

INTERIM IRM PROCEDURAL UPDATE

DATE: 06/20/2012

NUMBER: SBSE-05-0612-1251

SUBJECT: ID Theft

AFFECTED IRM(s)/SUBSECTION(s): 5.18.1.10.2.3.13.5

CHANGE(s):

IRM 5.18.1.10.2.3.13.5 – Changes made to section to clarify existing procedures and (13) added TC582.

1. Identity theft occurs when someone uses an individual's personal information, such as name, Social Security Number (SSN), or other identifying information without permission, to commit fraud or other crimes. Taxpayers may notify the IRS when they believe they may have experienced an identity theft incident. In these instances, taxpayers must provide documentation to establish that they are identity theft victims. See (5) below for substantiation documentation.
2. Prior to corresponding for substantiation documentation and marking an account with TC 971 AC 522 PNDCLM or IRSID, research ENMOD/IMFOLE to ensure the account has not already been marked for the same tax year/incident. **. If the coding already exists do not input a second code for the same tax year/incident.**
3. TC 971 AC 522 Administrative Source Codes are input in the ENMOD with MISC field indicators describing the facts and circumstances of the case. The TC971 AC 522 and Valid MISC fields are provided in the table below:

Term/ Acronym	Description: Administrative Source Code	Secondary Date Field
Pending Allegation of Identity Theft (PNDCLM)	The taxpayer makes a allegation of identity theft. The taxpayer has not yet provided supporting documentation as required by IRM 10.5.3 (Form 14039 or police report and personal identification).	Reflects the tax year of the identity theft incident.
No Documentation Required from the Taxpayer (NODCRQ)	The taxpayer alleges identity theft and the following conditions exist: 1. There is a posted/unreversed TC971 AC501/506 or TC971 AC522 INCOME,MULTFL,INCMUL,	Reflects the tax year of the identity theft incident.

	NOFR, or OTHER and the posted transaction falls within the 3 year period as described in IRM 10.5.3.2.5(9).	
IRS identified incident of identity theft (IRSID)	During the normal course of business, the IRS suspects identity theft occurred and the case is not yet resolved.	Reflects the tax year of the identity theft incident.
Unworkable Inventory (UNWORK)	Cases internally identified as having some characteristics of an identity theft case but due to resource constraints have not been fully vetted. Note: Limited for use by HQ Policy analysts in CI, AUR, Pre-Refund Program (PRP) and TAP.	Reflects the tax year of the identity theft incident.
Acceptable Documentation Received from the Taxpayer: INCOME:Reported under TPs SSN without their consent or knowledge. MULTFL:Two or more returns filed for the same tax period under the same SSN. INCMUL:Both income reporting and multiple filings apply. NOFR: Victim is not required to file a tax return. OTHER: Situation does not relate to any existing Tax Administration Source types	Available for use by all employees upon receipt of complete/legible documentation (Form 14039 and personal identification per IRM 10.5.3.2.5(8)). Note: The following elements as applicable to document type must be clear and easily read: taxpayer's name, date of birth, place of birth, address, date of issue, expiration date and any identifying numbers (passport number, driver's license number etc.).	Reflects the tax year of the identity theft incident.

- The SECONDARY-DT field is a required field. The tax year substantiated as Identity Theft should be input using the format MMDDYYYY
4. If Administrative Source Codes are not present in ENMOD, the taxpayer has not provided substantiation documentation and states they may be a victim of identity theft send either Corrospendex Letter 2626C, 239C or a Q-Note, to request documentation of Identity Theft. Include the following special paragraph: "To verify misuse of your Social Security Number, please send a copy of your valid U.S. federal or state government issued identification (driver's license, social security card, passport, etc. and a copy of a police report or the IRS affidavit Form 14039"
 5. The following documentation is required for a taxpayer to substantiate Identity Theft:
 - Authentication of Identity - A copy of a valid U.S. federal or state government issued form of identification (Example: driver's license, state identification card, social security card, passport, etc.)
 - Evidence of Identity Theft - a copy of a police report or the IRS affidavit Form 14039. See also IRM 10.5.3
 - When a taxpayer claims they are the victim of Identity theft the account should be updated in the ENMOD (FRM77) with a TC 971 AC 522 PDCLM see table in (3) for MISC field entries. Correspond for the required substantiation documentation as defined above only if the documentation has never been received by the service.

NOTE: On Form 14039, Identity Theft Affidavit, if you cannot issue a final response within 90 days from the earliest IRS received date and the box is checked stating "I am a victim of identity theft and I believe this incident is affecting my tax records, "then an interim letter is required. IRM 21.3.3.4.2.2.1

6. Taxpayer Does Not Respond to Requests For Supporting Documentation - NORPLY: In situations where the taxpayer alleges identity theft and has not provided the supporting documents as requested, mark the taxpayer's account using Command Code (CC) REQ77 initiated from ENMOD to input a TC 972 AC 522 reflecting a Tax Administration Source Code NORPLY, and the tax year of the identity theft incident. See 10.5.3.2.6 (2) Exhibit 10.5.3–13 for additional information.
7. Identity Theft Did NOT Occur - NOIDT: In the course of resolving an identity theft allegation, it is determined that identity theft did not occur, it will be necessary to reverse the pending claim. Employees will mark accounts where it is determined that identity theft did not occur, using Command Code (CC) REQ77 initiated from ENMOD to input a TC 972 AC 522 reflecting a Tax Administration Source Code NOIDT, and the tax year of the identity theft incident. See 10.5.3.2.6(3) and Exhibit 10.5.3–13 for additional information.
8. IF/THEN chart when account has been identified as ID Theft

IF the taxpayer states they are	THEN
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<p>a victim of identity theft, provides the required documentation, and removal of the income results in a tax balance that is ## or more</p>	
<p>And a 30 -day letter was issued,</p>	<ul style="list-style-type: none"> • Remove the identity theft income from ASFR and update the case major. • Choose menu #28 on the ASFR Entity screen to input a history on the module showing partial income was removed due to identity theft. • Update the module to ST031 to update the audit screen and issue a corrected letter. • There are several entries required to mark the IDT account prior to closing <ul style="list-style-type: none"> a. Ensure there is a TC971 AC 522 on the account to indicate documentation was received. See the table in (3) above for further guidance on MISC field entries; if there is not a TC971 AC522 present then one must be input to the ENMOD. b. Input TC971 with AC501 to CC ENMOD to close the case. <p>NOTE: When the TC971 AC501 is input a CP01 will systemically generate to the taxpayer with notification that documentation was received and verified.</p> <ul style="list-style-type: none"> • Send Q-Note advising the taxpayer that the case has been resolved. <p style="text-align: center;">Retain identity theft verification to be associated with the ASFR default.</p>
<p>And a 90 -day letter was issued,</p>	<ul style="list-style-type: none"> • Remove the identity theft income from ASFR and update the case

	<p>major.</p> <ul style="list-style-type: none"> • Choose menu #28 on the ASFR Entity screen to input a history on the module showing partial income was removed due to identity theft. • Update the module to ST031 to update the audit screen and issue a corrected letter. • There are several entries required to mark the IDT account prior to closing <ul style="list-style-type: none"> a. Ensure there is a TC971 AC 522 on the account to indicate documentation was received. See the table in (3) above for further guidance on MISC field entries; if there is not a TC971 AC522 present then one must be input to the ENMOD. b. Input TC971 with AC501 to CC ENMOD to close the case. <p style="text-align: center;">NOTE: When the TC971 AC501 is input a CP01 will systemically generate to the taxpayer with notification that documentation was received and verified.</p> c. Send Q-Note advising the taxpayer that the case has been resolved. <p style="text-align: center;">Retain identity theft verification to be associated with the ASFR default.</p>
<p>And there is a default assessment posted on IDRS,</p>	<ul style="list-style-type: none"> • Input a TC291 adjustment to correct the default assessment (including appropriate reference amounts, withholding, and estimated penalty). Associate taxpayer's Identity Theft verification with the adjustment. • Ensure there is a TC971 AC 522 on the account to indicate documentation was received. See the

	<p>table in (3) above for further guidance on MISC field entries; if there is not a TC971 AC522 present then one must be input to the ENMOD.</p> <ul style="list-style-type: none"> • Resolve any credits. • Input TC971 AC501 to CC ENMOD. <p>NOTE: When the TC971 AC501 is input a CP01 will systemically generate to the taxpayer with notification that documentation was received and verified.</p> <ul style="list-style-type: none"> • Send Q-Note advising the taxpayer that the case has been resolved.
<p>IF the taxpayer states that they are a victim of identity theft , provides the required substantiation documentation, AND removal of the income results in a tax balance of less than ##</p>	<p>Then</p>
<p>And a 30-Day Letter was issued,</p>	<ul style="list-style-type: none"> • On IDRS, input a TC 590 CC 88, TC 290 for \$.00 and TC 887 for .01-. Associate the taxpayer's verification with the adjustment as a source document. • Resolve any credits. See IRM 5.19.2.6.8 • There are several entries required to mark the IDT account prior to closing <p>a. Ensure there is a TC971 AC 522 on the account to indicate documentation was received. See the table in (3) above for further guidance on MISC field if there is not a TC971 AC522 present then one must be input to the ENMOD.</p> <p>b. Input TC971 with AC501 to CC ENMOD to close the case.</p>

	<p>c. Update ASFR to Status 076.</p> <p>NOTE: When the TC971 AC501 is input a CP01 will systemically generate to the taxpayer with notification that documentation was received and verified.</p> <p>d. Send Q-Note advising the taxpayer that the case has been resolved.</p>
<p>And a 90-Day Letter was issued,</p>	<ul style="list-style-type: none"> • On IDRS, input a TC 590 CC 88, TC 290 for \$.00 and TC 887 for .01- ,TC 495. Associate the taxpayer's verification with the adjustment as a source document. • There are several entries required to mark the IDT account prior to closing <ul style="list-style-type: none"> a. Ensure there is a TC971 AC 522 on the account to indicate documentation was received. See the table in (3) above for further guidance on MISC field entries; if there is not a TC971 AC522 present then one must be input to the ENMOD. b. Input TC971 with AC501 to CC ENMOD to close the case. <ul style="list-style-type: none"> ○ Resolve any credits. See IRM 5.19.2.6.8 ○ Update ASFR to Status 076. <p>NOTE: When the TC971 AC501 is input a CP01 will systemically generate to the taxpayer with notification that documentation was received and verified.</p> <ul style="list-style-type: none"> • Send Q-Note advising the taxpayer that the case has been resolved.
<p>And there is a default</p>	<ul style="list-style-type: none"> • Back out the ASFR assessment.

assessment posted to IDRS,	<ul style="list-style-type: none"> • Associate the taxpayer's verification with the adjustment as a source document. • There are several entries required to mark the IDT account prior to closing <ul style="list-style-type: none"> a. Ensure there is a TC971 AC 522 on the account to indicate documentation was received. See the table in (3) above for further guidance on MISC field entries; if there is not a TC971 AC522 present then one must be input to the ENMOD. b. Input TC971 with AC501 to CC ENMOD to close the case. c. Resolve any credits. See IRM 5.19.2.6.8 <p style="text-align: center;">NOTE: When the TC971 AC501 is input a CP01 will systemically generate to the taxpayer with notification that documentation was received and verified.</p> • Send Q-Note advising the taxpayer that the case has been resolved.
IF the taxpayer does not respond or provide documentation,	Then
And a 30-Day Letter was issued,	<ul style="list-style-type: none"> • Continue ASFR processing. Input TC 972 AC 522 NORPLY in FRM77. Update ASFR to Status 030 if the follow-up date has not expired. If the follow-up date has expired update ASFR to Status 030 using the expired follow-up date. IRM 5.18.1.7.15. • Per local procedures, close or update IDRS control. Input activity that ASFR processing will continue. • Notify Taxpayer that ASFR processing will

	continue.
And a 90-Day Letter was issued,	<ul style="list-style-type: none"> • Continue ASFR processing. Input TC 972 AC 522 NORPLY in FRM77. Update on ASFR is not necessary unless the module is in a failed condition status or any other status that suspends the case. • Per local procedures, close or update IDRS control. Input activity that ASFR processing will continue. • Notify Taxpayer that ASFR processing will continue.
And there is a default assessment posted to IDRS,	<ul style="list-style-type: none"> • On IDRS, input a TC 290 for .00, and close your control. Input activity that taxpayer's response was insufficient. • Notify taxpayer that response was insufficient and that collection activity will resume.

9. The SECONDARY-DT field is a required field. The tax year substantiated as Identity Theft should be input using the format MMDDYYYY
10. When deleting wages, correct the taxpayer's records by preparing Form 9409, IRS/SSA Wage Worksheet. Mail Form 9409 to the Social Security Administration (SSA) at the following address:

Social Security Administration
Division of Business Services
300 N. Greene Street
4-D-15, 4th Floor, North Building
Baltimore, MD 21290

NOTE: Document the history sheet or AMS as appropriate to show that Form 9409 was mailed to SSA.

11. Cases meeting TAS criteria 5-7 and involve ID Theft

Identity Theft cases meeting TAS criteria 5-7 will now be referred to the AM IPSU Team.

1. As part of the Identity Theft Program, the AM IPSU Team will begin assisting taxpayers whose situations meet TAS criteria 5 -7 AND involve identity theft. Applicable cases will now be considered IPSU criteria. Interim Guidance Memorandum (IGM) Control No.: TAS-13.1.7-0309-003 for TAS authority on what is eligible and what is not eligible for referral to IPSU.
IRM 13.1.7.2 TAS Case Criteria regarding TAS Criteria. See IGM for the 8 exceptions to IPSU processing.
2. If a case meets IPSU criteria, refer the case to AM IPSU using Form 4442, Referral. Forward the referral via secure e-mail to ## when available, or by fax to the ID Theft fax line ## by COB the day the criteria was identified. The referral MUST contain all taxpayer's correspondence with any attachments/documentation received with the case.
3. An 86C letter or other applicable letter to the taxpayer is required.

Processing Form 14103, Identity Theft Assistance Request (ITAR) received from IPSU

ASFR may receive Form 14103 Identity Theft Assistance Request (ITAR) from IPSU, follow these procedures:

1. Acknowledge receipt of IPSU referred identity theft cases using Form 14103 within 5 business days, via secured email or fax number provided by the AM IPSU employee on the Form 14103, Section II, Box 3.
 2. Process identity theft cases referred using Form 14103 as priority (similar to a TAS OAR).
 3. Review Section IV, Specific Assistance Requested, and determine whether the recommended action is appropriate and the requested completion date is reasonable.
 4. Contact the IPSU employee shown in Section II if there are questions regarding the recommended action or if additional time is required. The Tax Examiner and IPSU employee should reach an agreement on the substantive case issues, recommended actions, follow-up and completion dates.
12. Global Review requests from Identity Protection Specialized Unit (IPSU)
- a. IPSU will fax F14027 to the ASFR functional liaison. The functional liaison will assign to an employee within 2 business days and the employee will acknowledge receipt within 2 business days. Every 60 days, IPSU should be contacting the functional liaison for follow-up. Refer to 10.5.3 ID Theft IRM for additional instruction for conducting Global Review.
 - b. When the case is resolved, complete F14027 through section VIII and return to IPSU through the ASFR liaison.

13. If it is determined that an ASFR assessment was processed on an ID Theft case, and if when reversed the tax liability is zero, and there is a TC 360 (lien fee assessment) posted, abate the Lien Fee. If there is a TC 582

- o Prepare Form 13794 "Request for Release, Partial Release, of Notice of Federal Tax Lien." In the Request for Full Release section of F13794 check box 9 indicating Erroneous Lien.
- o Fax F13794 to the Collection Advisory for the state where the lien was filed.

- a. Collection Advisory contacts can be found under the Who/Where tab on the SERP Home Page as "Advisory Units Contact List"
- b. Include with the Form an explanation regarding the abatement situation.

NOTE: Since ASFR does not have access to the Automated Lien System (ALS), include a note asking Advisory to complete the SLID and Tsign.

14. Effective January 30, 2012, Compliance functions will no longer forward Identity Theft referrals to Accounts Management (AM) for post function adjustment work. SB/SE Compliance Identity Theft referrals will be routed to the Designated Identity Theft Adjustment (DITA) team located in Philadelphia and all Wage and Investment (WI) Reporting Compliance Identity Theft referrals will be routed to the Compliance Post Adjustment Teams (CPAT) located in Austin and Fresno.

1. These procedures apply **only** to Identity Theft cases. Any non-Identity Theft mixed entity or scrambled SSN cases will follow normal IRM procedures and be referred to Accounts Management.
2. Send the taxpayer an 86C letter advising them that the case has been referred to CPAT/DITA for final resolution.
3. All WI Campus Compliance ID Theft referrals are routed to CPAT

AUSC

FSC

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Internal Revenue Service

Internal Revenue Service

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NOTE: If AUSC works a W&I or

NOTE: If FSC works a W&I or

SBSE BOD case and post adjustment work is needed the case should be routed to CPAT in AUSC.

SBSE BOD case and post adjustment work is needed the case should be routed to CPAT in FSC.

4. All SBSE Campus Compliance ID theft referrals are routed to the DITA team located in Philadelphia Campus.

PSC

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Internal Revenue Service

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NOTE: If BSC works a SBSE or W&I BOD case and post adjustment work is needed the case should be routed to DITA in Phili.

15. Referral Documents:

1. Completed Forms 4442 with specific instructions on actions needed to correct accounts.
2. Include the ID theft claim, supporting documents, and any documents pertinent to the ID Theft determination that **are NOT** available electronically.
3. Do not print and forward documents already available for viewing on CIS through AMS.
4. Do not attach IDRS prints.
5. Incomplete referrals will be rejected back to the originating functions.

16. Referring Functions:

- o Forms 4442 will be prepared, printed and attached to the case documents routed to CPAT/DITA. When preparing Form 4442, input the sender's function in Part 1, Box 4 Location, i.e. ASFR
 - a. E-mail or fax/E-fax the Forms 4442 if there are no attachments.
 - b. Fax/E-fax the Forms 4442 if there are attachments.
 - c. Mail the Forms 4442 if there is an original return.

- d. Austin, Fresno Compliance functions may hand-walk or use internal delivery.
 - o All ITAR and ID Theft TAO account resolution referrals will be routed to CPAT/DITA.
 - o Case controls are established by the referring function to identify the CPAT/DITA site and case type. Follow instructions for inputting case controls provided in the IDT Control Base Input Job Aid. Once received, the CPAT/DITA team will re-assign the control base for staging and monitoring purposes.

17. Control Category Code TPPI is designated for all Compliance identity theft cases.

18. The referring campus will input the Assignee Employee Number based on the CPAT/DITA alignments:

- a. AUSC CPAT – 0684700000
- b. FSC CPAT – 1069800000
- c. PSC DITA - 0560100000

19. The following control field inputs are used for consistency in monitoring referrals. The IRS Received Date is the received date of the taxpayer’s complete ID theft claim (F. 14039 and required substantiation documents) or the date of IRS-identified ID theft action:

Case Status	Activity Codes	Definition	IRS Received Date
A	IDCOLIDT2F IDCOLIDT2A IDCOLIDT2P	<ul style="list-style-type: none"> • ASFR/CSCO F 4442 referral action completed and forwarded to FSC (F), AUSC (A) or PSC (P), includes global reviews 	IRS Received Date
A	ITRCOLIDT2F ITRCOLIDT2A ITRCOLIDT2P	<ul style="list-style-type: none"> • ITAR ASFR/CSCO F4442 referral action completed and forwarded to FSC (F), AUSC (A), or PSC (P), includes global reviews. • ID- referring campus ID number from table below. 	Received date of F 14103
A	TASCOLIDT2F TASCOLIDT2A TASCOLIDT2P	<ul style="list-style-type: none"> • TAS ASFR/CSCO F 4442 referral action completed and forwarded to FSC (F), AUSC (A), or PSC (P) includes global reviews. • ID- referring campus ID 	

number from table below.

SBSE Campus	ID Code	WI Campus	ID Code
Brookhaven	19	Austin	18
		Fresno	89

20. Example of referring control base for ASFR referral to CPAT AUSC would be:

ACTON

C#,IDCOLIDT2F,A,TPPI

0684700000,06182012(XMIT)

21. If control bases are required by other programs, example TAS, then a separate control base is opened to track the ID Theft actions.

22. the following references are available:

- a. IRM 2.3.12.2 CASE Control Using Command Code ACTON
- b. SERP IDRS Command Code Job Aid - ACTON

23. CPAT/DITA Procedures

1. Upon receipt, CPAT/DITA will update the control base and assign the account to employee number 99999 to indicate receipt. the case status will be updated to S Suspense. For example:

ACTON

C#,,S,TPPI

0684799999,02142012

2. CPAT/DITA will stage the referrals by the control Activity code and Social Security Number (SSN)
3. OARs and ITARs received from the functions are worked as a priority by the CPAT/DITA teams.
4. CPAT/DITA teams will monitor their inventory using the following weekly reports available through Control D: CCA4243, CCA4242, CCA4244
5. Inventory receipts and closures, including a listing of open TINs will be provided to the applicable HQ analysts on a monthly basis.