, please sign and return the form in order to limit any interest charge and expedite the adjustment to your account. Your consent will not prevent you from filing a claim for refund (after you have paid the liability) if you later believe you are so entitled. It will not prevent us from later determining, if necessary, that you owe additional liability; nor extend the time provided by law for either action.

If you later file a claim and the Service disallows it, you may file suit for refund in a district court or in the United States Claims Court, but you may not file a petition with the United States Tax Court.

**Who Must Sign**

If this waiver is for a corporation, it should be signed with the corporation name, followed by the signatures and titles of the corporate officers authorized to sign. An attorney or agent may sign this waiver provided such action is specifically authorized by a power of attorney which, if not previously filed, must accompany this form.

If this waiver is signed by a person acting in a fiduciary capacity (for example, an executor, administrator, or a trustee) Form 56, Notice Concerning Fiduciary Relationship, should, unless previously filed, accompany this form.

Form **870-T** (Rev. 8-2015) Catalog Number 52446C publish.no.irs.gov Department of the Treasury - Internal Revenue Service

**Exhibit 8.7.5-8 (Cont. 3) (01-22-2024)****Limited Liability for Transferee- Notice Letter, Form 870-T, and Statement****Limited Liability for Transferee****Notice of Liability Statement**

AP:XX:XX:XX

John Pelican, Transferor  
 1040 Marlin Street  
 Anytown, USA 00000  
 SSN: 000-00-XXXX

Tax Liability for tax years ended 12/31/2000 and 12/31/2001

**Income Tax Deficiency**

	<u>Tax</u>	<u>Penalty-IRC 6662(a)</u>
December 31, 2000	\$6,832.00	\$1,366.00
December 31, 2001	<u>\$6,959.00</u>	<u>\$1,392.00</u>
Totals	\$13,791.00	\$2,758.00

It is determined that you are liable for the accuracy-related penalty imposed under Section 6662(a) of the Internal Revenue Code for the tax years ended 12/31/2000 and 12/31/2001 because you were negligent (or disregarded rules or regulations) and you have not shown you had reasonable cause for the underpayment of tax and that you acted in good faith. The penalty is 20 percent of the portion of the underpayment of tax which is attributable to negligence (or disregard of rules or regulations).

Robert Robin, Transferee  
 1234 Salmon Street  
 Anytown, USA 00000  
 SSN: XXX-00-XXXX

	<u>Liability</u>
Income Tax	\$10,000.00

It is determined that the assets of John Pelican, 1040 Marlin Street; Anytown, USA 00000, were transferred to you on or about June 1, 2002.

The amount shown above represents your liability as transferee of assets of John Pelican, 1040 Marlin Street, Anytown, USA 00000, for deficiencies in income tax and penalties for tax years ended 12/31/2000 and 12/31/2001. Since the value of the assets you received amounts to \$10,000.00, your liability as a transferee is limited to that amount, plus interest as provided for by law.

