



**INTERNAL
REVENUE
SERVICE**

**PRIVATE COLLECTION
AGENCY (PCA)
POLICY AND PROCEDURES GUIDE**

April 04, 2017

THIS IS BEING PROVIDED TO PRIVATE COLLECTION AGENCIES FOR DEVELOPMENT ASSISTANCE AND CANNOT BE REPRODUCED WITHOUT PERMISSION OF THE INTERNAL REVENUE SERVICE.

Effective Date
(04-04-2017)

Purpose

(1) This transmits a revision for the Private Collection Agency (PCA) Policy & Procedures Guide.

Material Changes

(1) The procedures in the PCA Policy & Procedures Guide apply to Private Debt Collectors contracted by the Department of Treasury, Internal Revenue Service.

Section	Change
4.3 Data Files	Added a note that the IRS provided name line will only display 35 characters and the primary or secondary name may appear truncated.
4.3.3 Data Exchange File	Corrected payment agreement to payment arrangement.
5 PCA Letters	Added a note that the IRS provided name line will only display 35 characters and the primary or secondary name may appear truncated.
5.3 Initial Contact Letter	Added clarification that a separate letter is required for each module to be sent to the taxpayer and authorized representative.
5.4 Payment Arrangement Acceptance Letters	Changed the word agreement to arrangement.
5.5 Terminated Payment Arrangement	Added clarification that a specific employee name, phone and unique identification number will be included when available.
5.8 Annual Reminder Notice	Removed the sentence that the initial contact letter includes the balance of the liability. Added clarification that a separate annual reminder notice is required for each module to be sent to the taxpayer and authorized representative.
5.9 Correspondence Response	Added this letter requirement, when the taxpayer requests, written contact information for TIGTA.
5.10 Cover Letter	Added this letter to provide the taxpayer and their authorized third party with requested forms and instructions.
5.11 Fax Coversheet	Added this coversheet requirement when faxing information

6.3.3 Answering Machines	Added a table to provide guidance when leaving a message on an answering machine when there is reasonable belief the taxpayer will receive the message and when there is not.
6.4.1 Required Authentication Probes	Added a note that the IRS provided name line will only display 35 characters and the primary or secondary name may appear truncated. Reformatted this section to a table.
6.4.2 Additional Authentication Probes	Added instruction that the PCA can request the first five digits of the taxpayer's SSN and then provide the last four digits, when the taxpayer is willing to continue the discussion and the TAN is not available.
6.6.3 Tax Information Authorization	Added instruction that when the TIA cannot verify their CAF number, the PCA may attempt to verify the address of the TIA. Do not disclose any information about the taxpayer until the TIA can verify the CAF number or address.
7 Correspondence	Changed the timeframe from immediately to within 5 business days for the technical analyst to review correspondence that is outside the PCA's criteria to resolve.
7.3.1 Documenting Misdirected Payments	Removed the requirement to mail the Form 4287 to the IRS. The supervisor or designee will prepare Form 3210 to record all remittances and forward to the IRS. The IRS acknowledged Form 3210 will be associated with the original and Form 4287. Removed the requirement to maintain a log, Form 4287B.
7.3.3 Sending Misdirected Payments to the IRS	Added instruction that the misdirected payment and Form 3210 will be sent to the IRS, instead of the Form 4287. The IRS will return the acknowledged Form 3210 to the PCA within 7 business days.
7.4 Misdirected Tax Return	Added instruction to forward misdirected tax returns to the IRS with Form 3210.
8 Payments	Added instruction to encourage taxpayers to make and monitor payments electronically via www.irs.gov .
10.2.1 Voluntary Payments	Added instructions for the PCA to hold the account 10 business days from the date the voluntary payment was requested and initiate the return of the account back to the IRS.

10.2.2 Alternative Collection Resolution	Changed the word should to must inform the taxpayer that alternative collections resolutions are available through the IRS at www.irs.gov .
11.2 Payment Arrangements for Separated or Divorced Taxpayers	Replaced the word agreements with arrangements.
11.5 Monitoring Payment Arrangements	Replaced the word agreement with arrangement. Included instruction to secure appropriate approvals when restructuring payment terms.
11.5.1 Retention of Accounts	Replaced the word agreement with arrangement.
11.5.2 Missed Payments	Added the definition of a missed payment. Changed the requirement for the PCA to contact the taxpayer within 15 calendar days of the missed payment. Added "with appropriate approval" to the If/Then table, to clarify restructured payment arrangement terms. Replaced the word agreement with arrangement.
12.10.1 What to do when contacted by a taxpayer in a disaster/emergency area	Replaced the word agreement with arrangement.
12.20 Passport Accounts	Replaced the word agreement with arrangement.
13.2 Mailing Information to the IRS	Added reference to Exhibit G for required information when sending misdirected payments or misdirected forms/tax returns to the IRS.
14 Recall and Return of Accounts	Added a bullet, TAS initiates the recall of the account.
16.1 PCA Requirements	Added instruction when the IRS receives a complaint from a taxpayer by phone, the taxpayer will be referred to TIGTA. Complaints received by the IRS through internal channels will also be forwarded to the TIGTA - Office of Investigations for triage and investigative consideration. Removed the reference to within 24 hours of receipt with regard to referring taxpayers to TIGTA. Provided clarification that the COR will notify the PCA when a complaint is investigated by TIGTA. Added instruction for the PCA to deliver to the COR in an electronic format no later than the 7th business day after the end of the monthly reporting cycle month.
16.2 IRS Response	Moved the first paragraph to section 16. Removed the sentences referencing that the COR may determine administrative actions are necessary and will discuss with the PCA.

17.1 Performance Management Report	Revised this section to include the reporting metrics, based cycles times and due dates outlined in Exhibit M.
17.2 Contact Report	Renamed this section and revised to include the reporting metrics for in and outbound calls, based on cycle times and due dates outlined in Exhibit M.
17.3 Additional Reports	Renamed this section and provided instruction for method and delivery times of the required reports.
17.3.1 Initial Contact Letter Report	Revised this section to include the reporting metrics and delivery times.
17.3.2 Return Tracking Report	Revised this section to include the reporting metrics and delivery times.
17.3.3 Complaint Report	Revised this section to include the reporting metrics and delivery times.
17.3.4 Monthly Invoice	Revised this section to include the reporting metrics and delivery times.
17.3.5 PCA Quality Reviews	Revised this section to include the reporting metrics referenced in Exhibit L and deliver times.
Exhibit A - Contact List	Revised addresses and stop number for misdirected payments, tax returns and IRS forms. Provided web site for TIGTA - Office of Investigations.
Exhibit B - Acronyms, Abbreviations and Definitions	Added to the definition of recall of taxpayer account - TAS initiates recall. Added the term Taxpayer Assistance Order and definition.
Exhibit F - Form 3210 - Blank	Renumbered this exhibit for a blank Form 3210 and removed the Form 4287B.
Exhibit G(1) - Form 3210 - Misdirected Payment	Renumbered this exhibit for Form 3210 - misdirected payment.
Exhibit G(2) - Form 3210 - Misdirected Form/Return	Renumbered this exhibit for Form 3210 - misdirected form/return.
Exhibit L - Quality Attributes	Added the exhibit to display the PCA quality attributes the PCA will rate.
Exhibit M - Monthly Reports - Cycle times and due dates	Added the exhibit to display the reporting cycle times and due dates.

Effect on Other Documents

Private Collection Agency (PCA) Policy and Procedures Guide (03-02-2017) is superseded.

Audience

Private Debt Collectors contracted by the Department of Treasury, Internal Revenue Service.

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1 INTRODUCTION

On December 4, 2015, the president signed into law the Fixing America's Surface Transportation Act, or "FAST Act." The legislation includes a provision requiring the U.S. Department of the Treasury, Internal Revenue Service (IRS) to use private debt collection agencies to collect unpaid federal tax.

The IRS is providing the Private Collection Agency (PCA) this *Private Collection Agency Policy and Procedures Guide* in compliance with the IRS performance work statement. The PCA Policy and Procedures Guide may be updated on a quarterly basis, dependent upon IRS requirements. Any revisions of the PCA Policy and Procedures Guide will be provided to the PCA by the Contracting Officer (CO) and/or the Contracting Officer's Representative (COR).

2 TRAINING OF PCA EMPLOYEES

The PCA is expected to train all employees to ensure adherence to applicable laws and regulations and the PCA Policy and Procedures Guide issued by IRS. The PCA will conduct additional training to inform its employees of all changes in operational procedures, laws or regulation as they are modified or updated.

Each PCA employee will sign a certification form for all training provided. The forms must be forwarded to the IRS Contracting Officer's Representative (COR) and will be maintained on file by the PCA and will be available for review at the request of IRS.

Additional training will be provided by the Taxpayer Advocate Service (TAS) and Treasury Inspector General for Tax Administration (TIGTA) Office of Investigations.

3 DATA SECURITY

Federal tax returns and return information are extremely sensitive and must be treated in a secure manner.

To comply with the required protections, the PCA must:

- ▶ Ensure access is restricted to only those persons whose official duties or responsibilities require access.
- ▶ Protect and ensure privacy in a manner consistent with IRS guidelines.

Refer to **Section 13** for safeguarding requirements when mailing or faxing information to the IRS.

3.1 Protection Required for Tax Information

The PCA work space and the electronic systems that store tax return information, must meet security standards outlined in the IRS contract and provided during training.

Access to tax returns and return information as defined in IRC § 6103(b) must be restricted to only those employees with duties that require access to that specific information. The Taxpayer Browsing Protection Act of 1974 prohibits IRS employees and contractors from "browsing" accounts not being worked by that employee or making unauthorized disclosures also apply to PCA employees.

3.2 Destruction of Tax Information

All documents, electronic and/or hardcopy must be maintained and cannot be destroyed, until instructed otherwise.

The confidentiality of tax returns and return information must be protected. This protection extends to any copies as well as any printed output. When tax information is no longer needed or printed material must be disposed of, the material must be either provided to the IRS or destroyed in the secure manner specified in the IRS contract. Tax returns and return information must never be disclosed during disposal. Material requiring secure disposition includes both materials supplied by the IRS to the PCA and PCA generated material such as extra copies, photo impressions, computer printouts, notes, and work papers.

3.2.1 Methods and Timing of Destruction

Any spoilage or intermediate hard copy printout, which may result during the processing of IRS data, shall be given to the IRS Contracting Officer's Representative (COR). When this is not possible, the PCA will be responsible for the destruction of the spoilage or any hard copy printouts, and shall provide the IRS COR with a statement containing the date of destruction, description of material destroyed, and the method used. Destruction of material should take place bi-weekly.

Spoilage or hard copy printout will be shredded to strips 5/16 inch wide or smaller. Shredding to 5/16 inch is required to be considered safely destroyed. Any non-electronic documents must be destroyed by shredding, burning, mulching, pulping or disintegration.

3.3 "Official Use Only" Information

Any IRS information made available, or to which access is provided, and that is marked or should be marked "Official Use Only", must be used only for the purpose of carrying out the provisions of the contract and must not be divulged or made known in any manner to any person except as may be necessary in the performance of the contract.

At the request of the IRS or at the time of contract expiration, any and all IRS "Official Use Only" and other proprietary information supplied to the PCA under the contract must be returned or destroyed per **Section 3.2** above.

4 INVENTORY MANAGEMENT

4.1 Dead Cycles

IRS processing is based on weekly cycles. The IRS systems update during the first three weeks of January. This period is known as the "dead cycles". During the dead cycles, IRS systems do not post/process updated information to reflect any changes (i.e. payments, adjustments) to the taxpayer's account. The IRS "dead cycles" occur as follows:

- ▶ Individual accounts - first three weeks in January
- ▶ Business accounts - first two weeks in January

During this period, no new cases will be assigned to the PCA; however, the PCAs will continue to receive daily files. The daily files transferred will continue to reflect pending transactions. Pending data has yet to pass the IRS validity checks, but may be useful in identifying next steps on the taxpayer's account. Any pending data during this three week period that is validated will generally post in week four.

The updates during the dead cycles should not be used to balance PCA records. PCAs may process existing cases normally during the dead cycles; however, the balance due will not be updated.

4.2 Maintaining the Taxpayers Account

When case assignments involve multiple tax periods for one account, this guide will refer to either the "entity" or "tax periods". The "entity" is defined as the primary TIN and all associated Master File Tax (MFT) and tax periods. The MFT is a two digit code that identifies the type of tax form. When this guide refers to a "tax period" it is defined as a specific tax period and month (YYYYMM), such as 201012.

The PCA must maintain a record of account (ROA) in the PCA's system for each entity worked. The ROA must be maintained in chronological order and used to record all significant actions. General comments maintained on an entity will apply to all tax periods. Items which apply only to a specific MFT and tax period must be clearly documented to allow a reader to understand that only a certain MFT and tax period is involved. At a minimum, the following items must be recorded:

- ▶ The basis for a payment arrangement
- ▶ The terms of the payment arrangement

- ▶ All verbal or written contacts with taxpayers

The PCA must maintain correspondence and the ROA for each taxpayer account so it can be readily located and produced whenever requested by the IRS.

The PCA will receive the name line data for each module as contained in IRS records. The current name line may be for one taxpayer (primary) or two taxpayers (primary and secondary). For accounts with a secondary taxpayer, the address of record (AOR) on the entity file will provide both the primary and secondary taxpayer name and only the primary taxpayer address.

When inventory is passed to the PCAs from the IRS, the name control of the entity, which is the first four letters of a taxpayer's last name, is passed to the PCAs as well as the module name line.

4.3 Data Files

The IRS delivers accounts to the PCA electronically and receives data electronically from the PCA. The accounts contain all necessary information for the PCA to pursue collection. The data files must be reviewed prior to making any contact with the taxpayer.

The information contained in these transmissions includes (not all inclusive):

- ▶ Taxpayer Name*
- ▶ SSN/EIN
- ▶ Tax period and form
- ▶ Balance Due
- ▶ Two and four week payoff figures
- ▶ Taxpayer's last known contact information

* **NOTE:** The IRS provided name line (entity record) only displays 35 characters and the primary or secondary name may be truncated.

4.3.1 Daily Transaction File

The daily transaction file contain pending transactions, such as pending payments, that have not yet posted to master file but have been input into the IRS systems. This processing would be transmitted several times a week. The daily transaction file must be reviewed prior to making any contact with the taxpayer. The files may contain information requiring the PCA to react to a situation or cease all contact and collection activity.

Transaction Code (TC) 999 is used to represent emergency stop processing and will be passed to the PCA via the daily file. Identification of this code requires the PCA to suspend all contact and collection activity. This code will be used in concurrence with the bankruptcy transaction that will cause an IRS initiated recall.

4.3.2 Weekly Files

These files are sent to the PCA weekly and contain:

- ▶ New accounts assigned
- ▶ Notice of balance due modules waiting to be assigned
- ▶ Updates on accounts already assigned (e.g. payment transactions)
- ▶ Accounts being recalled by the IRS
- ▶ New and/or updated Power of Attorney, Tax Information Authorization or authorized representative (see **Section 6.6**)

The weekly files will be available every Tuesday and must be reviewed prior to making any contact with the taxpayer. For example, while monitoring a payment arrangement, the PCA can identify payment transactions and delinquent returns in the weekly files.

Weekly files should also be reviewed for Taxpayer Service Return Processing Category (TRCAT) codes. These TRCAT codes are of significance to the PCA:

- TRCAT 150 – new or existing taxpayer module(s)
- TRCAT 095* – balance due notice module not yet assigned to the PCA
- TRCAT 080 – payment arrangement

- TRCAT 999 – full pay or left PCA inventory
- TRCAT 018, 020, 025, 030, 035, 040* – indicates a pending claim that will affect the tax liability (see below for special instructions)

A pending claim may increase or decrease the tax. When a TRCAT indicates a pending claim is present, the PCA should ask the taxpayer if the claim will full pay the module and:

- If the claim will full pay the module, then the PCA should suspend collection activity on the module for 60 calendar days, or until the claim is resolved and the TRCAT changes to either 150 or 999, whichever is later.

Exception: If there are other modules assigned and the taxpayer can set up a payment arrangement, collection can continue and the module with the pending claim must be included in the arrangement.

- If the claim will not full pay the module, the PCA may resume collection action on the module.

***NOTE:** There may be multiple modules on an account. If a **pending claim** or **balance due notice module** is identified, the PCA may continue collection action on the other modules.

4.3.3 Data Exchange File

The PCA will be required to send specific information to the IRS in a data exchange file (XML). For example; payment arrangement information, date of death, primary TIN, input of transaction type values and initiate the return of an account to the IRS.

The PCA data exchange to IRS will contain the TRANSACTION TYPE with a value of 1-5 as follows:

- ▶ 1=Payment Arrangement
- ▶ 2=Deceased
- ▶ 3=Return
- ▶ 4=Payment Arrangement Termination
- ▶ 5=Payment Arrangement Input Error

5 PCA LETTERS

All PCA letters to taxpayers will be submitted to the COR for approval prior to use. Once approved, any proposed changes must be submitted to the COR for additional approval a minimum of 30 days prior to the planned use.

Caution: PCA letters must not imply the PCA is the IRS or a federal entity.

PCA letters will include the Taxpayer Authentication Number provided by the IRS. The primary taxpayer's SSN will be masked in the following format XXX-XX-NNNN.

Manually generated letters whose templates are provided for approval by the COR must prominently contain locations for the name, telephone number, and unique identifying number of the PCA employee responsible for the letter and whom the taxpayer should contact about the letter.

NOTE: The IRS provided name line (entity record) only displays 35 characters and the primary or secondary name may be truncated.

The following general requirements in this section and **Section 6.6 Third Party Authorizations and Contacts** apply to all PCA generated letters unless otherwise noted.

5.1 Dual Notices

A letter must be generated for each taxpayer when both "TIN" (primary) and "SPSSN" (secondary) are present on the weekly data file as defined below:

- ▶ Letters should be addressed to the individual taxpayer by name.
- ▶ A Power of Attorney (POA) should be provided a copy when applicable for that TIN, MFT and tax period.

- ▶ The appropriate address should be used as shown on the weekly data file.
- ▶ The Taxpayer Authentication Number for the primary taxpayer should be used on the letters.
- ▶ The individual taxpayer's name will be located on the "Name" field with that taxpayer's address of record as follows:
 - When there is no entry in the "SPSSN" field, the "Name" field is the primary taxpayer's name and the address is as shown on the address information in the weekly data file.
 - Whenever a "SPSSN" is present and NO address record is received for the secondary taxpayer, both letters should be addressed using the address information as shown on the weekly data file. (See **Section 5.2** for special rules for Multiple Tax Periods.)
- ▶ On joint accounts where a second address is given for the secondary taxpayer (taxpayer associated with the SPSSN data field), a line should be added to the letter that references the Joint Account name. This line should be displayed within or before the introduction. The Joint Account name is located on the weekly file in the field "Name".

Example: John Doe
 For account of: John and Mary Doe

5.2 Multiple Tax Periods

Entities will be assigned where the taxpayer(s) has a balance due on several tax periods. PCAs can choose to use a cover sheet with separate pages for each MFT and tax period and insert them all into one envelope. When using a cover sheet, the TIN/SSN must be masked in the following format XXX-XX-NNNN. The cover sheet should always be addressed to the individual taxpayer as defined in the **Section 5.1** above.

Example:

Primary TIN	Secondary TIN	MFT	Tax Period	Primary Notice	Secondary Notice
XXX-XX-1111	XXX-XX-2222	30	201412	Cover with 2011, 2012, 2013 and 2014 enclosed	Cover with 201312 and 201412 enclosed
XXX-XX-1111	XXX-XX-2222	30	201312		
XXX-XX-1111	XXX-XX-3333	30	201212		201212 letter
XXX-XX-1111		30	201112		N/A
XXX-XX-2222		30	200812	Cover with 200812 and 200912 enclosed	N/A
XXX-XX-2222		30	200912		N/A

5.3 Initial Contact Letters

The PCA must mail an IRS approved initial contact letter to the taxpayer(s) and POA no sooner than the 11th calendar day after the PCA receives a new or subsequent case/module. A separate initial contact letter is required for each module to be sent to the taxpayer and the authorized representative. Contact by the contractor must not be initiated prior to the 11th calendar day after the PCA receives the case. The initial contact letter and any other written communication sent by the PCA will include instructions for payment methods. The letter will inform the taxpayer that the account has been placed with a private collection agency contracted by the Internal Revenue Service. The letter will not imply that the PCA is the Internal Revenue Service or a Federal entity.

PCA must include the following information in the initial contact letter:

- ▶ The taxpayer(s) account has been placed with a PCA who is a contractor to the IRS
- ▶ The PCA's toll-free number and mailing address for the taxpayer to contact the PCA
- ▶ The primary SSN masked in the format XXX-XX-NNNN
- ▶ The tax form number
- ▶ The tax year
- ▶ The balance due provided by the IRS, including interest and penalties, and accrual date
- ▶ Instructions for payment methods
- ▶ The existence of the Taxpayer Advocate Service (TAS)
- ▶ The taxpayer can verify the name and address of the private collection agencies under contract with the IRS on www.irs.gov
- ▶ Taxpayer Authentication Number (10 digit two-party authentication) provided by the IRS
- ▶ A reference to IRS [Publication 1](#), *Your Rights as a Taxpayer* that can be obtained from www.irs.gov or by calling 800-829-3676

When the PCA identifies a new address through the National Change of Address (NCOA) database that differs from the address of record provided by the IRS for the primary or secondary taxpayer, the PCA must reissue the initial contact letter(s) to the new address and document the record of account. The PCA is not required to reissue the initial contact letter if the taxpayer indicates receipt of the original initial contact letter.

When the PCA identifies a new address through other locator research, the PCA may reissue the initial contact letter and document the record of account.

If a PCA receives a new entity or module during weekly assignment and then receives a recall transaction for the same entity or module prior to the issuance of the initial contact letter, the PCA should not send out an initial contact letter. The PCA must follow the instructions in **Section 5.6**, and send a recall letter to the taxpayer, unless the account has a zero balance due and no open delinquent return modules.

5.3.1 Initial Contact Letter/Certified Mail Requirement

In the event a taxpayer or authorized third party (see **Section 6.6**) indicates that they have not received the initial contact letter **and** also refuses to authenticate with the PCA, a second initial contact letter must be sent via certified mail. The PCA will keep the receipt portion of the certified mail sent to the taxpayer or authorized representative who refuses to authenticate.

Additional guidance on this process:

If	Then
The account is for a joint liability	The requirement to send a second initial contact letter only applies to the taxpayer that refused to authenticate.
There is an indication on the PCA system that the original initial contact letter sent to the taxpayer refusing to authenticate was returned as undeliverable	Second initial contact letter is not required unless an updated address has been provided to the PCA, by the IRS.
The second initial contact letter is being sent to the taxpayer and an authorized representative is entitled to receive notices	<ol style="list-style-type: none"> 1. A second initial contact letter must be sent to the authorized representative. 2. This letter does not have to be sent certified mail.
The rare instance where it is the authorized representative that refuses to authenticate	<ol style="list-style-type: none"> 1. The second initial contact letter sent to the authorized representative must be sent certified mail. 2. The second initial contact letter sent to the taxpayer does not have to be sent certified mail.

The PCA is not required to send more than one certified letter when the PCA attempts to authenticate with that same taxpayer or authorized representative (after the certified letter has been sent) and he/she still refuses to authenticate.

5.4 Payment Arrangement Acceptance Letter

All PCA payment arrangements shall require the Contractor to provide the taxpayer(s) and POA with an IRS approved letter confirming the terms, conditions and electronic payment options of the Arrangement.

Tax periods can be combined into one letter in all situations except when the module name line does not match on all MFT and tax periods. Payment arrangement letters should be addressed to the taxpayer who is entering into the arrangement. **Dual notice processing does not apply to payment arrangement letters.** The following rules should be applied:

If	Then
Contact is made by phone to the primary taxpayer	The letter should be addressed to the primary taxpayer only.
Contact is made by phone to the secondary taxpayer	<ol style="list-style-type: none"> 1. The letter should be addressed to the secondary taxpayer only. 2. Letters to the secondary taxpayer should always use the primary Taxpayer Authentication Number on the letter. 3. Only include MFT and tax periods on the notice that carry the secondary SSN.
An arrangement is for both taxpayers	Only include the MFT and tax periods on the letter when both the primary and the secondary taxpayer are on all periods.

- ▶ A copy should only be sent to POA if the POA is the same on all MFT and tax periods, based on the IRS assigned Centralized Authorization File (CAF) number. If the CAF number is not the same, no copies should be sent to the POA (see **Section 6.6**).
- ▶ The letter must include the payment amount, due date and the total amount due.
- ▶ A summary of the taxpayer's total amount due should be included in the payment arrangement letter.
- ▶ A copy should be maintained in the PCA's record of account (ROA).

Below is a sample of a summary table.

Current Summary		
Tax Period Ending	Tax Form	Total Amount Due
Total Amount Due computed to xx/xx/xxxx		

5.5 Terminated Payment Arrangement Letter

When the PCA terminates a payment arrangement, the Contractor is required to provide the taxpayer(s) and authorized representative with an IRS approved letter confirming the termination. The Terminated Payment Arrangement Letter must be sent within one business day of terminating the arrangement per **Section 11.5.2** and when available, must prominently contain the name, telephone number, and unique identifying number of the PCA employee responsible for the letter and whom the taxpayer should contact about the letter.

5.6 Recall and Return Letter Specifications

The PCA will provide a letter advising the taxpayer(s) and authorized third party (see **Section 6.6**) that the account has been recalled or returned to the IRS, unless the account has a zero balance due. The letter must include all of the MFT and tax periods being returned to the IRS as appropriate. If a recall or return is for multiple tax periods and the module name line is not the same on all MFT and tax periods, separate letters must be issued. If the IRS is only recalling one MFT and tax period, the letter must state such. The letter must be issued within five business days from the date the recall is received in the weekly file.

5.7 Misdirected Payment Letter

Upon receipt of a payment from a taxpayer, the PCA must send a letter to the taxpayer with the proper address for mailing payments (see **Section 7.3.3**).

5.8 Annual Reminder Notice

The Internal Revenue Code requires that each taxpayer with a delinquent account must be sent a written notice annually with the amount of the tax delinquency. A separate annual reminder notice is required for each module to be sent to the taxpayer and the authorized representative.

If accounts are retained beyond 12 months from issuance of the initial contact letter (see **Section 5.3**), a notice must be sent, not less often than annually, advising the taxpayer of the total amount due as of the date of the notice. The annual reminder notice must also include subsequent liabilities not included in the initial contact letter. Issuance of the notice must be documented in the ROA.

5.9 Correspondence Response

This letter will provide the taxpayer and their authorized third party (see **Section 6.6**) with the telephone number, mailing address and internet address for the TIGTA – Office of Investigations when requested to be provided in writing (see **Section 16.1**).

5.10 Cover Letter

This cover letter will be used to provide the taxpayer and their authorized third party (see **Section 6.6**) with requested forms and instructions.

5.11 Fax Coversheet

This cover sheet must include the disclosure warning statement (see **Section 13.1**).

6 TAXPAYER CONTACTS

When accounts contain several tax periods extra caution is required to avoid disclosing information to individuals not authorized to receive account related data. When the entity is composed solely of tax periods with only one name on each tax period, the taxpayer is entitled to account information for all tax periods. When tax periods have more than one name (i.e. returns for married individuals) special attention is required. Account information can only be disclosed to the individuals listed for the tax period.

For example: If the entity contains two tax periods and the name line for tax period 200912 is John Smith and the name line for tax period 200812 is John and Mary Smith, caution must be exercised. If the PCA speaks with or receives correspondence from John Smith, then both tax periods may be discussed since John is listed on both tax periods. If the PCA deals with Mary, only account information for tax period 200812 may be discussed. Since Mary is not listed on tax period 200912, she cannot receive any account information for that period.

When a taxpayer files a joint return and later becomes separated or divorced, both taxpayers remain responsible for the full amount of tax due on the jointly filed return. The address of one spouse must not be disclosed to the other. An employee may not reveal any information regarding the other spouse's new name, location, telephone or fax number, or any information about the other spouse's employment, income, assets, or payment arrangements.

It is the responsibility of all PCA employees to protect confidential taxpayer information, and to understand what is and what is not an authorized access or authorized disclosure under the applicable laws. This includes the protection of information displayed on a computer screen.

6.1 Unauthorized Disclosures/Accesses

An unauthorized disclosure occurs when a PCA employee discloses tax information, Privacy Act information or information IRS has designated Official Use Only (or another sensitive classification) to someone who is not authorized to receive the information. This includes the loss or theft of items/assets containing that information. An unauthorized access occurs when a PCA employee accesses tax information, Privacy Act information, or Official Use Only information classified sensitive by IRS, when it is not needed to perform their officially assigned duties.

Inadvertent disclosures or accesses, while still unauthorized, are those disclosures where neither gross negligence nor willful intent is involved. Examples include, but are not limited to the following:

- ▶ Machine malfunctions, such as machine stuffing errors
- ▶ Misdirected mail
- ▶ Double stuffing of envelopes
- ▶ Loss or theft of government property not resulting from inadequate safeguard measures
- ▶ Misrepresentation of identity or authority by a person contacted by a PCA employee

Note: Mail sent to the address of record but opened by a third party is not considered an unauthorized disclosure.

All unauthorized disclosures or unauthorized accesses should be immediately (within 1 hour of recognition/identification) reported directly to the TIGTA - Office of Investigations and the COR, to ensure timely and appropriate complaint tracking and investigative consideration. The scope and nature of some unauthorized disclosures and unauthorized accesses will require immediate investigative or mitigation response; therefore, all reports of this nature must be made immediately (within 1 hour of recognition/identification) and directly to the TIGTA - Office of Investigations, during all hours, weekdays and weekends.

The supervisor must prepare a written statement outlining the unauthorized disclosure or access. The statement must include the following items:

- ▶ Name and contact information of who received the unauthorized disclosure
- ▶ Dates of the disclosure and when it was discovered
- ▶ Description of the information that was disclosed or accessed
- ▶ Explanation as to what caused the disclosure or access
- ▶ Actions taken to prevent recurrence
- ▶ Identification of the report's preparer and the supervisor who reviewed the report

The Supervisor retains a copy of the statement and forwards a copy to the COR and the original to TIGTA - Office of Investigations at the address provided in **Exhibit A**.

Should TIGTA - Office of Investigations determine that the unauthorized disclosure or access was the result of gross negligence or willful intent, the terms of the default clause (FAR 52.249-8), incorporated herein by reference, may be invoked, and the Contractor will be considered to be in breach of contract.

6.2 Locating Taxpayers

The PCA will perform skip-tracing actions as outlined in the PCA's approved operational plan to locate a new address whenever a taxpayer cannot be located at the address provided by IRS (see **Section 6.7**).

6.3 Telephone Contact with Taxpayers

Telephone contact will be one of the primary methods for reaching taxpayers. The PCA employee must inform the taxpayer calls may be recorded prior to disclosing account information. PCA

employees may not contact taxpayers by telephone any sooner than the 5th calendar day after the PCA's initial contact letter is mailed. This will allow the taxpayer time to receive the letter containing the authentication verification code. If the taxpayer contacts the PCA first, the PCA may continue the call, to the extent account information is available. If account information is not available, advise the taxpayer to call back after they receive the Initial Contact Letter which also contains the Taxpayer Authentication Number that will facilitate two-party verification.

Some contacts **cannot** be made without the prior consent of the taxpayer and include:

- ▶ Contacting the taxpayer at any unusual time or place, or at a time or place an employee knows, or should know, is inconvenient to the taxpayer
- ▶ Contacting the taxpayer at work if the taxpayer has instructed not to do so or if there is reason to believe the employer does not allow this
- ▶ Directly contacting a taxpayer when the IRS or the taxpayer has informed the PCA that the taxpayer has an authorized representative and the PCA is able to determine the representative's name, address, telephone number, and authority with respect to the taxpayer.

Note: When an authorized representative does not have authority for all tax periods, the PCA should contact the taxpayer directly. The taxpayer should submit a new authorization if they wish to have their representative cover all the tax periods.

PCA employees can generally contact the taxpayer after 8:00 AM and before 9:00 PM local time at the taxpayer's location, unless there is reason to know otherwise. "Local time at the taxpayer's location" for purposes of PCA employee / taxpayer contacts refers to the time-zone where the taxpayer is located.

Unless determined to be otherwise, the taxpayer's location will be the Address of Record (AOR). If the taxpayer's location is different from the AOR and in a different Time Zone it must be fully documented and explained in the ROA. Only then may the allowable contact period be based on a taxpayer location other than the AOR.

6.3.1 Securing Telephone Numbers

In some instances, the PCA may secure a secondary phone number for the taxpayer using skip tracing technology. This secondary phone number may be the personal phone of the taxpayer's child or that of another taxpayer, whether or not related to the taxpayer in the household as shown on a paper or electronic directory, this includes cell phone lines. If it is determined that this secondary phone number is indeed the child's number or that of another taxpayer, whether or not related to the taxpayer in the same household, the PCA may not call that number in an attempt to contact the taxpayer.

6.3.2 Providing Updated Telephone Numbers

When the PCA secures a new or updated telephone number for a taxpayer (phone numbers obtained from and verified by the taxpayer) the PCA will include the new or updated telephone number on the taxpayer's ROA. The PCA needs to specify if the phone number they are providing is the taxpayer's home, business or cell phone number and the best time to call if specifically stated or provided by the taxpayer.

6.3.3 Answering Machines

When a PCA employee makes a call to a taxpayer in an effort to resolve the tax debt and reaches an answering machine, the PCA employee should follow the guidance below:

If	Then
The PCA employee reasonably believes the taxpayer will pick up the message	The only information the PCA employee may leave on the recording is: <ul style="list-style-type: none"> ▶ The PCA employee name, ▶ The PCA telephone number, ▶ The appropriate reference number for the inquiry, ▶ That he/she works for the PCA, ▶ That the PCA is calling about a debt (not a tax debt), ▶ That the call is on behalf of the IRS
The PCA is uncertain the taxpayer will pick up the message	The only information the PCA employee may leave on the recording is: <ul style="list-style-type: none"> ▶ The PCA employee name, ▶ The PCA employee telephone number, ▶ That he/she works for the PCA, ▶ That the PCA is calling about a debt (not a tax debt)

6.3.4 Cordless Devices

When the PCA receives a call from the taxpayer or a representative, the PCA is under no obligation to determine if the caller is using a cordless device, e.g. cell phone. However, as soon as the PCA becomes aware it is a cordless device (e.g. the PCA knows that the number that the caller is calling from is a cell phone because he/she has previously indicated it is, or when he/she mentions during the conversation that it is a cell phone) then the PCA must tell the caller about the risks of using a cordless device to discuss tax information. Cordless devices use unsecured lines and the conversation may be heard on another device. Get the callers permission to continue and document in the record of account (ROA). If the caller does not agree to continue the call, advise the caller to call back on a more secure land line. This requirement applies to each contact, even if the taxpayer has previously indicated their willingness to discuss tax information on a cordless device.

When the PCA makes a call to a taxpayer or representative, and they know or become aware that the number being called is a cordless device, e.g. cell phone, inform the taxpayer or representative that you will be discussing tax information, and if it's permissible to proceed. If not, the taxpayer or representative should be asked if there is a land line where they can be reached. This requirement applies to each contact, even if the taxpayer has previously indicated their willingness to discuss tax information on a cordless device.

6.3.5 Interpretive Service

A taxpayer may require a language, sign, or speech/voice interpreter in a telephone call. The PCA will provide interpreter services for taxpayers who are not completely proficient in English and at a minimum interpret Spanish.

When using an interpreter, the PCA will summarize for the interpreter what they wish to accomplish and give any special instructions. The PCA will add the non-English speaker to the line if they are not already on the line, and complete disclosure verification as if talking directly to the taxpayer. If the taxpayer uses their own interpreter, they must remain present on the telephone.

If the taxpayer requires interpreter services for another language the case may be returned to the IRS. The PCA will close their case and initiate the return of the case via the data exchange. The PCA will request input of value 3 (which triggers TC 971 AC 459)

on the primary TIN. The date of this transaction will be in MMDDYYYY. When the IRS receives this they will input a TC 972 AC 054 to recall the case. The PCA will then follow the recall procedures as outlined in **Section 14.1**.

Additionally, the PCA must have TTY/TDD equipment to assist deaf/hard of hearing callers.

6.3.6 Prohibited Telephone Contact Issues

During telephone contacts, employees **must not**:

- ▶ Use or threaten the use of violence or other criminal means to harm the person, reputation or property of any person
- ▶ Suggest or imply that the employee may be able to initiate enforced tax collection activity (e.g. file a lien, issue a levy, make a seizure, or commence a legal action) against a taxpayer or third party either through the PCA or by recommending such action to the IRS. However, the employee may indicate that he or she will provide financial information it obtains from the taxpayer to the IRS
- ▶ Use obscene or profane language regardless of any that may be used by the person contacted
- ▶ Contact any third party (including the taxpayer's non-liable spouse, children, employer, or neighbors, but not including a taxpayer's authorized representative), for any information about the taxpayer. Refer to **6.6.4 Third Party Contacts**.
- ▶ Indicate to third parties or a person whose identity is uncertain during efforts to contact the taxpayer or to bring the taxpayer to the phone that the contact relates to collecting taxes or any debt.

NOTE: If the third party asks what the call concerns, a PCA employee may identify his or her employer (the PCA) and that they are calling on behalf of the IRS.

- ▶ Cause a telephone to ring or engage any person in telephone conversation repeatedly or continuously with intent to annoy, abuse, or harass any person at the called number.
- ▶ Suggest or imply that the taxpayer's failure to pay the tax debt may affect the taxpayer's credit rating or that the employee (or the IRS) would not be violating the laws if the PCA (or the IRS) reported the unpaid tax debt to a credit bureau.

6.3.7 Requirements during Telephone Contact

The objective of the telephone contact is to satisfy the total amount due. During initial contact with a taxpayer, attempt to secure/verify home, work and cell phone numbers when speaking to authenticated taxpayers or their authorized representatives.

During all authenticated taxpayer contacts, employees **must**:

- ▶ Identify him or herself by name, the company he/she works for, provide a unique identifying number (e.g. employee number) and the fact he/she is collecting an IRS debt, and
- ▶ Always convey a professional, businesslike manner when making a call.

The following items must be discussed at a minimum during initial contact (or during subsequent contacts if the PCA was unable to address during the initial contact) with the taxpayer and documented in the ROA:

- ▶ Confirm receipt of IRS Publication 1, *Your Rights as a Taxpayer*
- ▶ Request immediate full/part payment to the IRS on the delinquent accounts.
- ▶ Request payment details (e.g. dates, amounts, and periods for which payments were designated) when the taxpayer indicates all or a portion of the tax was paid. See **Section 12.15** for additional details.
- ▶ Inform the taxpayer that the Fair Debt Collection Practices Act protects taxpayers from debt collection abuses.

6.3.8 False Names or Pseudonyms

Because PCA employees will be located in remote call centers from the taxpayer, the IRS believes that PCA employees will be unable to establish any "adequate justification," within the meaning of the IRS' Restructuring and Reform Act of 1998, for the use of a false name or pseudonym when making contact with a taxpayer or other person. A PCA employee must always use his/her real name when contacting the taxpayer or any other person with respect to a qualified tax collection contract.

6.3.9 Telephone Scripts

All scripts used by the PCAs for telephone calls must be approved by the IRS prior to making any phone contacts. At a minimum, PCAs must develop scripts for the following types of contacts:

- ▶ Initial Contact with taxpayer
- ▶ Initial Contact with POA
- ▶ Initial Contact with third party (not POA)
- ▶ Initial Contact with answering machine
- ▶ Initial Contact – child answers telephone
- ▶ Follow up contact with taxpayer/POA

6.3.10 Known Persons to the PCA Representative

In some instances, the PCA employee may unknowingly contact by phone or conduct research on a case in which the PCA employee may have a personal or outside business relationship with the taxpayer. This relationship may raise questions about his or her impartiality in handling the tax matter. Relationships of this type may include:

- ▶ Close relative
- ▶ Acquaintance
- ▶ Ex-spouse
- ▶ Parent
- ▶ Friend
- ▶ Individual or organization the PCA employee is an officer, trustee, partner, agent attorney, consultant, contractor, employee, or member of
- ▶ Any other individual or organization the PCA may have a personal or outside business relationship

In instances where the PCA employee recognizes examples of the above on a case before making the telephone contact, the PCA employee should not initiate contact, and refer the case to the PCA supervisor for reassignment.

As soon as it is known that the PCA employee is working a case described above, the employee must cease contact with the taxpayer and refer to a supervisor for reassignment. The PCA supervisor will reassign the case and notify the taxpayer of the reassignment.

6.4 Taxpayer Authentication

In order to be sure the person you are calling is aware of the purpose of the call and that you are a legitimate caller, you are allowed to discuss certain matters prior to the authentication of the taxpayer.

When calling a number for the person you are attempting to contact, once the phone is answered and the person identifies him/herself by name as the person you are calling, you are allowed to:

1. Identify yourself as a contractor of the Internal Revenue Service
2. Tell him/her the business name of the contractor, and;
3. The reason and nature of the call, that is, that you are calling to collect a tax debt.

Once that is completed you can continue with the authentication probes. For purposes of identification and to prevent unauthorized disclosures of tax information, the PCA employee must

know with whom he/she is speaking and the purpose of the call/contact. For incoming calls, it may be necessary to ask if the caller is an authorized third party.

Caution: The PCA must not discuss tax information without adequate authentication of a taxpayer. Discussing tax information without adequate authentication of a taxpayer could result in an “unauthorized disclosure” of tax or return information. When an employee makes an unauthorized disclosure, possible maximum criminal penalties include a felony conviction for willful unauthorized disclosure. A civil cause of action by the taxpayer whose return information has been disclosed may also be made against the employee.

The PCA must be certain the taxpayer, TIA, or POA is entitled to receive all of the requested information. Secondary taxpayers may only receive account information about tax periods for which they are liable. Carefully check each tax period to identify the liable parties. See Section 6.6 for additional information.

6.4.1 Required Authentication Probes

Required authentication probes for all calls are outlined in the following table:

Required Authentication Probes	
Name	<ol style="list-style-type: none"> 1) Verify the name as it appears on the entity record, <ul style="list-style-type: none"> o For individual taxpayers, this includes the spouse’s name for a joint return. o For business taxpayers, verify the name and title within the entity. It may be necessary to probe the caller for the correct information using additional information such as LLC or DBA for Sole Proprietor/Partnership. 2) If the name matches, proceed to AOR authentication. 3) If the name does not match, advise the taxpayer that for security purposes you cannot proceed and discontinue the call. <p>Note: A taxpayer, who changes his or her last name due to marriage or divorce, must provide both his or her previous last name and the new last name.</p> <p>Note: The IRS provided name line (entity record) only displays 35 characters and the primary or secondary name may be truncated.</p>
Address of Record (AOR)	<ol style="list-style-type: none"> 1) Verify the AOR as it appears on the entity record. <ul style="list-style-type: none"> o Ask the taxpayer to verify the complete address (address, city, state and zip code), o Do not disclose the address to the taxpayer <p>Note: When authenticating an address for a taxpayer and he/she does not indicate the street/lane/parkway portion at the end of the address, (123 Main instead of 123 Main St.), it is acceptable to take 123 Main as the full street address, if all other related information is accurate (e.g., the zip code is correct). The assistor may ask the taxpayer if the street portion is applicable to assist the taxpayer with this part of the authentication.</p> 2) If the address matches, then proceed to DOB authentication.

	<ol style="list-style-type: none"> 3) If the address differs from the AOR, then ask the taxpayer if he/she moved and to provide another address. 4) If the taxpayer provides another address, then verify the address to the NCOA database. 5) If the address matches the NCOA database, then document the address in the PCA's ROA and proceed to DOB authentication. Note: IRS AOR will be updated by the NCOA and sent to the PCA only for primary taxpayers. The AOR should only be updated with IRS provided information. 6) If the taxpayer does not provide another address or the address does not match the AOR or the NCOA database, then: <ul style="list-style-type: none"> o Advise the taxpayer of the importance of updating his/her address with IRS by filing <u>Form 8822</u> (see Section 6.8) and with the USPS, o Instruct the TP to call the PCA when he/she is able to obtain another address to authenticate, o Tell the TP you may follow-up with the TP at a later date, and o Terminate the call
<p style="text-align: center;">Date of Birth (DOB) (individual taxpayers only)</p>	<ol style="list-style-type: none"> 1) Ask the taxpayer for the primary taxpayer's complete date of birth MM/DD/YYYY. This does not apply to business taxpayers. Instead, proceed to TAN verification. 2) If the DOB matches, then proceed to TAN verification. 3) If the DOB does not match, then advise the taxpayer that for security purposes you must discontinue the call. Note: Secondary taxpayer DOB information is not available for joint accounts; therefore, a secondary taxpayer must provide the primary's DOB to authenticate.
<p style="text-align: center;">Taxpayer Authentication Number (TAN)</p>	<ol style="list-style-type: none"> 1) Verify the TAN provided by the IRS on the CP 40 and in the PCA Initial Contact Letter. <ul style="list-style-type: none"> o Two-party verification - Ask the taxpayer for the first five numbers and respond with the subsequent five numbers. 2) If the TAN matches, proceed with the call. 3) If the TAN is the only item the taxpayer is unable to verify, proceed to Section 6.4.2 Additional Authentication Probe.

6.4.2 Additional Authentication Probe

The instruction provided in this section applies when the Taxpayer Authentication Number (TAN) is not available and the taxpayer verifies the name, complete address of record (city, state and zip) and date of birth.

Only when the taxpayer is willing to continue authentication and discuss resolution of their account, the PCA can:

- ▶ Request the first five digits of taxpayer's TIN/SSN and
- ▶ Provide the last four digits of the taxpayer's TIN/SSN, or
- ▶ Offer to resend the PCA Initial Contact Letter which contains the TAN
 - Suspend further discussion for 5 calendar days to allow time for the taxpayer to receive the PCA Initial Contact Letter

NOTE: The PCA may only request the first five digits of the TIN/SSN and provide the last four if the taxpayer is unable to verify the TAN and is willing to continue verification to discuss resolution of their account.

If a taxpayer is unable to authenticate name, complete address of record, TAN or SSN and date of birth for individual taxpayers, advise the taxpayer that the call must be terminated until the proper authentication can be completed for security purposes. Collection cannot be pursued until authentication can be completed.

6.5 Information Request

The taxpayer may request additional tax account information not available to the PCA. (i.e., transcripts of the account or an explanation of the penalties and interest)

If the taxpayer has access to the internet, direct him/her to the *Get Transcript* page at www.irs.gov.

Taxpayers without internet access may request Form 4506-T by calling 800-908-9946.

The PCA can download Form 4506-T at www.irs.gov and mail to the taxpayer, if the taxpayer requests. Instruct the taxpayer to mail the form to the address on the reverse side of the Form 4506-T.

6.6 Third Party Authorizations and Contacts

There are two major reasons for the taxpayer to grant a third party authorization for the purpose of resolving his or her federal tax issues. The first reason for granting an authorization is for the purpose of allowing a person to represent them in tax matters before the IRS. This authorization is a **Power of Attorney** (POA) and is submitted using Form 2848, *Power of Attorney and Declaration of Representative*. These authorizations are recorded by the IRS for verification.

The second reason is to allow another person, a taxpayer appointee, to exchange tax information for the taxpayer's benefit. This is a **Tax Information Authorization** (TIA) and is submitted using Form 8821, *Tax Information Authorization*.

Third party contacts require the same authentication probes outlined in **Section 6.4.1** prior to authenticating their own identity and authorization. A POA or TIA may be for one tax period only, multiple tax periods, or all tax periods. They could also represent the primary taxpayer only, the secondary taxpayer only or both taxpayers. The primary taxpayer and secondary taxpayer may each have their own POA or TIA for any or all tax periods.

The PCA may not disclose any information to a third party without the proper authorization; however, information may be accepted.

When there are multiple tax periods assigned for an entity, check each tax period for any authorized representatives (see following table).

If	Then
An authorization does not cover all the tax periods	<ul style="list-style-type: none"> • Contact the taxpayer directly and advise that not all delinquent periods are covered on the third party authorization. • Ask if the taxpayer wishes to have all periods included so the PCA can work directly with the POA. • See box below
The taxpayer wants to have their representative address all the tax periods	<ul style="list-style-type: none"> • A new authorization should be submitted to the IRS. • Suspend activity for 30 days to allow the taxpayer to obtain a newly signed <u>Form 2848</u>.

Note: Taxpayers may revoke or representatives may withdraw a third party authorization by submitting a copy of the original Form 2848 or Form 8821 annotating “Revoke” or “Withdraw” in the top margin of the copy and affixing a current dated signature. Taxpayers should send requests to revoke the authorization to the IRS address in **Exhibit D**.

6.6.1 Third Party Authorization Levels

The IRS will provide information for all approved authorized POAs and TIAs on accounts provided to the PCA. The information will be provided on the weekly file (see **Exhibit C**) when an account is newly assigned and anytime an authorization has been added, deleted or updated for an existing PCA account. For each tax period the following information will be provided:

- ▶ CAF Indicator – a 1 indicates a POA is on file. If this field is blank or zero, there is no record of a POA on file.
- ▶ Taxpayer’s SSN – this SSN may not be the primary taxpayer’s SSN. If the SSN listed is for the secondary taxpayer then the authorization applies only to the secondary taxpayer.
- ▶ Taxpayer’s name
- ▶ MFT
- ▶ Tax Period – note that a valid authorization may not be present for each tax period present in the entity.
- ▶ Taxpayer’s Signature Date – the date the taxpayer(s) signed Form 2848 or Form 8821.
- ▶ Representative (CAF) number,
- ▶ Source Form – either a Form 2848 or Form 8821,
- ▶ POA Authorization Level – only present for tax periods with a valid POA submitted using a Form 2848 (see **Exhibit D**)
- ▶ CAF Code - if a 1, 2, 3 or 4 is present, the PCA must issue a copy of the taxpayer’s notice to the third party. PCAs are only required to send subsequent notices to the third party, not copies of prior notices sent to the taxpayer.
- ▶ POA Name
- ▶ POA Address
- ▶ POA Phone number

Note: The PCA should review the weekly files to verify the POA authorization is still valid before contacting the representative.

Note: For all joint accounts, the weekly files will include separate POA records for each spouse if applicable. The POA record for a secondary spouse will contain a cross reference to the primary TIN.

See **Exhibit D** for additional information related to Third Party Authorizations and where to send Form 2848 and Form 8821. Generally, authorizations will be processed by the IRS within 5 business days.

6.6.2 Power of Attorney (POA)

A POA allows the third party to represent a taxpayer regarding tax information. POAs may include attorneys, certified public accountants, enrolled agents, general partners, full time employees, family members, and others. POAs must be in writing to the IRS using Form 2848.

The authorized individual can advocate, negotiate, and sign on the taxpayer’s behalf for specified taxes and tax periods, unless the POA’s authority is specifically limited.

Exception: a POA with an authorization level of “H” is not allowed to negotiate the resolution of a balance due for the taxpayer. The PCA should initiate contact directly to the taxpayer instead of a level “H” POA.

Whenever the IRS provides a POA’s name and address for an account (see note below), the PCA must contact the POA to discuss and resolve the taxpayer’s situation. The POA must receive copies of all letters associated with the taxpayer’s account when the CAF Code 1, 2, 3 or 4 is present, unless otherwise excluded per **Section 5**. This notice requirement includes level “H” representatives.

When contacting a POA by phone, the PCA employee must authenticate he/she is the authorized third party by asking them to provide:

- ▶ Name
- ▶ Representative (CAF) number – This is a unique ID number assigned by the IRS once the Form 2848 has been approved. Verify this against the information provided by the IRS. If the POA cannot verify their CAF number, attempt to verify the address of the POA. Do not disclose any information about the taxpayer until the POA can verify the CAF number or address.

Notes:

- ▶ Taxpayer accounts may include more than one year. The IRS will provide POA information based on the authorized year(s).
- ▶ If there is a POA on file for a tax period, the PCA cannot contact the taxpayer directly. They must contact the POA.
- ▶ The POA may give permission to the PCA to speak with the taxpayer. Written notification from an authenticated POA is required before the PCA can contact the taxpayer directly

POA states that he/she no longer represents the taxpayer.	
If	Then
After authentication, the POA states that he/she no longer represents the taxpayer	<ol style="list-style-type: none"> 1. Ask the POA if he/she has the taxpayer’s current phone number and address. 2. Tell the POA that the taxpayer will be contacted directly and the taxpayer will be informed that the POA declined to represent them. 3. Tell the POA he/she will need to revoke the authorization by submitting a copy of the original <u>Form 2848</u>, annotating “Revoke” in the top margin of the copy, affixing a current dated signature, and submitting to the IRS location indicated in Exhibit D.
The representative does not have a copy of the original Form 2848	Tell the POA they may send a signed, dated statement to the IRS indicating that the authority of the representative is revoked or withdrawn and

	listing the tax matters (e.g. Income Tax Form 1040, 2009 and 2010) and the name, TIN, and address (if known) of the taxpayer.
--	---

Contacting the taxpayer after the revocation is received:	
If	Then
The taxpayer states they have another representative	<ol style="list-style-type: none"> 1. Request that the taxpayer fax the <u>Form 2848</u> to the IRS number on the form. 2. Explain once the form has been verified and provided by the IRS, the new representative will be contacted. 3. The PCA will continue to contact the taxpayer until the IRS provides a new POA record.
The taxpayer states they do not have another representative	The PCA will work directly with the taxpayer to resolve the outstanding tax liability.

Special care must be exercised when attempting to establish a payment arrangement on behalf of a taxpayer with an authorized representative and an unfiled return is present. The PCA may state that, as a condition for granting a payment arrangement, the IRS requires the filing of all delinquent returns.

Note: Do not notify the authorized representative of any unfiled return(s) or return information provided by IRS unless the POA has authorization for those years on file.

Power of Attorneys may wish to address several taxpayer accounts while speaking with the PCA during a single telephone call. The PCA may honor the Power of Attorney's request, however they must follow all required authentication probes for each taxpayer account the POA wishes to discuss (see **Section 6.6**).

6.6.3 Tax Information Authorization (TIA)

Tax Information Authorizations (TIA) allows a taxpayer to appoint someone to receive information for the tax matters and periods the taxpayer specifies. The appointee can be anyone the taxpayer chooses, including family and friends.

A TIA is submitted to the IRS on Form 8821, *Tax Information Authorization* and assigned a CAF number. It allows the taxpayer's appointee to receive verbal or written account information (transcripts) and copies of correspondence. The taxpayer should mail or fax Form 8821 to the IRS at the address in **Exhibit D**. The PCA employee should never direct the taxpayer to send Form 8821 directly to the PCA. The TIA **does not** permit the third party to represent the taxpayer before the IRS or the PCA (as an example, establishing a payment arrangement).

When contacting a TIA by phone, the PCA employee must authenticate he/she is the authorized third party by asking them to provide:

- ▶ Name
- ▶ Representative (CAF) number – This is a unique ID number assigned by the IRS once the Form 8821 or oral authorization has been approved. Verify this against the information provided by the IRS. If the TIA cannot verify their CAF number, attempt to verify the address of the TIA. Do not disclose any information about the taxpayer until the TIA can verify the CAF number or address.
- ▶ If the caller cannot verify their CAF number or address, suggest that the TIA secure a copy of the Form 8821 so that they can provide the required information for security purposes. Do not disclose any information about the taxpayer until the caller can verify the CAF.

6.6.4 Third Party Contacts

A third party contact is a communication initiated by an PCA employee to a person other than the taxpayer/POA, and

- ▶ Is made with respect to the determination or collection of the tax liability, and
- ▶ Discloses the identity of the taxpayer being investigated, and
- ▶ Discloses the association of the PCA employee with the IRS

Any communication of this type is not permitted. The Contractor is required to report all inadvertent third party contacts to the technical analyst by providing the following information

- ▶ Taxpayer's name
- ▶ TIN: nnn-nn-nnnn/nn-nnnnnnn
- ▶ Tax forms (MFT) and tax periods
- ▶ PCA employee's name & identification number if applicable
- ▶ Date of third party contact
- ▶ Name of third party contacted
- ▶ Fear of reprisal, e.g. a third party identifies a fear of reprisal if the third party's name is reported to the taxpayer as someone the PCA contacted.

Note: If a third party has a fear of reprisal, the third party contact should never be disclosed to the taxpayer.

Additionally, the PCA employee must complete Form 12175, Third Party Contacts, (see **Exhibit I**) and transmit by facsimile to the designated third party coordinator referenced in **Exhibit A**.

If a taxpayer requests a list of third party contacts made, the PCA will forward the request to the technical analyst. The technical analyst will be responsible for ensuring the IRS provides a list of all third party contacts made and responds to the taxpayer's request.

There must be no communications concerning the taxpayer's debt to persons other than the taxpayer or the taxpayer's designated representative unless requested by the taxpayer and pre-approved by the IRS. The PCA employee cannot disclose the nature of the call with any contact other than the taxpayer, or the taxpayer's POA. This means the PCA employee may not disclose the nature of the call to the taxpayer's spouse, if the spouse is not jointly liable for the debt or is not a POA for the liable spouse.

- ▶ Keep in mind that a relative is a third party and the limitations outlined above apply.
- ▶ The PCA employee should not disclose tax or other confidential information on a voicemail/answering machine.
- ▶ If requested by the contact to provide such information, merely identifying yourself as a PCA employee working on the behalf of the IRS, does not constitute third party contact.
- ▶ PCA employee should not volunteer the identity of his or her employer (the PCA) or of the PCA's principal (the IRS) in the course of contacting third parties in efforts to locate the taxpayer.

The disclosure provisions and corresponding regulations apply to all third-party contacts.

The following are **not** third-party contacts:

- ▶ Searches made on computer databases that do not require any personal involvement on the other end
- ▶ Contacts made with any office of any local, state, federal or foreign government entity, such as the United States Postal Service (USPS), to obtain the taxpayer's current address. (Exception: Contacts concerning the taxpayer's business with the government office contacted, such as the taxpayer's contracts with or employment by the office)

- ▶ Returning unsolicited phone calls or speaking with persons other than the taxpayer as part of an attempt to speak to the taxpayer
- ▶ Contacts with the taxpayer's employer to speak to or locate the taxpayer
- ▶ Contacts with individuals who have a valid POA or TIA for the taxpayer
- ▶ Contacts made with IRS employees in the scope of an employee's official duties, such as IRS COR/technical analyst.

6.7 New Address Located by the PCA

When the taxpayer/representative provides the PCA employee with a new address, the PCA should inform them of the importance of updating their address information on **Form 8822**, *Change of Address*, as outlined in **Section 6.8**. This will ensure all IRS mail will be received at their new address.

When the PCA identifies a new address through locator research, the PCA may reissue the appropriate letter, and document the record of account.

6.8 Taxpayer Address Correction Request

A taxpayer's request for a change of address must be submitted by the taxpayer in writing on Form 8822, *Change of Address*.

- ▶ Direct the taxpayers with internet access to the IRS web page at www.irs.gov to obtain a Form 8822,
- ▶ Advise taxpayers they may also receive Form 8822 by calling toll free 800-829-3676 and requesting the form, or
- ▶ If the taxpayer requests, PCA can download the form at www.irs.gov and mail Form 8822 to the taxpayer. The taxpayer will be instructed to mail the Form 8822 to the address on the reverse side of the Form 8822.

Note: If the PCA receives the Form 8822, the PCA will date stamp the original envelope and mail it to the correct IRS office as listed on the reverse of the Form 8822 within one business day.

For joint liabilities, when either taxpayer establishes a separate residence, the taxpayer who establishes a separate residence must complete Form 8822.

7 CORRESPONDENCE

The PCA must date stamp all incoming correspondence and record the received date in the ROA.

Exception: Do not date stamp misdirected tax returns.

Do not obscure information on the document with the date stamp. The date stamp must include both "Received by [PCA name]" and "[the date received]".

The PCA must process routine incoming correspondence within ten business days of receipt.

When the correspondence received is outside the PCA's criteria to resolve (i.e. any correspondence that is not specifically addressed in this guide), fax the correspondence to the technical analyst for processing and document in the ROA. The technical analyst will review the correspondence within 5 business days and will advise the PCA whether to suspend collection activities.

If the taxpayer's TIN is not present on the correspondence, the PCA must write the TIN on the correspondence in the same area as the PCA received date stamp.

7.1 Freedom of Information Act (FOIA) or the Privacy Act

The PCA shall forward any inquiry referencing the **Freedom of Information Act (FOIA)** or the **Privacy Act** to the technical analyst within one business day of receipt. Federal agencies are required to respond to FOIA requests within 20 days.

The IRS will respond to each inquiry.

7.2 Lawsuits

The PCA shall forward to the technical analyst a copy of any **lawsuit** referencing an account within one business day of receipt and shall immediately cease collection activity on the account in question. Pursuant to I.R.C. 6306(f), the United States is not liable for any act or omission of any person performing services under a qualified tax collection contract. Accordingly, unless the United States, the IRS, or an IRS employee is improperly named as a defendant in the lawsuit against the PCA, the IRS will not respond to the lawsuit against the PCA directly, unless the United States decides to intervene in the lawsuit in the best interests of the United States. The PCA is not authorized to accept service of process on behalf of the Government or represent the Government in any court proceedings.

7.3 Misdirected Payments

A misdirected payment is any taxpayer payment on an IRS case that is erroneously received at a PCA location. Misdirected payments may consist of cash, check, money order, or any other item of value (for example, un-canceled postage stamps, gold coins, credit, debit or gift cards).

A PCA employee discovering a misdirected payment must immediately notify his or her supervisor or the PCA designated contact. A supervisor or PCA designee must be available at all times during business hours to receive and immediately document any discovered misdirected payment.

Misdirected payments will be secured in a locked container. The locked container must be a metal container with riveted or welded seams that is locked and for which the keys and combinations are controlled.

Within one business day of the receipt of a misdirected payment, the PCA must send a letter to the taxpayer giving the proper address for submitting payments in **Section 5.7**.

All misdirected payments must be documented using Form 4287, Record of Discovered Remittances, (see **Exhibit E**) and mailed to the IRS following instructions in **Section 7.3.3** below.

7.3.1 Documenting Misdirected Payments

Form 4287, Record of Discovered Remittances, is a form used to document misdirected payments on a daily basis with the remittance.

PCA supervisor or designee will maintain a new Form 4287 to record misdirected payments each day.

Misdirected cash payments must be listed on a separate Form 4287 from other payment types received (see **Section 7.3.2**).

When a credit or debit card is discovered, record only the last four digits of the credit or debit card number, the expiration date, the taxpayer's name and social security number (SSN) on Form 4287. (The last four digits of the credit or debit card number and the expiration date should be entered in the "Type of Remit" column).

A sequential number beginning with 001 must be assigned to each Form 4287 that is prepared throughout the current January through December calendar year (e.g. if 50 forms were completed throughout the year they should be numbered 001 thru 050). The number should be placed in the upper left hand corner of Form 4287.

The responsible PCA supervisor will reconcile the Form 4287 daily by verifying and balancing the cash to the Form 4287 (dedicated for cash) and verifying and balancing the remittances to the Form 4287 (for all other misdirected payments). Once reconciled, the supervisor will initial and date the bottom of Form 4287. Form 4287 will be retained by the PCA.

The supervisor or designee will prepare Form 3210 to mail the misdirected payments to the IRS. The Form 3210 will serve as the documentation and is forwarded with the remittances to the IRS daily. See the sample Form 3210 in **Exhibit G(1)**, Misdirected Payment, for the information required on the form.

The PCA will retain one copy of the Form 3210 will with the Form 4287. When the IRS receives the Form 3210 and attached remittances, the IRS will return an acknowledged copy of the Form 3210 to the PCA. The supervisor will attach the acknowledged Form 3210 to each Form 4287 to ensure all remittances were received by the IRS.

The PCA supervisor will immediately report any discrepancies to the technical analyst (see **Section 8.3**).

A copy of the check and copy of Form 4287 and Form 3210 must be faxed to the technical analyst on the same day it is discovered. Refer to **Section 13** for providing Information to the IRS.

Form 4287 and acknowledged Form 3210 for all misdirected payments must be maintained for two years.

7.3.2 Cash Received by the PCA

When the misdirected payment is cash, the PCA supervisor or designee must:

- ▶ Count the cash in the presence of the employee who discovered the cash
- ▶ Log the discovered remittance on Form 4287
- ▶ Notate on Form 4287 in the "Name" column with the following, "Cash counted and verified"
- ▶ The discovering employee and PCA supervisor or designee initial the Form 4287 in the appropriate column to verify the cash has been counted and verified.

The same day it was discovered, the PCA must convert any cash to a bank/cashier's check, money order, or the equivalent, payable to "United States Treasury". If discovered after normal business hours, it must be converted no later than the next business day.

7.3.3 Sending Misdirected Payments to the IRS

The misdirected payment and Form 3210 must be sent the same day (or if after normal business hours, no later than the next business day) the payment is discovered, using overnight traceable mail. Refer to **Section 13.2** for specific mailing instruction.

When a payment is received with a tax return, include the original incoming document with the payment. If the payment is received with correspondence from the taxpayer, process the correspondence according to existing procedures in this guide.

The IRS receiving office will acknowledge receipt of Form 3210 and return it to the PCA within 7 business days.

The PCA will reconcile the Form 3210 and Form 4287 within 7 business days the misdirected payment was discovered. The purpose of the reconciliation is to ensure that all remittances sent to the designated IRS address were received.

If the acknowledgement of Form 3210 of this misdirected payment is not received within 10 business days, the PCA should initiate an inquiry of the status of the misdirected payment through the technical analyst.

7.4 Misdirected Tax Returns

Any tax return inadvertently received by the PCA must be forwarded with Form 3210 (see **Exhibit G(2)**) on the same day received to the IRS by overnight traceable mail. Do not separate the envelope from the tax return. Date stamp the envelope. **Do not date stamp the tax return.**

Under no circumstances will the PCA request original or copies of tax returns or retain tax returns that are inadvertently sent to them by the taxpayer. Refer to **Section 13** for mailing and faxing instruction.

7.5 Suspicious Packages and Letters

A PCA employee who identifies a suspicious package should not move or touch the package, should cordon off the area, and immediately notify a supervisor. PCA supervisors should use judgment in determining whether a package is unusual or suspicious. If a package is determined to be unusual or suspicious, immediately notify local police and TIGTA - Office of Investigations as well as the IRS COR. The COR will inform IRS management as necessary and will follow through to resolution of the event. The PCA may not resume normal operations in the affected area until local police or TIGTA - Office of Investigations deems it to be safe.

A suspicious package may consist of, but is not limited to:

- ▶ Excessive postage
- ▶ Excessive weight and/or a feel of a powdery, sticky or grainy substance
- ▶ Excessive securing materials such as masking tape or string
- ▶ Handwritten or poorly typed addresses
- ▶ Incorrect titles
- ▶ Misspellings of common words
- ▶ No return address
- ▶ Oily stains or discolorations
- ▶ Protruding wires or tinfoil
- ▶ Restrictive markings such as "Confidential" or "Personal"
- ▶ Titles, but no names

8 PAYMENTS

The PCA must **never** ask the taxpayer to mail a payment or cash to the PCA location or make a check payable to the PCA. Encourage the taxpayer to make and monitor payments electronically via www.irs.gov. If the taxpayer is unable to pay electronically, instruct the taxpayer to mail their payment to:

Department of the Treasury
Internal Revenue Service
Kansas City, MO 64999-0010

Taxpayers must make their check payable to the United States Treasury and include:

- ▶ name, address, daytime telephone number (when not already preprinted on the check or money order), and
- ▶ write the form number and tax year for which the payment is being made, and
- ▶ the primary taxpayer's SSN/EIN on the check or money order.

The PCA must **never** solicit a taxpayer's bank, credit or debit card information. The taxpayer must make the payments independently as described in **Section 8.2**.

Secondary taxpayers submitting payments must identify the primary taxpayer's SSN and tax period on any payments submitted to the IRS. If the secondary taxpayer does not have the primary taxpayer's SSN, it is acceptable for the PCA to provide the primary SSN to the secondary taxpayer if all taxpayer authentication requirements are met (see **Section 6.4**).

Payments are applied to outstanding balance(s) owed in this order:

1. Payments are applied to the earliest unexpired CSED (oldest tax assessed)
2. Within the earliest unexpired CSED:
 - a. Tax
 - b. Assessed Penalties
 - c. Accrued Penalty
 - d. Other assessed fees
 - e. Interest
3. Once the oldest assessment is paid in full, payments are applied to the second oldest tax assessed in the same manner outlined above and continue until all balance due modules are paid in full.

8.1 Account Payoff Information

The PCA will be provided with two payoff figures for each tax period. A payoff computed for two and four weeks forward is provided with the weekly updates. When a taxpayer requests a payoff figure, the PCA employee will use the IRS provided payoff figures as appropriate.

In some instances, interest is restricted from being calculated on the IRS system and the aggregate accrued interest field in the weekly file will be all zeros. In this instance, the PCA must contact the technical analyst for assistance in calculating pay-off amounts.

8.2 Payment Methods

The following payment methods are available to taxpayers:

- ▶ Taxpayers may make a payment via www.irs.gov/Payments:
 - Direct Pay (F1040 only)
 - Debit or Credit Card*
 - EFTPS (enrollment required)
 - Electronic Fund Withdrawal
 - Same-day wire
- ▶ IRS PayNearMe (cash)
- ▶ IRS2go mobile app
- ▶ Taxpayers may mail a check or money order to the IRS

***Note:** Advise the taxpayer that they will be charged a convenience fee by the service provider based on the amount being paid when making debit/credit card payments.

8.2.1 Payments Made by DirectPay at www.irs.gov

DirectPay is a payment application available through www.irs.gov where they may select the Payments tab and follow the instructions. It is a free service that allows taxpayers to make electronic payments directly to the IRS from their checking or savings accounts. Generally payments post within 48 hours. This service is free, secure, provides electronic confirmation, and the quickest way to make a payment. Direct Pay will accept payments up to \$999,999,999.99. Direct Pay is currently only available to individual taxpayers for the following payment types:

- ▶ Installment Agreements
- ▶ Balance Due Notices*
- ▶ Estimated Tax Payments
- ▶ Payments with a return
- ▶ Payments with Extension-to-File

*For the purpose of Direct Pay, the IRS and PCA contact letters are considered Balance Due Notices.

IRS2GO is a mobile application to access IRS Direct Pay.

8.2.2 Payments made by Debit/Credit Cards

Taxpayers can use any of the following credit cards to make payments and choose a payment processor located on www.irs.gov/direct-pay:

- ▶ American Express® Card
- ▶ Discover® Card
- ▶ MasterCard® card
- ▶ Visa® card
- ▶ Star
- ▶ Pulse
- ▶ Actel
- ▶ PayPal Credit
- ▶ NYCE

Taxpayers making debit/credit card payments do not need to be enrolled to make a payment. The taxpayer may call toll free or visit the website of service providers listed below:

Official Payments.com/fed
888-872-9829 (Payment)
877-754-4413 (Customer Service)
www.officialpayments.com

Link2Gov Corporation
888-PAY-1040SM (1-888-729-1040)
888-658-5465 (Customer Service)
www.pay1040.com

PayUSAtax.com
(WorldPay US, Inc.)
844-729-8298 (Payment)
855-508-0159 (Live Operator)
844-825-8729 (Customer Service)

The taxpayer will be charged a convenience fee by the service provider. The amount of the convenience fee is based on the amount being paid. Fees may vary between providers. Taxpayers will be told what the fee is during the transaction and will have the option to either continue or cancel the transaction. Taxpayers can also find out what the fee will be by calling the provider's toll-free automated customer service number or visiting the provider's website (provided above).

Taxpayers will be given a confirmation number at the end of the transaction.

8.2.3 Payments Made via EFTPS

EFTPS is a free tax payment system designed with all taxpayers in mind. Taxpayers can schedule one-time or recurring-payments through EFTPS, either online or by phone.

EFTPS allows taxpayers to make tax payments 24 hours a day, seven days a week. EFTPS can be used to schedule payments for withdrawal from the taxpayer's checking or savings account up to 365 days in advance. Taxpayers can also modify or cancel payments up to two business days before the scheduled withdrawal date. Once enrolled, individuals and business taxpayers can use the Internet to make all their federal tax payments, or phone using the EFTPS® Voice Response System.

To use EFTPS, a taxpayer must enroll. The taxpayer has two options for enrollment, as follows:

- ▶ The taxpayer can enroll online at www.eftps.gov
- ▶ The taxpayer can call toll-free 800-555-4477 or 800-733-4829 (TDD hearing-impaired); or 800-244-4829 (Spanish) (24 hours a day, seven days a week).

8.2.4 IRS PayNearMe – Paying with cash at a retail partner

PayNearMe is a new payment option available to individual taxpayers through www.irs.gov/Payments and participating retail stores. It is a secure walk up cash payment method that converts cash payments to electronic transactions. It utilizes a barcode and retail locations to complete the transactions.

This cash option is available at limited 7-Eleven locations. The FAQ section in www.irs.gov/Payments contains a list of states participating in this payment option.

PayNearMe is a payment option for taxpayers who prefer to pay their taxes with cash.

PayNearMe charges a service fee which is separate from tax obligations. Individuals will pay \$3.99 per transaction with a \$1,000.00 daily payment limit.

Taxpayers who want to pay their taxes with cash through the IRS PayNearMe option should do the following:

- ▶ Go to www.irs.gov/Payments to begin the payment process. In the "Other Ways You Can Pay" box, click on "Cash at a Retail Partner" and follow the instructions on that page.
- ▶ The taxpayer will receive an email from Official Payments confirming their information.
- ▶ The IRS will then verify the information sent by Official Payments. NOTE: This process may take two to three business days.

PayNearMe notifies the taxpayer via email with next step instructions and a barcode. The barcode is available to be printed or displayed on mobile devices.

NOTE: The PayNearMe barcode will expire in 7 days after it is emailed to the taxpayer.

- ▶ Taxpayers present the barcode at a participating retail location. The retail clerk scans the barcode and collects the cash and fee.
- ▶ The retail clerk presents the taxpayer with a receipt to confirm the transaction.
Important: Taxpayers should keep this receipt as proof of payment.
- ▶ Official Payments and PayNearMe send transactions for processing.

NOTE: It usually takes two business days for payments to be submitted to the IRS. Taxpayers should allow for this to make timely payments in order to avoid interest and penalties.

IRS PayNearMe is currently only available to IMF taxpayers. The service can be used for the following payment types:

- [Form 1040 series](#)
- [Form 1040 ES Estimated Tax](#)
- [Form 4868 Automatic Extension to File Taxes](#)
- [Installment Agreements](#)
- [Trust Fund Recovery Penalty](#)
- [Form 5329 Return for Individual Retirement Arrangement Taxes](#)

Please advise joint filers using PayNearMe to complete the "Verify Identity" page using the primary filer's information, even if the taxpayer is making an estimated tax payment. This will ensure the payment is promptly applied to the balance due account.

NOTE: The IRS PayNearMe web pages are not yet available in Spanish.

8.2.5 Payments Made by Mail

All PCA related payments will be processed at the following IRS address:

Department of the Treasury
Internal Revenue Service
Kansas City, MO 64999-0010

Taxpayers who want to make a payment by mail must be instructed to:

- ▶ Make checks or money orders payable to the "United States Treasury"
- ▶ NOT send cash
- ▶ Include name, address, daytime telephone number, when not already preprinted on the check or money order
- ▶ Write the form number and tax year for which the payment is being made and the primary taxpayer's SSN/EIN on the check or money order.

8.3 Theft – Losses and Shortages

When a PCA manager becomes aware of an actual or potential theft/loss, it must be reported immediately (within 1 hour of recognition/identification) by telephone to the COR and to the

9 COLLECTION STATUTE EXPIRATION DATE (CSED)

The collection statute expiration date (CSED) is the date the statute expires for collection of tax, penalty, or interest. It is generally ten years from the date the IRS assessed the tax, penalty or interest.

The IRS will provide the CSEDs in the weekly files in YYYYMMDD format. A tax year may contain more than one CSED due to an additional assessment (e.g., amended claim). If the tax year has multiple CSEDs, the Earliest Collection Statute Expiration Date (ECSED) represents the earliest collection statute expiration date and the other CSED is called 10CSED. If there is only one CSED on the module, the 10CSED and ECSED will match.

When there are multiple years assigned and the CSED expires for one year, the other years will remain with the PCA and can continue to be worked.

10 PAYMENT OPTIONS

When discussing payment options with the taxpayer, the PCA should first attempt to secure immediate full payment. Immediate full payment satisfies the total amount due within 120 days.

If the taxpayer is unable to satisfy the total amount due within 120 days, then the PCA can offer a payment arrangement.

See the following chart for available options:

If	Then
The taxpayer can full pay immediately or within 120 days	See Section 10.1 for instruction
The taxpayer can full pay within the CSED or 5 years, whichever is less (121 days to 60 months)	Offer the taxpayer a payment arrangement. See Section 11 for instruction
The taxpayer can full pay between 5 to 7 years, or the CSED, whichever is less (61 – 84 months)	<ol style="list-style-type: none"> 1. Suspend the account 5 business days. 2. Document reason for suspending the account in the ROA (terms between 61 and 84 months) 3. Secure approval from the technical analyst to set up and monitor the payment arrangement. 4. Document the ROA with the technical analyst response and follow instruction. 5. Upon approval, see Section 11 for instruction.
The taxpayer can make payments, but will not full pay within the CSED or 7 years, whichever is less	<ol style="list-style-type: none"> 1. Attempt to secure one voluntary payment AND 2. The PCA should inform the taxpayer that alternative collection resolutions are available through the IRS at www.irs.gov (e.g. offer-in-compromise). See Section 10.2 for instruction.

10.1 Full Payment within 120 days

The PCA will first attempt to secure immediate full payment. Full payment within 120 is not considered a PCA Payment Arrangement and does not suspend the further accrual of interest or penalties the taxpayer may owe on the unpaid balance due. A follow-up call to the taxpayer may be needed to provide the payoff balance for the final payment.

Taxpayers must be advised to send payments to the address in **Exhibit A** with a copy of their most recent notice.

If the taxpayer cannot full pay the tax debt within 120 days, but can full pay within the CSED or 7 years, whichever is less, the PCA will then offer a payment arrangement, see **Section 11**.

Reminder: Arrangements that full pay the tax debt within 61 and 84 months requires technical analyst approval to set up and monitor.

10.2 Less Than Full Payment

When the taxpayer cannot full pay the tax debt within the CSED or 7 years, whichever is less, the PCA will attempt to secure a voluntary payment and should inform the taxpayer that alternative collection resolutions (e.g. offer-in-compromise) are available through the IRS at www.irs.gov.

10.2.1 Voluntary Payments

If the taxpayer cannot full pay, within 120 days or with a payment arrangement, the PCA will make one attempt to verbally secure a voluntary payment. Taxpayers will be verbally advised that a voluntary payment will not suspend the further accrual of interest or penalties the taxpayer may owe on the unpaid balance due. Taxpayers must be advised to send payment to the address in **Exhibit A**.

The PCA will make one verbal request to secure a voluntary payment when the taxpayer cannot resolve their account by either full payment or with a payment arrangement. A voluntary payment will only be requested verbally to ensure it does not have the implication of a payment arrangement. The PCA will document the attempt to secure a voluntary payment in the record of account. After making the one attempt to secure a voluntary payment, the PCA will hold the account 10 business days from the date the voluntary payment was request and initiate the return of the account back to the IRS.

The PCA will not attempt to secure a voluntary payment when the taxpayer expresses they are unable to pay. Instead, the PCA will initiate the return of the case to the IRS. Refer to Section 12.3.

10.2.2 Alternative Collection Resolution

If the taxpayer cannot full pay, within 120 days or with a payment arrangement, the PCA must inform the taxpayer that alternative collection resolutions (e.g. offer-in-compromise) are available through the IRS at www.irs.gov.

If the taxpayer states s/he will seek alternative resolution at www.irs.gov, place a 60 day hold on the account and suspend all collection activity to allow the taxpayer time to provide the required information to the IRS. When the IRS receives the required information, the IRS will recall the case from the PCA. If after 60 days the case has not been recalled, the PCA can resume collection.

If the taxpayer states s/he does not qualify or does not pursue alternative resolution, the PCA may make one attempt to secure a voluntary payment.

11 PCA PAYMENT ARRANGEMENTS

A PCA payment arrangement provides for monthly payments to full pay the total amount due. The PCA can offer the taxpayer a payment arrangement when:

- ▶ **full payment** is made **within the collection statute expiration date** (CSED) or **5 years**, whichever is less and
- ▶ the taxpayer filed all **delinquent returns** (see **Section 11.1**), and
- ▶ the assessed tax, penalty & interest is **less than or equal to \$100,000**.

A payment arrangement that provides for monthly payments to full pay the total amount due between 61 and 84 months requires technical analyst approval. Do not proceed, until approval to set up and monitor the arrangement is secured.

The PCA should remind the taxpayer that failure to pay penalty and interest will continue to accrue until the total amount due is paid in full. Encourage the taxpayer to full pay in the shortest time possible. If a monthly payment arrangement cannot be established, the PCA may make one attempt to secure a voluntary payment (see **Section 10.2.1**).

The PCA will monitor for monthly payments for the life of the arrangement as instructed in **Section 11.5**.

11.1 Delinquent Returns

All delinquent returns must be filed before a payment arrangement can be offered.

Delinquent returns can be identified in a weekly file that contains the tax year and tax form number for the primary, secondary or both taxpayers. The PCA will instruct the taxpayer to file the delinquent return(s) directly with the IRS and pay any outstanding tax due with the return. Mailing addresses are provided in **Exhibit A**. If the taxpayer is unable to pay the outstanding tax due with the return, advise the taxpayer to make payments in the interim. Monitor the weekly file for the posting of the return and assignment of the module (TRCAT 150).

NOTE: An additional tax liability created when filing a delinquent or current year return must be included when offering a payment arrangement or restructuring an existing one (see **Section 11.5**). A new Payment Arrangement Acceptance Letter will be mailed (see **Section 5.4**).

If the taxpayer states they do not have the required information to file or they already filed the delinquent return, follow the steps below.

If	Then
The taxpayer indicates that they do not have the required income information to file a delinquent return.	<ol style="list-style-type: none"> 1. Refer taxpayers to www.irs.gov "Get Transcripts" to order a wage and income transcript for the delinquent return. 2. Mail <u>Form 4506-T</u> to taxpayers that do not have Internet access, and advise them to follow instructions on the form to request wage and income transcripts. 3. Instruct the taxpayer that transcript information can be used to assist in preparing and filing the delinquent tax return."Tax returns should be sent to the IRS mailing location listed in the 1040 instructions.* 4. Monitor the account until the return posts.
The taxpayer states the tax return was filed,	<ol style="list-style-type: none"> 1. Obtain information about when, where and under what TIN the tax return was filed. 2. Document the ROA. 3. Monitor the account until the return posts, and resume collection. 4. If 10 weeks has passed and there is no indication the return was filed, request the taxpayer resubmit a return to the IRS.

*Taxpayers may obtain tax forms by calling the IRS at 800-TAX-FORM or 800-829-3676. Taxpayers may also access forms on-line at www.irs.gov.

Never request the taxpayer mail his or her tax return(s), original or copies, to the PCA or retain tax returns that are inadvertently sent to the PCA by the taxpayer. When an original tax return is received by the PCA follow procedures in **Section 7.4**.

Note: Taxpayers who are in business as sole proprietors must be in compliance with both individual and business filing requirements. Additionally, in the case of divorce or separation, the spouse that the PCA speaks with is only required to have filed their own tax returns prior to establishing a payment arrangement. The spouse will be responsible for filing his/her own returns for the delinquent return tax period and should be pursued separately. See **Section 11.2** below for further instructions.

The PCA employee must document the request for delinquent returns in the PCA ROA. *Example:* "Taxpayer agreed to file Form 1040 for 2012" or "Taxpayer states all tax returns have been filed."

Under no circumstances will a taxpayer be directed to send a tax return directly to a PCA.

11.2 Payment Arrangements for Separated or Divorced Taxpayers

Special handling will be required in situations where the PCA receives a case with a name line containing two taxpayers who are now **separated or divorced**. If the PCA identifies taxpayers who are no longer filing jointly because of divorce or separation, it is possible that each spouse will have their own arrangement to resolve the balance due. It is extremely important that PCA employees do not reveal information about the other spouse. This would include any collection action taken, payment arrangement made and personal information obtained that could be used to identify where the spouse is living. As with any payment arrangement, the PCA will be required to monitor the arrangements for payments and follow up with the appropriate taxpayer if payments are not received.

11.3 Payment Arrangements for Multiple Tax Periods/Separated or Divorced Taxpayers

Entities with multiple tax periods may also require special handling. The primary taxpayer will always have the ability to establish a payment arrangement for all of the tax periods because they are liable for each period. In some cases, the secondary taxpayer will only be liable for some of the tax periods and possibly be the primary for other tax periods. In this instance, the secondary taxpayer can only arrange to pay on modules for which they are liable, as either the primary or secondary. The PCA cannot discuss the additional liabilities with the secondary taxpayer unless there is an authorization on file listing the secondary taxpayer. The secondary taxpayer may establish a payment arrangement for all tax periods they have a liability for, as either primary or secondary.

In the example below, there are multiple tax liabilities. The name line for each tax period is different.

Primary SSN / Name	Secondary SSN / Name	MFT	Tax Period	Primary Payment Arrangement	Secondary Payment Arrangement
XXX-XX-1111 / John Doe	XXX-XX-2222 / Mary Doe	30	200912	200912, 201012, and 201112	200812, 200912, 201012, 201212
XXX-XX-1111 / John Doe	XXX-XX-2222 / Mary Doe	30	201012		
XXX-XX-1111 / John Doe		30	201112		
XXX-XX-2222 / Mary Doe		30	201212		
XXX-XX-2222 / Mary Doe		30	200812		

If	Then
Contact is made with John Doe	Establish payment arrangement for all tax periods associated with John.
The contact is with Mary Doe	<ol style="list-style-type: none"> Mary is liable for tax periods 200912 and 201012 with John's SSN as primary, and the tax periods under Mary as the primary SSN (200812 and 201212) The PCA cannot discuss the 201112 balance due with Mary

The resolution of the scenario above will require two separate payment arrangements if each taxpayer wants to resolve their balance due in this manner.

11.4 Items the PCA Must Cover With the Taxpayer

When setting up a payment arrangement, PCA employees must advise the taxpayer(s) of all of the following:

- ▶ Payment methods (See **Section 8.2**)
- ▶ Extra payments or higher payments can be accepted at any time
- ▶ When making payments by mail, see **Exhibit A**, for mailing address.
- ▶ Payments will be applied first to tax, then penalties, then interest.

When there are multiple tax years, the payment is applied to the earliest assessment (or earliest Collection Statute Expiration Date) and in the best interest of the government.

- ▶ All future returns must be filed and the tax due paid in a timely manner.
- ▶ Any future tax refunds will be applied to the balance due.

Note: These refund offsets do not take the place of the monthly payment due.

- ▶ A letter with the agreed terms of a payment arrangement will be sent to the taxpayer(s).
- ▶ Penalties and interest will continue to accrue until the balance is paid in full

11.5 Monitoring Payment Arrangements

Once an acceptable payment arrangement is reached with the primary taxpayer and the necessary approval is secured when appropriate, the PCA will provide information about the arrangement to the IRS by the data exchange mechanism. The PCA is required to send all of the following information in the data exchange:

- ▶ Taxpayer name control
- ▶ Taxpayer identification number (TIN)
- ▶ TIN type (0=SSN, 2=EIN)
- ▶ File Source (1=IMF, 2=BMF)
- ▶ Tax periods and MFT
- ▶ The PCA Unique Identifier (PCA-Code or PCA-ID = two numerical digits)
- ▶ Request the input of value 1 which would trigger IRS transaction code 971 063 (Request again with the original date, if necessary, after two weeks)

NOTE: Input of value 1 should be delayed until all balance due modules (including notice modules represented by TRCAT 095) are assigned to the PCA.

- ▶ Enter the date of payment arrangement (MMDDYYYY) in the transaction date field

If the TC 971 AC 063 was input in error, the PCA must reverse this transaction via the data exchange. The PCA will request value 5 (which will trigger IRS TC 972 AC 063) with same date as the TC 971 AC 063.

The PCA will monitor all payment arrangements with the primary taxpayer to verify transaction code (TC) 971 action code (AC) 063 has posted to each module, and until:

- ▶ the account is full paid, or
- ▶ the collection statute expires, or
- ▶ the payment arrangement is terminated, or
- ▶ the account is recalled or returned, or
- ▶ the contract is terminated, whichever occurs first.

NOTE: When a separate PCA Payment Arrangement is established for a secondary taxpayer a TC 971 AC 063 will not post to the secondary TIN. When the primary account is recalled the entire account will be recalled.

The PCA will monitor the weekly data files for delinquent returns on all payment arrangements. The PCA will set a deadline and request the filing of the delinquent return. If the filing of the delinquent or current year returns results in an additional liability, restructure the payment terms

to ensure full payment of all modules within the provided CSED or 7 years, whichever is less, secure appropriate approvals and document the ROA. When a payment arrangement is restructured, a new Payment Arrangement Acceptance Letter will be mailed (see **Section 5.4**). If the taxpayer is unable to restructure the payment arrangement to include the new liability, the PCA will terminate the arrangement. Payment transactions on all PCA-assigned accounts will be provided weekly to the PCA.

11.5.1 Retention of Accounts

The PCA will retain accounts with active payment arrangements as long as the IRS has not recalled the account for the duration of the arrangement as long as the PCA has a current contract with the IRS. In addition:

- ▶ If the PCA is not awarded a subsequent contract by the IRS, the PCA will retain its active payment arrangement accounts for a maximum of twelve months after expiration of the contract.
- ▶ Once the twelve month period has elapsed, these accounts must be returned to the IRS.
- ▶ Any records or account information must be destroyed in accordance with **Section 3.2**.
- ▶ If the payment arrangement is terminated prior to the end of the 12 month retention period, the PCA will:
 - request input of value 4 (which triggers a TC 971 AC 163) and
 - Enter the date of payment arrangement termination (MMDDYYYY) in the transaction date field and
 - If applicable, initiate the case return procedures as described in **Sections 14.2, 11.5.2** and records disposal as in **Section 3.2**.

11.5.2 Missed Payments

A missed payment is defined as a payment that is not received by the 15th calendar day after the payment due date. If a payment is returned for insufficient funds and not paid by the 15th calendar day after the due date, it would be considered a missed payment. The PCA is required to contact the taxpayer within 15 calendar days of the missed payment under the PCA Payment Arrangement to encourage the taxpayer to comply with the terms.

For example: A payment due on May 25th is considered missed if the payment is not received by June 9th and the PCA must contact the taxpayer before June 24th.

The PCA will consider restructuring the payment arrangement dependent on the taxpayer's financial situation and modify the monthly payment amount as necessary. If the payment arrangement requires restructuring due to a missed payment, the PCA is required to ensure full payment is made within the CSED, or 7 years, whichever is less, for each module.

- ▶ The PCA will terminate the Payment Arrangement after three missed payments within a rolling twelve month period.
- ▶ The PCA will retain the account until the account is recalled, returned, or the contract is terminated.
- ▶ The PCA will return the account to the IRS if the taxpayer is unable to full pay the total liability within the CSED or 7 years, whichever is less.

Refer to the following table when the taxpayer misses a monthly payment, per the PCA Payment Arrangement:

If	Then
The taxpayer missed a payment (less than three within a twelve month rolling period) and <ul style="list-style-type: none"> ○ able to restructure the monthly 	1. Document the ROA 2. Monitor for monthly payments 3. Send the taxpayer a Payment Arrangement Acceptance Letter with the

<p>payment arrangement terms to full pay within the CSED, or 7 years, whichever is less, with appropriate approval</p>	<p>new terms.</p>
<p>The taxpayer missed three monthly payments in a rolling twelve month period and</p> <ul style="list-style-type: none"> ○ unable to restructure and ○ unable to make voluntary payments 	<ol style="list-style-type: none"> 1. Request the input of value 4 (which triggers TC 971 AC 163 to terminate the arrangement) and provide the IRS by the data exchange: <ul style="list-style-type: none"> • Taxpayer's name • Taxpayer's TIN • Enter the date of payment arrangement termination (MMDDYYYY) in the transaction date field 2. Mail the taxpayer a Terminated Payment Arrangement Letter (see Section 5.5) 3. Monitor the account for : <ul style="list-style-type: none"> • TC 971 AC 163 • Request input again with the original date, if necessary after 2 weeks 4. Initiate the return of the case to the IRS: <ul style="list-style-type: none"> • Request input of value 3 (which triggers TC 971 AC 459 and return to the IRS). The date of this transaction will be in MMDDYYYY. 5. Document the ROA
<p>The taxpayer states they did not miss a payment</p>	<ol style="list-style-type: none"> 1. Determine if it has been at least two weeks since the taxpayer mailed their payment or one week since the scheduled date of an authorized payment. If it is not outside of these timeframes, suspend the case and then follow-up with the taxpayer if payment is still not received. 2. Secure copy of the payment instrument (e.g., front and back of cancelled check, bank statement) 3. Complete a Form 4442, <i>Inquiry Referral</i>, providing all the details of the payment(s) in question 4. Transmit Form 4442 and payment documentation to the technical analyst for research (see Exhibit A).

NOTE: There is no limit to the number of times a PCA Payment Arrangement can be restructured, as long as full payment is made within the CSED or 7 years, whichever is less on each module and approvals are secured when appropriate.

12 ACCOUNTS REQUIRING SPECIAL PROCESSING

Under the current legislation, the following cases are not eligible for collection by a PCA and will not be distributed:

- ▶ Pending or active offer-in-compromise or installment agreement
- ▶ Innocent spouse
- ▶ Deceased

- ▶ Under the age of 18
- ▶ In a designated combat zone
- ▶ Victim of tax-related identity theft
- ▶ Currently under examination, litigation (bankruptcy), criminal investigation, or levy
- ▶ Subject to a proper exercise of appeal under the Code

When any of the above case types are identified by the IRS, while assigned to the PCA, the case will be recalled by the IRS.

If the taxpayer indicates any of the above and the case has not been recalled, place a 60 day hold on the account in order to allow the taxpayer to provide the required forms and/or information to the IRS. When the IRS receives the required information, the case will be recalled from the PCA. If after 60 days, the account has not been recalled, the PCA can resume collection activities. If the taxpayer states they have provided the required forms and/or information to the IRS and the case has not be recalled after 60 days, suspend collection activity and contact the technical analyst for instruction on how to proceed.

When additional information is needed, the PCA can refer the taxpayer to:

- ▶ www.irs.gov for forms and information
- ▶ 800-TAX-FORM or 800-829-3676 to request forms

If requested, the PCA can download and mail forms to the taxpayer.

This section of the Guide explains some of the special processing circumstances the PCA employee may encounter. When special circumstances are encountered and the PCA employee does not know how to process, contact the technical analyst for direction.

12.1 IRS Employee

IRS employees are charged with the administration and enforcement of Federal tax laws and are held to higher expectations of tax compliance. The IRS has an internal function that identifies potential IRS employee Federal tax compliance violations. These accounts should not be assigned to a PCA.

If the PCA identifies a taxpayer as an IRS employee, the PCA will immediately cease all collection activity. The PCA will return the account to the IRS.

12.2 Offer in Compromise (OIC)

An Offer in Compromise (OIC) is an agreement, binding both the taxpayer and the IRS, which resolves the taxpayer's tax liability where it has been determined that there is doubt as to the taxpayer's liability, doubt as to the IRS's ability to collect the balance due, or there is a serious economic hardship or other exceptional circumstance which warrants acceptance of less than full payment of the taxes owed.

Taxpayers have the right to submit an offer to compromise a tax liability and have the offer considered on its merits. **The PCA is not permitted to negotiate, indicate approval of, or advise a taxpayer regarding the Offer in Compromise (OIC) program.**

Taxpayers requesting OIC information must be referred to www.irs.gov, for information or 800-TAX-FORM or 800-829-3676 for Form 656-B, Offer in Compromise Booklet.

Place a 60 day hold on the account and suspend all collection activity to allow the taxpayer to provide the information to the IRS. When the IRS receives the required information, the IRS will recall the case from the PCA. If after 60 days the case has not been recalled, the PCA can resume collection. If the taxpayer states they have provided the required forms and/or information to the IRS and the case has not be recalled after 60 days, suspend collection activity and contact the technical analyst for instruction on how to proceed.

12.3 Unable To Pay

The PCA must return an account to the IRS anytime if it deems the taxpayer is unable to pay and has exhausted all reasonable collection efforts.

When the taxpayer indicates that payment of the balance due immediately or through a payment arrangement would leave him or her unable to pay necessary living expenses or a medical hardship is reported, the PCA will document the ROA and initiate the return of the case to the IRS. When the taxpayer states they are recipients of Social Security Disability (SSDI) or Supplemental Security Income (SSI), the PCA will initiate the return of the case. When the taxpayer is unable to pay, the PCA will not intimidate the taxpayer or threaten enforcement action of any kind (see **Section 14.2**).

12.4 Incarcerated Taxpayer

PCA employees may discover a taxpayer is currently incarcerated. Taxpayers in this situation are afforded the same rights as any other taxpayer. PCA employees will continue to identify the potential for collection (e.g. full pay, payment arrangement, unable to pay) of the balance due and take the next appropriate action based on the individual circumstances.

12.5 Deceased Taxpayer

The PCA may identify that a taxpayer is deceased either through electronic research, correspondence or telephone contact with a surviving spouse or third party. Upon discovering that a taxpayer is deceased, the PCA must suspend collection action on the account.

The PCA should secure a copy of the death certificate when either the primary or secondary taxpayer is deceased. If the primary taxpayer is deceased, request input of Transaction Type = 2 (which triggers IRS TC 540) by electronic data exchange. The following information should be provided to the IRS:

- ▶ Taxpayer name control,
- ▶ Social security number,
- ▶ Enter the date of death (MMDDYYYY) in the transaction date field

Input of Transaction Type = 2 cannot be input when:

- ▶ the primary taxpayer's date of death is not available
- ▶ the secondary taxpayer is deceased

The PCA should initiate a return of the account by following the procedures in **Section 14.2** of this guide.

The PCA will monitor the case until the IRS recalls the account.

Note: The PCA should keep copies of the death certificate with the record of account (ROA), and provide the document to the IRS upon request.

12.6 Refund Offsets

Taxpayers will often indicate that they expect the refund from a recently filed tax return to satisfy their balance due. In most instances the processing of a tax return will be completed within six weeks of the filing date. The PCA should follow up with the taxpayer if the balance due is not resolved as anticipated.

If a taxpayer has questions about their refund, they should contact the IRS directly by:

- ▶ Going to www.irs.gov and clicking on Where's My Refund
- ▶ Calling 800-829-1954 24 hours a day, 7 days a week, for automated refund information
- ▶ Calling 800-829-1040 between 7 am and 10 pm local time if it has been **more than 21 days** since they filed an Electronic return, or **more than 6 weeks** since they filed a paper return. Note that taxpayers living in Alaska and Hawaii are treated as being in the Pacific Time Zone for this purpose.

Note: PCAs must not access a taxpayer's account via the refund inquiry avenues stated above.

12.7 Bankruptcy

Important: Cease all collection actions when notified of a bankruptcy filing.

Generally, filing bankruptcy gives a debtor immediate relief from all demands for payment and collection actions. PCA employees, upon learning of a bankruptcy, must request information from the taxpayer regarding the bankruptcy.

When notified a bankruptcy has been filed, the PCA employee must take the following actions:

- ▶ Immediately suspend all action on the account for 60 days.
- ▶ Advise taxpayer to call 800-973-0424, M-F, 7AM - 10PM EST and have the following information available:
 - bankruptcy case number,
 - bankruptcy court location,
 - type of bankruptcy filing if known, and
 - the name and phone number of their bankruptcy attorney

Transaction Code (TC) 999 is used to indicate emergency stop processing and will be passed to the PCA via the daily file (see **Section 4.3.1**). This code will be used in concurrence with the bankruptcy transaction that will cause an IRS initiated recall.

12.8 Identity Theft

A taxpayer may call to report his or her SSN has been misused to obtain goods or services or to report other complaints related to identity theft. Advise the taxpayer to contact the Federal Trade Commission (FTC) Identity Theft Hot-Line at 877-438-4338 if he or she has not already reported the theft.

If the taxpayer indicates that the balance due was the result of identity theft, or his or her SSN is being used illegally, and has not contacted the IRS, advise them to go to www.irs.gov for the "Taxpayer Guide to Identity Theft" for guidance. Taxpayers without internet access can call 800-908-4490.

The taxpayer will be required to provide documentation to the IRS to substantiate this claim.

Place a 60 day hold on the account and suspend all collection activity to allow the taxpayer to provide the information to the IRS. When the IRS receives the required information, the IRS will recall the case from the PCA. If after 60 days the case has not been recalled, the PCA can resume collection.

12.9 Automated Levy Programs and Collection Appeals

This section provides information on Automated Levy Programs (ALPs) and collection appeals. An IRS levy is the legal seizure of a taxpayer's property to satisfy a federal tax debt. The ALP is a program where selected federal tax debts are matched with funds disbursed from federal, state and local authorities (e.g. refund, salary, dividend) in an effort to satisfy all or part of the federal tax debt through IRS levy. Any monies received through an offset, levy or administrative action of any kind will not be considered a commission eligible payment.

There are four ALPs:

- ▶ State Income Tax Levy Program (SITLP)
- ▶ Municipal Tax Levy Program (MTLP)
- ▶ Alaska Permanent Fund Dividend Levy Program (AKPFD)
- ▶ Federal Payment Levy Program (FPLP)

Accounts assigned to the PCA inventory are available for inclusion in these ALPs. When a match occurs, the account will be recalled by the IRS and a recall letter issued by the PCA (see **Section**

5.6). A basic understanding of these ALPs and taxpayer appeal rights will help the PCA employee to provide appropriate assistance to the taxpayer.

A taxpayer included in an ALP will have already received or will receive a notice from the IRS stating either that the IRS intends to levy or has levied his or her funds and that certain appeal rights apply. This notice advises the taxpayer to contact the IRS, however, the taxpayer may contact the PCA on accounts assigned to the PCA.

If the taxpayer requests an appeal in response to any ALP notice, the PCA employee must immediately cease collection until the account is recalled and direct the taxpayer to call the number on the notice. Also, if the taxpayer raises any issues regarding the IRS intent to levy or the actual levy, that the PCA employee cannot address, the taxpayer must be directed to contact the telephone number on the notice.

12.9.1 State Income Tax Levy Program (SITLP)

The SITLP is an agreement between the IRS and certain participating states to levy individual state income tax refunds. Taxpayers meeting certain criteria are included on a levy file that the IRS provides to participating states. Taxpayers who have not already been issued their appeal rights will be sent a CP 92 – Seizure of Your State Tax Refund and Notice of Your Right to a Hearing, from the IRS (**after** the levy payment is received) advising them of their appeal rights. Once the levy attaches, the state also issues a letter explaining the amount levied and advising the taxpayer to contact the IRS.

Once the levy attaches, the state issues a letter explaining the amount levied and advising the taxpayer to contact the IRS. Taxpayers will also receive a CP 92 from the IRS (once the levy payment is received) advising them of their appeal rights if appeal rights were not previously issued.

12.9.2 Municipal Tax Levy Program (MTLP)

The MTLP Program is an agreement between the IRS and municipalities with an income tax requirement permitting the municipal income tax refund be applied to a federal tax liability. Accounts selected for inclusion in the MTLP have already had appeal rights issued on them. Participating municipalities are required to mail the taxpayer a notice indicating the local tax refund has been levied by the IRS and applied to a federal tax liability. The notice directs the taxpayer to contact the IRS toll free number.

12.9.3 Alaska Permanent Fund Dividend Levy Program (AKPFD)

The AKPFD Levy Program is an agreement between the IRS and the State of Alaska to levy an individual's Permanent Fund Dividend (PFD). The PFD is distributed annually by the State of Alaska to all eligible recipients. If a taxpayer included in the AKPFD levy program has not already been issued their appeal rights, CP 77 - Intent to Seize Your Assets and Notice of Your Right to a Hearing, will be sent in July. Once the levy attaches, the Alaska Department of Revenue, Permanent Fund Division issues a notice to the taxpayer indicating that part or all of their PFD was taken by the United States Treasury. The appropriate IRS toll-free telephone number is given on the notice for the taxpayer to contact.

12.9.4 Federal Payment Levy Program (FPLP)

The FPLP is an agreement between the IRS and the Department of the Treasury, Bureau of the Fiscal Service (BFS) to continuously levy certain federal payments disbursed by FMS. Taxpayers included in the FPLP who have not already received their appeal rights will receive one of the following notices from the IRS stating the IRS intends to levy if they do not respond within 30 days from the date on the notice.

- ▶ CP 90 - Final Notice, Notice of Intent to Levy and Notice of Right to a Hearing, (FPLP)
- ▶ CP 91 – Final Notice, Before a Levy on Social Security Benefits and Your Right to a Hearing, (FPLP)

Once the levy has taken place, BFS will issue a letter to the taxpayer explaining the amount levied and advising the taxpayer to contact the IRS.

12.9.5 Collection Appeals

The IRS Office of Appeals (Appeals) reviews collection actions that were taken or have been proposed, including IRS levies to collect an unpaid account. Publication 594, The IRS Collection Process, and Publication 1660, Collection Appeal Rights, provide information about collection appeal rights. Taxpayers wishing to appeal before or after a levy should contact the IRS number on the notice that was issued.

12.10 Disaster/Emergency

A major disaster is defined as any catastrophe (including any hurricane, tornado, storm, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, or drought) or, regardless of cause, any fire, flood, or explosion, in any part of the United States, which causes sufficient damage to warrant major disaster assistance. Disasters may also be caused by terrorist or military action. Disasters may be declared by the president, or may be an individual personal disaster (such as house fire).

A presidential declared disaster is defined as any occasion or instance when, in the determination of the president, federal assistance (Public Assistance or Hazard Mitigation Assistance) is needed to supplement state and local efforts and capabilities to save lives and to protect property and public health and safety, or to lessen or avert the threat of a catastrophe in any part of the United States. The IRS may extend relief in response to any emergency situation.

A taxpayer may be affected if their tax practitioner is in the disaster area and all of the taxpayer's records are with the practitioner. Also, first responders and others not residing in a disaster zip code but, who are providing services within the disaster zip code, may qualify for relief as well.

The PCA must suspend all contacts on taxpayers who reside in a presidentially declared disaster area until the –O freeze is removed from the account.

EXCEPTION: A taxpayer in presidentially declared disaster area may request relief from immediate collection measures by the PCA. If the taxpayer requests relief (verbally or in writing), the PCA must cease all collection activity and return the case to the IRS.

If the taxpayer claims to be affected or impacted by a disaster and there is no indication on the account or received from the IRS, direct the taxpayer to call 866-562-5227. The IRS assistors may manually update the taxpayer account with beginning and end dates for the disaster status. The PCA will suspend contact for 60 days, or for the duration of the disaster status.

Taxpayers and tax practitioners can find information about disaster relief online at www.irs.gov or www.fema.gov.

12.10.1 What to do when contacted by a Taxpayer in a Disaster/Emergency Area

When a call or letter is received from a taxpayer whose financial condition directly impacted by a disaster, consider either of the following:

- ▶ The new financial condition in terms of reducing an agreed payment amount
- ▶ Hardship (see **Section 12.3**)

Note: It is acceptable for a PCA to accept information volunteered by a family member of the taxpayer or other third party.

Take the following actions when there is an indication the taxpayer is providing direct emergency assistance to someone directly impacted by a disaster:

- ▶ Clearly note the details in the ROA.
- ▶ Take the appropriate action based on the taxpayer's ability to pay today.

Note: This action is appropriate as the IRS does not wish to interfere with any emergency response provided during a disaster.

When a taxpayer living in a designated disaster area or otherwise affected by disaster/emergency already has a payment arrangement, the PCA will:

- ▶ Continue to monitor the arrangement for commissionable payments.
- ▶ **NOT** contact the taxpayer if payments cease.

12.11 Threats

The PCA must immediately notify the TIGTA - Office of Investigations and the COR of threats made by taxpayers, third parties or POAs and provide them with information collected about the identity of the taxpayer, third party or POA involved.

When possible, the threatened PCA employee must document the record of account (ROA) and supply the following information to the TIGTA - Office of Investigations:

- ▶ Taxpayer, third party, or POA name
- ▶ Taxpayer SSN
- ▶ POA Centralized Authorization File (CAF) number, if applicable
- ▶ Location of taxpayer, third party, or POA
- ▶ Time the call was received or date correspondence was received
- ▶ Any other information that may aid in an investigation

A PCA employee who receives a threat via telephone must do the following:

- ▶ Avoid confrontational statements to the individual.
- ▶ Ask the individual to clarify vague statements.
- ▶ Have someone else (preferably the employee's manager) listen to the call in order to corroborate the threat, if possible.

When an individual is being verbally abusive, however not threatening, advise him or her that the call will be disconnected if he or she continues the behavior. If the behavior continues, the PCA employee should inform the individual that the call is being disconnected and then disconnect the call. The PCA employee should ensure the call is documented.

After a threat (in verbal or written form) has been reported to the TIGTA - Office of Investigations, all collection action must cease on the case. The TIGTA - Office of Investigations will investigate the threat and provide further guidance to the PCA. All contacts or efforts to collect on the affected account(s) will cease, until the TIGTA - Office of Investigations has completed its investigation and made the appropriate threat assessment and referral(s). PCA management must consult with the COR and TIGTA - Office of Investigations to determine if it is appropriate to retain a "threat" case in the PCA's inventory. See **Exhibit A** for the COR and TIGTA offices.

12.12 Joint and Several Liability

Taxpayers who file and sign a joint return are each fully responsible for the accuracy of the return and for the total amount due. This is "joint and several" liability. The liability applies to each spouse even though only one spouse may have earned the wages or income shown on the return.

A taxpayer who files a joint return with a spouse is generally jointly and separately liable for all tax due in that tax year. When a taxpayer believes he or she should not be required to pay the total amount due (including tax, penalty, and/or interest) for a tax year in which he or she filed a joint return, the taxpayer may be eligible for relief from joint and several liability by requesting Innocent Spouse Relief (see **Section 12.13**).

12.13 Innocent Spouse Relief

Taxpayers requesting information on Innocent Spouse Relief should be directed to the IRS web site for more information. Taxpayers request Innocent Spouse Relief via a Form 8857, *Request for Innocent Spouse Relief*. The Form 8857 claim is referred to as an Innocent Spouse claim.

- ▶ Direct taxpayers with internet access to the IRS web page at www.irs.gov to obtain a Form 8857, or
- ▶ Taxpayers may receive forms from the IRS by calling toll free 1-800-829-3676 and requesting the form, or
- ▶ Alternatively, taxpayers may ask the PCA to download and mail Form 8857 to the address provided by the taxpayer.

Explain to the taxpayer the Form 8857 must be mailed to the address on the form. Suspend collection activity against the spouse who requested information or forms for 60 days. When the PCA does not get an update from the IRS indicating a Request for Innocent Spouse Relief has been filed within 60 days, the PCA should resume collection activity on both parties. If the taxpayer states they have provided the required forms and/or information to the IRS and the case has not be recalled after 60 days, suspend collection activity and contact the technical analyst for instruction on how to proceed.

12.14 Fair Debt Collection Practices Act (FDCPA)

Although the IRS has granted legal authority to the PCA to work with the taxpayer, there may be times when the taxpayer chooses not to work with the PCA. When these instances occur, inform the taxpayer that they must place their request in writing to the PCA and provide the taxpayer with the mailing instructions. The PCA must suspend all activity on the account for 60 days to allow the taxpayer sufficient time to make a written request. The PCA may resume collection after the expiration of the 60 day period unless a written notification is received from the taxpayer or the PCA is notified to return the case.

When the PCA receives a written request not to work with the taxpayer, the PCA will initiate the return of the account to the IRS. The PCA must ensure no contact is made with the taxpayer after receipt. If the PCA continues contacting the taxpayer in these circumstances, these subsequent contacts may represent violations of the Fair Debt Collection Practices Act (FDCPA), 15 USC 1692c(c). **NOTE:** Only one taxpayer on a joint account needs to opt out for the case to be recalled from the PCA.

12.15 Taxpayer Disputes

For specific disputes already defined in other chapters, follow the procedures to which the dispute relates. The PCA will use the information provided to resolve all disputes. The following sections can be used after exhausting all means and the PCA is still unable to resolve a dispute.

Refer to **Section 4.3.2** for pending claims that impact the tax liability.

12.15.1 Tax

When the taxpayer disputes the tax amount and the PCA is unable to resolve the taxpayer's concerns fully document the record of account (ROA).

The IRS will consider a taxpayer's request for an abatement of tax (e.g. income, estate, gift tax) when the taxpayer files an amended return that shows a decrease in the tax that was assessed.

If the taxpayer states they want to amend their tax return, the PCA will advise the taxpayer to mail the return to the address indicated in **Exhibit A**.

Under no circumstances will a taxpayer be directed to send a tax return directly to a PCA.

12.15.2 Penalty Abatement

In some cases the taxpayer may dispute the penalties that have been assessed on his/her account. The taxpayer may mention that he/she is interested in an abatement or reduction of these assessments. An abatement or reduction of penalties indicates that the taxpayer knows the tax is owed, but would like the IRS to consider removing the penalty due to "reasonable cause" (a legitimate reason

that the IRS may consider). For more information on penalty relief, refer the taxpayer to www.irs.gov.

If a taxpayer is requesting an abatement of penalties, advise the taxpayer to submit a signed request to the IRS explaining the reasons or Form 843, *Claim for Refund and Request for Abatement*.

Form 843 can be obtained through:

- ▶ www.irs.gov or
- ▶ 800-TAX-FORM or 800-829-3676 and request Form 843
- ▶ The PCA can download the form at www.irs.gov and mail to the taxpayer, if requested.

Instruct the taxpayer to mail the Form 843 to the IRS address where they would be required to file a current year tax return. Under no circumstances will a taxpayer be directed to send IRS forms directly to a PCA.

When the taxpayer indicates he/she will be submitting an abatement request, suspend the case for 60 days to allow the abatement to be filed and for the IRS to review it. The IRS will review it and let the taxpayer know if it accepts/rejects the taxpayer's request.

If a taxpayer submits a written request for abatement or Form 843 to the PCA, forward the request per instruction in **Section 13.2**.

12.15.3 Payment Discrepancy

When the taxpayer states the balance due has been paid, secure the payment information so the technical analyst can complete a payment tracer. When preparing documentation concerning a payment dispute, include the following information on the Form 4442, as applicable:

- ▶ Taxpayer's name and address
- ▶ Taxpayer's social security number
- ▶ Type of tax (i.e. Form 1040)
- ▶ Tax period
- ▶ Amount of payment
- ▶ Type and method of payment (e.g. paper check, EFTPS)
- ▶ IRS office where payment was made or mailed
- ▶ Issue date of payment
- ▶ Date of receipt, receipt number, and type of receipt (if received)

When possible, attach a clear photocopy of both sides of the canceled check or money order used to make the payment that needs to be traced. When the payment was made by cashier's check or money order, and a copy of the canceled document is not readily available, get the serial number of the payment, the date it was bought, and the name and address of the office that issued it to the taxpayer.

The PCA must fax copies of all taxpayer written dispute correspondence concerning the amount of any debt due to the technical analyst within one business day of receipt. During the dispute review by the technical analyst, the case will remain in the PCA's inventory. However, the PCA must ensure no further collection activity takes place on the case until the technical analyst contacts the PCA with instructions. The IRS will attempt to resolve the dispute within 60 calendar days of receipt, and will notify the PCA when the dispute is resolved.

12.16 Congressional Inquiries

Occasionally, the IRS receives inquiries from a U.S. Senator's Office, U.S. Congressional Office, Federal, State or local Government Offices. Any inquiries of this kind received by the PCA must be faxed to the technical analyst (see **Exhibit A**) within one business day of receipt. When the correspondence or inquiry pertains to a specific account, or series of accounts in the PCA's

inventory, the PCA must suspend any and all collection activity on the account(s). Do not respond directly to the Congressional office, Federal, State, or local Government Office. The IRS will respond to each inquiry and will notify the PCA with instructions for the account(s).

When an inquiry is received by phone, refer the caller to the technical analyst and notify the technical analyst of the contact. The technical analyst will provide the PCA with procedures once a response is issued.

12.17 Combat Zone

This section provides guidance for identifying cases for taxpayers who are or have served in the following:

- ▶ area designated as a combat zone
- ▶ contingency operation designated by the Department of Defense
- ▶ qualified hazardous duty area as defined by Congress, or
- ▶ direct support of military operations in a combat zone certified by the Department of Defense.

A combat zone is any area the President of the United States designates by Executive Order as an area in which the United States Armed Forces are engaging or have engaged in combat. An area usually becomes a combat zone and ceases to be a combat zone on the dates the President designates by Executive Order. These additional conditions will also be considered for the purpose of qualifying as a Combat Zone:

Contingency Operation - The rules in IRC 7508 have been extended for an area designated by the Dept. of Defense for an individual deployed outside the United States away from the individual's permanent duty station while participating in an operation.

In general those individuals described below are considered Combat Zone personnel:

- ▶ Individuals who serve in the Armed Forces in a combat zone or qualified hazardous duty area (and to persons performing qualifying service outside such area) or who participated in a contingency operation.
- ▶ Military personnel who are not located in the designated combat area but are in direct support of the Combat Zone initiative and receiving hostile fire or imminent danger pay. This also applies to Merchant Marines serving aboard vessels under the operation and control of the Dept. of Defense, Red Cross personnel, accredited correspondents, and civilian personnel acting under the direction of the U.S. Armed Forces in support of those forces.
- ▶ Members of the U.S. Armed Forces performing services for the peacekeeping efforts in a "qualified hazardous duty area" are treated for tax purposes in the same manner as if the area were a "combat zone".
- ▶ Hospitalization. The postponement applies after the last day of any "continuous qualified hospitalization" for an injury from service in the combat zone or qualified hazardous duty area (and to person performing qualifying service outside such area) or contingency operation. The period of postponement cannot be more than 5 years for hospitalization in the United States.
- ▶ Application to Spouse and Dependents. The relief also applies to the spouse and dependents of the individual; however, the period of postponement for hospitalization in the United States does not apply to a spouse or dependents.

Individuals who serve or have served in an officially designated combat zone will have payment and collection of any federal tax liability suspended during:

- ▶ the period of the individual's service in the combat zone,
- ▶ plus any period of continuous hospitalization outside the United States as a result of injury received while serving in the combat zone,
- ▶ plus the next 180 days thereafter.

When the PCA is contacted by a taxpayer or family member advising the taxpayer is in a combat zone, suspend all collection activity for 60 days and update the ROA with the information

provided. When a joint assessment is involved, suspend collection activity from both spouses. Taxpayers are not required to make payments while in a combat zone but may choose to send in payments voluntarily.

Instruct the taxpayer that a deferral of payment may be requested in writing by submitting the following documentation to the combat zone address provided in **Exhibit A**. Include the following documentation with the request:

- ▶ date of deployment, all entry and exit dates
- ▶ which combat zone he/she is currently stationed
- ▶ type of service and organization name and phone number, if provided
- ▶ Documentation to support their time served or worked in a CZ. Documentation must indicate that the taxpayer served or worked in support of or was deployed to a current CZ, CO or QHDA and must show a qualified area. Acceptable documentation includes:
 - Any official documents received that show the area, theater or military operation and the approximate entry date, is acceptable.
 - Civilians will usually provide a Letter of Authorization or a letter from their employer.
 - Letters from the military that state that the taxpayer served in a “tax-free zone” or “Combat Zone Tax Exclusion Area (CZTE)” are acceptable.
 - If documentation does not list an exit date but only indicates tour of duty or length of duration in approximate number of days, the exit date provided by the taxpayer is acceptable.
 - Receipt of combat pay, back pay or stopgap pay is not proof that the taxpayer is qualified for the CZ exclusions. Taxpayer must be serving or working in a current CZ, CO or QHDA or in direct support to qualify.

Types of documents might include:

- ▶ Military orders
- ▶ Letters of authorization (civilians)
- ▶ Hospital discharge papers
- ▶ Discharge from Active Duty
- ▶ Official Letterhead memorandum from a military department or civilian employer
- ▶ Request and Authorization for TDY Travel or DoD Personnel (civilian and military)
- ▶ Other official types

If taxpayer has questions, advise them to check with their legal assistance office or refer them Publication 3, *Armed Forces’ Tax Guide*.

When the IRS receives the required documentation, the case will be recalled. If after 60 days the case is not recalled, the PCA may resume collection or initiate the return.

12.18 Accounts with “Minor” as Part of Name Line

PCAs will not receive any accounts involving minors. However, in some instances PCAs may receive an account with the literal “minor” as part of the name line. These rare instances will be circumstances where the taxpayer was a minor at the time the assessment was made, but is over age 18 at the time of the PCA case placement. The literal “minor” will remain on the name line of the account. PCAs can pursue collection on these accounts.

12.19 Military Deferment

Under the Service members Civil Relief Act (referred to as Section 510, Title 50 Appendix), the collection of income tax from any person in the military service, whether the tax is due before or during military service, may be deferred when the ability to pay is materially impaired because of the person’s military service.

Taxpayers may receive special tax relief and benefits under certain circumstances due to military service. When the taxpayer is a member of the Armed Forces (not in a combat zone), he/she may qualify to defer (delay) payment of income tax that becomes due before or during his/her military service. To qualify, the taxpayer must:

- ▶ Be performing military service, and

- ▶ Notify the IRS in writing that his/her ability to pay the income tax has been materially affected by their military service.

The service member will then be allowed up to 180 days after termination or release from military service to pay the tax. When he/she pays the tax in full by the end of the deferral period however, he/she will not be charged interest or penalty for that period.

When the taxpayer requests relief, suspend all collection for 60 days to allow the taxpayer time to submit the request for evaluation. These accounts will be recalled when the IRS is notified of the military deferment.

The service member's request must meet the following criteria to qualify for military deferment:

- ▶ The taxpayer must be in his/her initial period of service.
- ▶ For an officer, the initial period of service is limited to the first two years following entry into the service.
- ▶ The taxpayer must be materially affected because of his/her military status. (Current military income is less than the earned income immediately prior to military status.)
- ▶ The taxpayer must make a WRITTEN request to the technical analyst in **Exhibit A** and may need a copy of orders or reporting instructions. See requirements for source documentation below.
- ▶ The taxpayer must include in the request his/her name, social security number, monthly income and source of income before military service, current monthly income, military rank, date entered in military service, and the date he/she is eligible for discharge. Inform the taxpayer it would be helpful if he/she submits a copy of his/her orders.
- ▶ The taxpayer must be current on all filing requirements.

Supporting documentation is not required:

- ▶ When the initial period of service due to military service is under a selective service act, or
- ▶ When the period of service (prior to any reenlistment) is following recall of the military member to active duty from an inactive reserve or National Guard unit.

Supporting documentation is required:

- ▶ When the active duty is under the first enlistment in the armed services for the military member, or
- ▶ When the active duty is the first period of the reenlistment for the military member who has been out of the service for one year or more.

Inform the taxpayer his/her request will be reviewed by the IRS and he/she will be advised in writing of the decision. If the taxpayer's request is granted, he/she will be allowed up to 180 days after termination or release from military service to pay the tax.

12.20 Passport Accounts

The FAST Act includes provisions for the revocation/denial of a passport/passport application when a taxpayer has a seriously delinquent tax debt. The IRS will issue a passport certification notice, Notice 508C, to taxpayers that meet the definition of seriously delinquent. A seriously delinquent tax debt is defined as:

- ▶ An assessed tax liability greater than \$50,000, and
- ▶ A NFTL has been filed, and
- ▶ The taxpayer's right to a Collection Due Process (CDP) Hearing under IRC § 6320 (CDP Lien) has been exhausted, or
- ▶ A levy was issued after January 2, 2017

There may be limited situations when PCAs receive taxpayer inquiries about the CP508C. If the taxpayer wants to resolve their tax debt after receiving CP508C or self-identifies a passport issue, follow the steps below:

If Taxpayer Calls PCA and Self-Identifies Receipt of CP508C or a Passport Issue	
And	Then
Taxpayer wants to resolve passport issue through full payment	<ol style="list-style-type: none"> 1. The PCA should provide the taxpayer with full payment options such as pay online, by credit card or mailing address. 2. The account will become decertified when a Record Type "F" appears in the Entity Record File, and the TRCAT code is 999.
Taxpayer sets up a PCA payment arrangement	<ol style="list-style-type: none"> 1. TC 971 AC 063 will post to the account systemically, and 2. The account will become de-certified, e.g., passport issue resolved.
Taxpayer wants to resolve passport issue but cannot full pay or enter into a payment arrangement	The PCA will direct the taxpayer to call ACS, and initiate a return of the case to IRS.
Taxpayer states he/she has foreign travel scheduled within 45 days or less and can full pay/establish a payment arrangement to resolve the account	<ol style="list-style-type: none"> 1. The PCA will follow full pay/payment arrangement instructions above and secure the passport number and travel dates from the taxpayer. 2. The PCA will contact the PDC technical analyst via encrypted email providing details of the account resolution, date of travel and passport number. 3. The technical analyst will complete Form 14794, Expedited Passport Decertification, and send to the Field Collection International Group via encrypted email at *SBSE Passport Expedited Request.
Taxpayer states he/she has foreign travel scheduled within 45 days or less, but cannot full pay/establish a payment arrangement	The PCA will refer the taxpayer to ACS, and initiate a return of the case to IRS.

13 PROVIDING INFORMATION TO THE IRS

Contractor/PCA personnel must comply with safeguarding requirements for sensitive tax or tax related and personally identifiable information.

Sensitive information (including tax and tax-related information) is any information which if lost, stolen, or altered without proper authorization, may adversely affect Service operations.

Personally Identifiable Information (PII) refers to information that can be used by itself or in combination with other information to uniquely identify a person. The personal information of taxpayers, employees and contractors of the IRS is also considered PII.

Some examples of PII include:

- ▶ Names
- ▶ Addresses
- ▶ Email Addresses
- ▶ Social Security Numbers
- ▶ Taxpayer Authentication Numbers
- ▶ Bank account numbers
- ▶ Date and place of birth
- ▶ Telephone number
- ▶ Biometric data (e.g. height, weight, fingerprints)

Unauthorized disclosure of an individual's tax or tax related information or PII may cause lawsuits, unwanted notoriety, and public distrust in the ability to protect such information. Furthermore, unauthorized release of information such as the name and address of an informant may threaten that person's life.

Safeguarding requirements for mailing and faxing to the IRS are described below.

13.1 Providing information by fax

While faxed information is not sealed and little protection may be guaranteed at the receiving end, certain precautions are to be used to protect confidential tax information. At a minimum, a cover sheet identifying the intended recipient of the information and the number of pages being faxed must be used. This cover sheet should not contain specific confidential information of the taxpayer other than their name and phone number assuming if the fax is directed to the taxpayer. If faxing information to an authorized third party put the name of the third party on the cover, not the taxpayer's name, TIN or other confidential information. The information should be faxed in an order where the cover sheet will become the first page covering the faxed tax information.

The following disclosure warning statement is to be used on all cover sheets:

"This communication is intended for the sole use of the individual to whom it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this communication is not the intended recipient or the employee or agent for delivering the communication to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication may be strictly prohibited. If you have received this communication in error, please notify the sender immediately by telephone (collect, if necessary), and return the communication to the address above via the United States Postal Service. Thank you."

PCAs are required to maintain a centralized facsimile log (paper trail) that is available for COR review upon request.

13.1.1 Faxing Form 4442 and Other Case Information to the technical analyst

When faxing Form 4442 (see **Exhibit H**) or other case information, complete Form 3210 (see **Exhibit G**) and include only Part 1 in the fax document being sent. The Form 3210 should be the first document immediately under the front fax coversheet. When completing the Form 3210, be sure to be specific in the "document identification" section to ensure that both the technical analyst and the PCA sender/receiver of the fax can determine that all faxed information is accounted for and can be checked off accordingly.

The technical analyst will acknowledge receipt of the fax by checking off each item in the "shipment information received" column of the Form 3210 and signing the "received and verified" portion and fax the acknowledgment back to the PCA.

NOTE: The PCA will retain Form 3210 and destroy 1 year after end of processing year. (Example: 2017 - Destroy January 2019)

13.2 Mailing Information to the IRS

Shipping procedures for packages containing sensitive taxpayer information that are sent via private delivery carrier (UPS and FedEx) require the following:

- ▶ Double packaging with both an inner and outer label
- ▶ Secure packaging of the material
- ▶ Ensure outer packaging and/or label do not indicate the package contains sensitive material
- ▶ Use of Form 3210, *Document Transmittal*, refer to **Exhibits G(1)** and **G(2)** for required information when sending misdirected payments or misdirected forms/tax returns
- ▶ Monitoring shipments for delivery through the tracking number
- ▶ Recipient's acknowledgement of receipt by signing and returning Form 3210, *Document Transmittal*

NOTE: The PCA will retain Form 3210 and destroy 1 year after end of processing year. (Example: 2017 - Destroy January 2019)

When mailing misdirected tax returns, forms or payments to the IRS:
All items will be secured and double-wrapped and double-sealed in opaque paper envelopes or boxes.

- ▶ The *inside* envelope or box is required to contain the following:
 - The name and address of the IRS receiving office (including mail stop number, if available)
 - The person authorized to open the package (if available)
 - The PCA return address and fax
- ▶ The *outside* envelope or box is required to contain the following:
 - The name and address of the IRS receiving office (including mail stop number, if available)
 - The PCA return address

Refer to **Exhibit A** for appropriate address.

If a package containing sensitive taxpayer information is discovered lost and/or undelivered, the incident must be immediately reported to the PCA supervisor and the TIGTA - Office of Investigations.

14 RECALL AND RETURN OF ACCOUNTS

During the time period the PCA is processing inventory received from the IRS, cases may be returned or recalled (systemically or manually) for any reason, such as, but not limited to, the reasons below:

- ▶ Taxpayer requests in writing not to work with the PCA, per FDCPA
- ▶ Substantiated taxpayer complaint against PCA
- ▶ PCA requests to return account to IRS
- ▶ Expiration of the contract
- ▶ Account is full paid through Automated Levy Programs or IRS offsets
- ▶ Other subsequent activity on the taxpayer's account no longer qualifies it for collection activity by PCAs (e.g. IRS accepts taxpayer's offer-in-compromise, IRS agrees taxpayer does not owe the debt, or IRS confirms that bankruptcy automatic stay or discharge prohibits efforts to collect the debt)
- ▶ TAS initiates the recall of the account

The specific reasons for the recall are ordinarily not provided to the PCA.

14.1 Recall of Account by IRS

The IRS will issue a systemic request to cease all collection activity in certain situations and will "Recall" the case back to the IRS. This systemic request will be present on the regular information files sent either weekly or on the daily files (depending on the nature of the exact reason for recall). Upon receipt of a "Recall" record, the PCA will cease all collection activity on the account.

There may also be instances when the COR or technical analyst will notify the PCA to cease collection action on an account. In this situation, the PCA must immediately cease collection activity until they receive a systemic recall or are contacted by the COR or technical analyst to resume collection activity.

When an account is recalled, the PCA must provide the taxpayer(s) and/or POA/TIA (as applicable) a letter advising their account has been returned to the IRS unless the tax period(s) has/have a zero balance due. The requirements listed in **Section 5.6** must be followed for all recall letters.

14.2 Return of Account by PCA

The Contractor may retain the case as long as the contract is active. There are conditions and times the IRS will recall a case and the PCA will return the case per the guidance in **Section 14.1**. However there will be times that the PCA, after having exhausted all reasonable efforts to work the case,

determines it can do nothing further (e.g. cannot locate the taxpayer, the taxpayer is unable to pay) and desires to return the case. When the taxpayer states they are recipients of Social Security Disability (SSDI) or Supplemental Security Income (SSI), the PCA will return the case to the IRS. The PCA will close their case and initiate the return of the case via the data exchange. The PCA will request input of value 3 (which triggers TC 971 AC 459) on the primary TIN. The date of this transaction will be in MMDDYYYY. When the IRS receives this they will input a TC 972 AC 054 to recall the case. The PCA will then follow the recall procedures as outlined in **Section 14.1** above.

14.3 Close Out Of Contract

Except as stated otherwise, account information and files must be retained for 12 months, then destroyed or disposed of in a manner preventing unauthorized disclosure (see **Section 11.5.1**).

15 TAXPAYER ADVOCATE SERVICE (TAS) PROCEDURES

15.1 Background and Authority

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS whose employees assist taxpayers seeking help in resolving tax problems that have not been resolved through normal channels or who are experiencing hardships. Taxpayer Advocate Service ensures taxpayers are treated fairly, and know and understand their rights.

15.2 Notification Requirements of Private Collection Agencies (PCA)

The PCA is required in the initial contact letter to:

- ▶ Notify the taxpayer about the purpose and existence of TAS,
- ▶ Provide the 877-777-4778 telephone number, and
- ▶ Inform the taxpayer that he or she may request assistance from TAS at any time while his or her account is with the PCA.

The PCA notice must explain the existence and purpose of TAS to the taxpayer. At a minimum, the PCA must use substantially similar language to the following:

"TAS protects taxpayers' rights by ensuring that all taxpayers are treated fairly, and that they know and understand their rights under the Taxpayer Bill Of Rights. TAS assists taxpayers who have unresolved problems with the IRS or the PCA or may be experiencing or are about to experience an economic harm."

More information about TAS can be found in Publication 1546, Taxpayer Advocate Service Is Here to Help.

15.3 Procedures for Referring Accounts

When the taxpayer requests assistance from TAS, the PCA will direct the taxpayer to:

- ▶ Call 877-777-4778 for assistance, or
- ▶ Visit www.irs.gov for Form 911, Application for Taxpayer Assistance Order, or
- ▶ Call 800-TAX-FORM or 800-829-3676 for Form 911.
- ▶ Mail the Form 911 to the address on the form. NOTE: The PCA may also download Form 911 at www.irs.gov and mail it to the taxpayer, if requested.
- ▶ The PCA may also transfer the taxpayer's call to TAS

The PCA will place a 60 day hold on the account and suspend all collection activity to allow the taxpayer to provide the required information and the case will be recalled. If after 60 days the case has not been recalled, the PCA can resume collection.

16 COMPLAINT PROCESS

A complaint is defined as any communication received from a taxpayer, POA or third party that expresses any form of dissatisfaction with the PCA's handling of their account. Complaints can be written or verbal, and may be received by any form of communication to include in-person, telephone, mail, email, fax, and internet.

The TIGTA - Office of Investigations will investigate all complaints and provide a report to the IRS COR, pursuant to its existing complaint reporting and referral process. TIGTA - Office of Investigations special agents will follow procedures established in Chapter 400 of the TIGTA Operations Manual when processing complaints and conducting investigations.

Statutory violations are when a taxpayer or other persons complains of a possible violation of the Taxpayer Bill of Rights, Taxpayer Bill of Rights 2, FDCPA, and Privacy Act, Disclosure statutes or other applicable laws. These complaints must be simultaneously reported to the COR and TIGTA - Office of Investigations. When TIGTA - Office of Investigations initiates a formal investigation of the complaint, PCA employees must cooperate fully with the TIGTA - Office of Investigations and coordinate its management efforts with the COR and TIGTA - Office of Investigations.

Complaints can range from an allegation of rude behavior to intimidation or harassment to a statutory violation of laws and regulations such as the Fair Debt Collection Practices Act (FDCPA), Taxpayer Bill of Rights, Privacy and/or Disclosure. The seriousness of the allegation will be determined by TIGTA - Office of Investigations.

16.1 PCA Requirements

The PCA must provide taxpayers wishing to complain about the PCA the telephone number, mailing address, and Internet address for the TIGTA - Office of Investigations, in writing and/or verbally, if appropriate, during conversations with the taxpayer. Any complaints received must be taken seriously and handled immediately as validated complaints may have a negative impact on the PCA's performance.

When the IRS receives a complaint from a taxpayer by phone, the taxpayer will be referred to TIGTA. Complaints received by the IRS through internal channels will also be forwarded to the TIGTA - Office of Investigations for triage and investigative consideration. As part of the process, the COR may request that the PCA provide, within one business day, a copy of its collection activity record, or record of account and any other relevant information.

The COR will notify the PCA when a complaint is investigated by TIGTA. The PCA must immediately suspend collection activity on an account whenever a written or verbal complaint regarding the PCA is received by the TIGTA - Office of Investigations. Failure to suspend collection activity will result in the IRS recalling the account. Actions on an account may resume only after the PCA's notification from the COR that the complaint has been resolved and collection activity may resume.

When the PCA receives a complaint from a taxpayer, a taxpayer's POA or another person in connection with a taxpayer assigned to a PCA, the PCA must notify the TIGTA - Office of Investigations and the COR. When requested, the PCA must provide within one business day, a copy of the written complaint or notes of a verbal complaint with a copy of the collection case activity record or record of account.

The PCA must maintain a log of all complaints, including non-substantive and minor complaints, detailing any PCA corrective or administrative actions. The complaint log must always be accessible by the TIGTA - Office of Investigations, IRS COR or other designated IRS representatives including employees of TAS. The complaint report will be delivered to the COR in an electronic format (Excel) no later than the 7th business day after the end of the monthly reporting cycle month (see **Section 17.3.3**).

16.2 IRS Response

The IRS will immediately revoke the clearances of any PCA employee who commits a validated statutory violation. The PCA must take immediate action to permanently remove the violating employee from all access to contract data, the contract worksite and working on the contract in any capacity.

Contract activity on the taxpayer's account can resume only after the IRS determines the PCA has taken corrective action(s) to prevent further validated statutory complaints and to the extent authorized in writing by the Contracting Officer.

Depending on the severity and frequency of the misconduct, additional actions may include criminal referral, by the TIGTA - Office of Investigations, for prosecution of the offender and subsequent termination of the contract.

17 PRODUCTION REPORTS

Report formats will be updated on an as needed basis.

17.1 Performance Management Report

The PCA will provide a production report containing key IRS debt collection measures to the COR each month. Monthly reports will be generated and submitted to the IRS using the cycle times and due dates outlined in **Exhibit M**. Reports will be electronically submitted as Excel files and Excel headers will be taken from the Metric column in the Performance Management Report table shown below.

The Performance Management Report will contain the following elements:

Metric	Description
Number of accounts in inventory	Number of accounts in inventory at 11:59 PM on the last day of the monthly cycle
Total dollar value of accounts in inventory	Sum of outstanding balance of all accounts in inventory based on most recent TMB values received prior to monthly cycle end date
Total dollars collected	Sum of all dollars collected during the monthly cycle
Number of accounts full paid	Count of all accounts that reached a balance of zero during the monthly cycle, <i>including accounts in payment arrangements</i>
Total full paid dollars collected	Sum of all dollars collected that brought accounts to a zero balance during the monthly cycle, <i>including accounts in payment arrangements</i>
Number of accounts in payment arrangement	Count of all accounts in payment arrangement as of 11:59 PM on the last day of the monthly cycle
Total payment arrangement dollars collected	Sum of all payment arrangement dollars collected throughout the monthly cycle
Number of accounts with a voluntary payment	Count of all accounts with a voluntary payment during the monthly cycle
Total voluntary payment dollars collected	Sum of all dollars collected through voluntary payment during the monthly cycle
Number of accounts returned to IRS	Count of all accounts returned to the IRS throughout the month, excluding recalled cases

17.2 Contact Report

The Contractor will maintain a call recording system, which will be made available to the IRS upon request. The PCA will provide outbound and inbound call reports to the COR each month. Monthly reports will be generated and submitted to the IRS using the time periods and due dates outlined in **Exhibit M**. Reports will be electronically submitted as Comma Separated Values (CSV), and CSV headers will be taken from the Metric column of the Outbound Call and Inbound Call tables shown below.

OUTBOUND CALLS	
Metric	Definition
PCA Taxpayer ID	PCA-generated ID number
Date of the Call	mm/dd/yyyy

Time of the Call at Originator Location	hh:mm AM or PM
Time of the Call at Taxpayer Location	hh:mm AM or PM
Time Zone of Taxpayer Area Code	Assessed using area code
Length of Call	Calculated from time a person answers to hang up
Contact Type	Enter type of contact: No contact, Wrong party contact, RPC Voicemail (see Section 6.3.3), RPC Live Conversation
Person(s) Contacted	Enter category of person contacted: TP, 3rd Party, POA, TIA. Leave blank if no contact or wrong contact made
Phone Number Dialed	Nnnnnnnnnn
Phone Type	Enter phone type: Landline, Cellphone
Call Initiator	Enter Assistor's Name
Originating phone number	Nnnnnnnnnn
Taxpayer Promise	Enter category of TP promise: Promise to full pay, Promise to make a voluntary payment, Promise to enter into payment arrangement, No promise

<u>INBOUND CALLS</u>	
Metric	Definition
PCA Taxpayer ID	PCA-generated ID number
Date of the Call	mm/dd/yyyy
Time of the Call	At the PCA's office
Length of the Call	Calculated from the time Assistor answers until hang up
Person Spoken To	Enter category of person spoken to: TP, 3rd Party, POA, TIA
Assistor's Name	The PCA employee who handled the call
Taxpayer Promise	Enter category of TP promise: Promise to full pay, Promise to make a voluntary payment, Promise to enter into payment arrangement, No promise

17.3 Additional Reports

The PCA must provide five additional reports:

1. Initial Contact Letters Report
2. Return Tracking Report
3. Complaints Report
4. Monthly Invoice Report
5. Quality Control Reports

The reports will be delivered in an electronic format (Excel) no later than the 7th business day of the end of the monthly reporting cycle as mentioned in Section 17.1 except for the Monthly Invoice Report, due dates for which are detailed in **Exhibit M**. **Exhibit M** contains a summary of all due dates for the Production Reports and Monthly Invoice Report.

17.3.1 Initial Contact Letter Report

All taxpayers and representatives must receive an initial contact letter from the Contractor. The PCA will maintain a log of initial contact letters generated weekly for new receipts and the number of reissued initial contact letters, which will be made available to the IRS upon request.

According to the monthly reporting cycle, the PCA will provide a list of all initial contact letters issued and reissued. The log and monthly cycle report will contain the following information reported under the unique PCA Identification Number:

- ▶ Number of Letters sent to Primary
- ▶ Number of Letters sent to Secondary
- ▶ Number of Letters sent to Primary POA
- ▶ Number of Letters sent to Secondary POA

This report must be maintained by the PCA and be available for review when requested.

17.3.2 Return Tracking Report

The contractor will maintain a report that captures the reason accounts are returned to the IRS using Transaction Type = 3. PCAs will electronically deliver a Return Tracking Report to the IRS no later than the monthly reporting cycle due date.

Metric	Definition
PCA Taxpayer ID	PCA-generated ID number
Taxpayer name	First four characters of TP's last name
Return Category	Enter category of return: Cease Contact, Language (Mandarin; Korean; Vietnamese; Russian; Other), Promised Voluntary Payment, Unable to Pay, Unable to Contact, Unable to Locate, Complaints, SSI/SSDI, Litigious, IRS Employee, Deceased – No DOD available

Return Category	Definition
Cease Contact	Taxpayer requests that the PCA stop contact
Language (Mandarin; Korean; Vietnamese; Russian; Other)	Identify primary language of taxpayer; taxpayer does not speak English
Voluntary Payment	Taxpayer indicated that they would send a one-time voluntary payment on balance due (Note: may or may not have been paid before the account was returned to IRS)
Unable to Pay	Taxpayer indicated inability to pay
Unable to Contact	PCA unable to contact the taxpayer by phone
Unable to Locate	PCA unable to determine taxpayer's physical address

Complaints	Case returned to IRS due to COR direction or PCA determination after receipt of written or verbal complaint
SSI/SSDI	PCA discovers that a portion of income comes from SSI/SSDI benefits
Litigious	PCA makes determination after research of federal court records that taxpayer is a serial litigant of collection agencies
IRS Employee	Taxpayer is an IRS employee
Deceased – No DOD available	PCA determines that taxpayer or secondary is deceased by public records, but is unable to secure death certificate or confirm exact date of death.

17.3.3 Complaint Report

The PCA will provide a Complaint Report to the COR each month. The report will be delivered in an electronic format (Excel) no later than the 7th business day after the end of the monthly reporting cycle. The report will contain the following information:

- ▶ The taxpayer's name control
- ▶ Unique PCA Identification Number
- ▶ Date taxpayer complaint received
- ▶ Source of complaint (letter, phone call, fax, COR)
- ▶ Complaint Category (select from table below)
- ▶ Status (active, closed or collection suspended)
- ▶ Corrective or administrative actions taken (if applicable)

Complaint Category	Definition
Inappropriate TP Treatment	Rude, unprofessional or impolite language
Balance Dispute	Disagreement about any of the module amounts assessed, payments made, calculation of accruals or adjustments
Failure to respond	Taxpayer expresses dissatisfaction concerning the promptness of a call back or taxpayer calls back to complain about the PCA's failure to call back
Late Response	Taxpayer complains that the PCA did not return call when promised
Harassment	More than one unnecessary call to taxpayer to solicit funds or information from the taxpayer. One call should be reported as "inappropriate TP treatment." Repeated unnecessary calls are considered harassment.
Unauthorized Disclosure	Taxpayer complains that the PCA gave personal information to an unauthorized 3 rd party, including family member, or unrelated individual.
Loss of TP Records	Taxpayer complains that the PCA lost information, correspondence, returns or funds that the taxpayer sent to the PCA.
Theft of Records	Taxpayer alleges that PCA misappropriated or misused taxpayer records sent to the PCA.
Discrimination	Taxpayer alleges disparate treatment as a result of race, country of origin, gender, sexual

	preference, age, disability, language, accent, or any protections pursuant to Title VI of the Civil Rights Act of 1964.
Threat	Taxpayer alleges that the PCA collector threatened enforcement action or bodily harm during a contact.

17.3.4 Monthly Invoice

The COR will provide two reports for the invoice cycle to the PCA: the PCA Financial Summary Report and the PCA Transaction Detail Report. The Financial Summary Report contains a rollup of dollars collected and commissions. The PCAs will use the Financial Summary Report to create their invoice. The Transaction Detail Report contains all debit and credit transactions. The PCAs will use the Transaction Detail Report to reconcile the invoice and provide any discrepancies to the COR for research and resolution.

By the last Monday of each month the COR will send the two invoice reports to the PCAs. The PCA will submit an original invoice to the COR no later than two weeks from receipt of the PCA Financial Summary Report. The invoice will match the commissions on the PCA Financial Summary Report. The COR will sign and date (digital signature) the invoice and include the statement, "Approved for Payment". The invoice will be submitted by the COR to the Beckley Finance Center (BFC). BFC will disburse funds to the PCA through the Integrated Financial System (IFS). Timeframes are provided in **Exhibit M**.

Each invoice must include the following:

- ▶ IRS Task Order Number
- ▶ Requisition Number (COR provides)
- ▶ GSA Contract Number
- ▶ Contractor Name and Address
- ▶ Date of invoice
- ▶ Invoice Number
- ▶ Amount of Invoice
- ▶ Period Covered by Invoice
- ▶ Total Collected Amount(s)
- ▶ Fee due for Total Collected Amount(s) by separate fee for service category
- ▶ Any adjustments to the invoice amount
- ▶ Contractor's taxpayer identification number (TIN) or employer identification number (EIN)
- ▶ Name and phone number of the responsible official(s) who can receive notification of an improper invoice and answer questions regarding the invoice.

17.3.5 PCA QUALITY REVIEWS

The PCA will perform quality assurance reviews of a sampling of cases involving telephone calls and other case actions for each employee using the same quality attributes and headers listed in **Exhibit L**. These reviews will be summarized monthly in an Excel spreadsheet in the Performance Management Report and submitted by the 7th business day at the conclusion of each monthly reporting cycle with the other reports required by this section.

Elements of the telephone and case action quality reviews will measure adherence to the PCA operational plans, policy and procedures in this guide, regulatory compliance to the Internal Revenue Code (IRC), Fair Debt Collection Practices Act (FDCPA) and protection of taxpayer rights.

PCA case action reviews include a review of taxpayer correspondence received by the PCA, skip tracing actions on individual accounts, accurate interpretation and usage of the weekly and daily extracts, and referrals for administrative resolutions.

The PCA must provide IRS access to accounts maintained on the PCA's computer and call monitoring systems for remote locations, providing the capability to listen to "live" or "recorded" PCA telephone interaction with taxpayers, to review correspondence, and to review the record of account. The IRS will use the system data for monitoring and rating compliance with procedures using the Embedded Quality system attributes which mirror those listed in **Exhibit L**.

EXHIBIT A – CONTACT LIST

Contact/Topic	Name	Telephone/Fax	Address
Address for taxpayers to mail payments to IRS			Internal Revenue Service Kansas City, MO 64999-0010
Misdirected Tax Returns and Misdirected IRS forms	N/A	N/A	Internal Revenue Service 333 W. Pershing Road Kansas City, MO 64999-0010
Misdirected Payments			Internal Revenue Service Stop 7777 333 W. Pershing Rd. Kansas City, MO 64108
Lead COR –	Bernadette Novotny		
COR – Pioneer Technical Analyst (TA)	Amy Albee Amy.L.Albee@irs.gov Byron.D.Endo@irs.gov	Phone: 518-242-5401 Fax:	
COR – Performant Technical Analyst (TA)	Margie Barker Margie.A.Barker@irs.gov Jane.Allen@irs.gov	Phone: 801-612-4415 Fax:	
COR – CBE Technical Analyst (TA)	Pamela Brotzman Pamela.J.Brotzman@irs.gov Jacquelyn.A.Green@irs.gov	Phone: 801-612-4410 Fax:	
COR – ConServe Technical Analyst (TA)	Karen Donnelly Karen.J.Donnelly@irs.gov Mary.C.Garcia@irs.gov	Phone: 978-783-8686 Fax:	
Combat Zone	Wanda Mitchell		IRS Atlanta CSCO 2385 Chamblee Tucker Rd Chamblee, GA 30341, Stop 74
Contracting Officer - Supervisory Contact Specialist			

NCFB Oversight Unit			
Taxpayer Advocate	See COR/Tech Analyst		
TIGTA – Office of Investigations	No specific contact person	Phone: 1-800-366-4484 Fax: 202-927-7018 After normal business hours: 1-800-589-3718 www.tigta.gov	Treasury Inspector General for Tax Administration Hotline P.O. Box 589 Ben Franklin Station Washington, DC 20044-0589
Third Party Coordinator, PDC	Brian Korb	KSSC Collections ACS Support eFax: 855-232-8570	IRS c/o: Brian Korb 333 W. Pershing Road Kansas City, MO 64108-4302

EXHIBIT B - ACRONYMS, ABBREVIATIONS AND DEFINITIONS

Term	Definition
Address of Record (AOR)	The Service will use the address on the most recently filed and properly processed return as the address of record to send all notices and documents to a taxpayer.
Centralized Authorization File (CAF)	A centralized file that assigns unique identifiers to authorized representatives (Power of Attorney, form 2848) and appointees (Tax Information Authorization, Form 8821).
Collection Statute Expiration Date (CSED)	The date the statute expires for collection of tax, penalty or interest. It is generally ten years from the date the IRS assessed the tax, penalty or interest.
Contracting Officer Representative (COR)	Government representative who ensures contractors meet the requirements of their contracts.
Daily Transaction File	The Daily Transaction File are pending transactions that have not yet posted to master file but have been input into the IRS systems. This processing would most likely be on Friday, Monday, Tuesday and possibly Wednesday each week.
Dead Cycle	Period of time where there is a delay in posting transactions to the IRS' master file. This occurs at the beginning of the calendar year, and continues through the first three weeks of January. No new cases will be assigned to the PCA during the dead cycle.
Failure-to-File Penalty (FTF)	A penalty charged on the amount of outstanding tax owed on the due date of the return. The penalty is assessed at 5% per month or fraction of month for a total not to exceed 25%.
Failure-to-Pay Penalty (FTP)	A penalty charged on unpaid tax only for each month or part of a month the tax remains unpaid. The normal rate for FTP is ½% per month. The total FTP charged on a module cannot exceed 25% of the total tax owed.
Fair Debt Collection Practices Act (FDCPA)	The Fair Debt Collection Practices Act imposes certain restrictions on creditors with respect to tax collection. The act prohibits abusive practices in the collection of consumer debts to promote fair debt collection, and provides consumers an avenue to dispute and obtain validation of the debt to ensure its accuracy.
Freedom of Information Act (FOIA)	Provides the public the right to obtain a broad range of unpublished information from the federal government.
IRS Installment Agreements (IA)	IAs are arrangements by which the IRS allows taxpayers to pay liabilities over time.
Joint Tax Liability	The filing status of a tax return; where two taxpayers are equally responsible for the liability of the tax.
Master File (MF)	A magnetic tape record containing all information with respect to taxpayer's filing of returns and related documents. It is the IRS' official system of record for taxpayer accounts.
Master File Tax (MFT)	The MFT reduces the numerous types of tax forms to a two digit code. Form 1040 (MFT30)
Name Control	The first four letters of the taxpayer's last name.
Normal Interest	Refers to interest that is computed without regard to any restrictions. Normal interest is computed from the date the liability is due to the date the liability is fully paid, taking into account any payments, credits and suspensions. Interest is assessed against outstanding tax, penalty and interest of/on a tax period itself.
Offer-in-Compromise (OIC)	An IRS collection option that allows a taxpayer to settle her/his tax debt for less than the full amount owed.
Personally Identifiable Information (PII)	Any information: (1) that can be used to distinguish or trace an individual's identity, such as name, social security number, date and place of birth, mother's maiden name, or biometric records; and (2) that is linked or linkable to an individual, such as medical, educational, financial, and employment information.
Posting Cycles	The week the tax return or other transactions posted to the master file.
Power-of-Attorney (POA)	A taxpayer can authorize a POA as one of the specific categories of individuals who may represent them before the Service. The individual must be specifically designated by the taxpayer via a properly completed Power of Attorney, Form

Term	Definition
	2848. This is not the same as a TIA defined later.
Recall of Taxpayer Account	An event that triggers the IRS to initiate a removal of a taxpayer's account from the PCA's inventory. Examples include, but are not limited to, (1) pending or active IRS installment agreement (2) pending or active offer-in-compromise (3) deceased taxpayer (4) minor taxpayer - under the age of 18 (5) designated combat zone (6) victim of tax related identity theft (7) under examination, litigation, criminal investigation or levy (8) exercised a right of appeal (9) TAS initiates recall
Record of Account (ROA)	A chronological history of case actions taken by the PCA on a taxpayer's account.
Restricted Interest	A term that refers to any interest that is manually computed because the IRS computer is unable to identify all conditions necessary to make an accurate interest computation.
Return of Taxpayer Account	An event that causes the PCA to initiate a return of an account to the IRS. Examples include, but are not limited to (1) taxpayer unable to make any payments (2) taxpayer files a request for Taxpayer Assistance with the IRS Taxpayer Advocate Office (aka Taxpayer Advocate Service) (3) taxpayer submits in writing to the PCA his/her request not to work with the PCA, per the FDCPA
Tax Information Authorization (TIA)	A designation on Form 8821 (filed with the IRS) that allows a taxpayer to appoint someone to receive information for the tax matters and periods the taxpayer specifies. The appointee can be anyone the taxpayer chooses, including family and friends. The permissions do not (1) allow the designee to represent the taxpayer (2) allow the designee to resolve collection matters for the taxpayer. Thus it is not a POA as defined earlier.
Taxpayer Advocate	The Taxpayer Advocate Service is an independent organization within the IRS, led by the National Taxpayer Advocate.
Taxpayer Assistance Order	Internal Revenue Code section 7811 and the regulations thereunder authorize the National Taxpayer Advocate to issue a Taxpayer Assistance Order directing the IRS or PCA "to cease any action, take any action as permitted by law, or refrain from taking any action."
Taxpayer Identification Number (TIN)	Every taxpayer on the master file has a permanent number for identification of the tax account. A business taxpayer has an employer identification number (EIN). An individual account has a social security number (SSN). Both are 9 digit numbers. The file source code will dictate the entity type. File source code 1 = individual account; file source code 2 = business account.
Tax period	The period of time for which a return is filed. The Service uses a six digit code to indicate the end of the tax period for a given return. The first four digits represent the year and the next two digits represent the ending month (YYYYMM).
technical analyst	IRS official who acts as a liaison between the Contractor and IRS and handles technical and processing guidance.
Total amount due	Assessed tax, penalty, interest and accrued penalty and interest
Transaction Codes (TC)	<ul style="list-style-type: none"> • TC 971 AC 054 - Code which indicates a taxpayer account was assigned to a private collection agency. This code will appear on the weekly file sent to the PCA. • TC 971 AC 063 - Code that indicates the taxpayer is in a PCA payment arrangement; it also triggers a reduction in the failure-to-pay penalty (FTP) rate charged when a taxpayer has a PCA payment arrangement. • TC 971 AC 163 – Indicates the PCA Payment Arrangement has been terminated. • TC 971 AC 459 - Indicates the PCA initiated return of a case. • TC 999 – Indicates emergency stop processing. All contact must be suspended immediately. • TC 972 AC 054 - Indicates the IRS recall of a case.
Transcript	Information about a tax account that includes the assessed tax, penalty and interest. Transcripts also include penalty and interest accrual information.

Term	Definition
Treasury Inspector General for Tax Administration (TIGTA)	The Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98) established the TIGTA to provide independent oversight of IRS activities.
Unique Identifying Number	A generic term for a private number that allows an individual to complete some transaction or identify herself/himself.

EXHIBIT C – DATA EXCHANGE FILE

(Placeholder)

EXHIBIT D - POWER OF ATTORNEY AND THIRD PARTY AUTHORIZATION

Authority Levels:

Representative	Requirements	Tax Matters	
		Collection	Form
A – Attorney	good standing	All	2848
B - Certified Public Accountant	duly qualified	All	2848
C - Enrolled Agent	enrolled	All	2848
F - Family Member	spouse, child, immediate family member	All	2848
H - Unenrolled Return Preparers	prepared return	No	2848
K - Student Attorney		All	2848
L - Student CPA		All	2848
Third Party Designee	check box	none	1040
Appointee	none	none	8821

Where to send Form 2848 and Form 8821:

IF you live in...	THEN use this address...	Fax number*
Alabama, Arkansas, Connecticut, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, or West Virginia	Internal Revenue Service 5333 Getwell Road Stop 8423 Memphis, TN 38118	855-214-7519
Alaska, Arizona, California, Colorado, Hawaii, Idaho, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wisconsin, or Wyoming	Internal Revenue Service 1973 Rulon White Blvd. MS 8737 Ogden, UT 84201	855-214-7522
All APO and FPO addresses, American Samoa, nonpermanent residents of Guam or the U.S. Virgin Islands**, Puerto Rico (or if excluding income under Internal Revenue Code section 933), a foreign country: U.S. citizens and those filing Form 2555, 2555-EZ, or 4563.	Internal Revenue Service International CAF Team 2970 Market Street MS-3-ED8.123. Philadelphia, PA 19104	855-772-3156 267-941-1017 (Outside the United States)

* These numbers may change without notice. For updates, go to www.irs.gov/form2848 and search under "Recent Developments."

**Permanent residents of Guam should use Department of Taxation, Government of Guam, P.O. Box 23607, GMF, GU 96921; permanent residents of the U.S. Virgin Islands should use V.I. Bureau of Internal Revenue, 6115 Estate Smith Bay, Suite 225, St. Thomas, V.I. 00802.

EXHIBIT H - FORM 4442 INQUIRY REFERRAL

Clear Form

Inquiry Referral

(See Instructions on Page 2)

Part I							IRS	
1. Employee's Name		2. ID Number		3. Received Date and Time		4. Location		
5. Referring To				6. Date and Time		7. Manager's Signature		
Part II							Taxpayer Data/Disclosure Check	
8. Taxpayer's Name on Return				9. TIN		10. Date Of Birth		
11. Spouse's Name (if Joint) or DBA				12. Spouse's TIN				
13. Current Address				14. Address On Return Or Last Known Address (if different from Current)				
<input type="checkbox"/> Address Change Requested								
15. Form(s)		16. Plan/Report #	17. Tax Period	18. Processing Campus	19. Date Filed	20. Filing Status	21. Ref./Bal.	
22. Caller			23. Relationship/Position Of Caller (if other than taxpayer)					
			<input type="checkbox"/> POA/TIA on File <input type="checkbox"/> Third Party Designee					
24. Taxpayer's Telephone Number(s) - Include Best Time To Call and Preferred Language					25. Third Party Daytime Telephone Number			
Number		Time	<input type="checkbox"/> English <input type="checkbox"/> Spanish					
Number		Time	<input type="checkbox"/> Other					
Part III - Section A							IRS Case Resolution	
26. Name				27. ID Number				
28. Location				29. Received Date				
Section B							Taxpayer Inquiry/Proposed Resolution	
Section C							Response/Final Resolution	
30. Date Interim Response Sent				31. Date Case Closed				

Form 4442 (Rev. 2-2013) Catalog 22950B publish.no.irs.gov Department of the Treasury Internal Revenue Service

EXHIBIT J - CASE ACTIVITY AND SUSPENSE TIMEFRAMES

Information Obtained by PCA	PCA Notification Timeframe	Cease Collection Activity	IRS Point Contact	Method of Notification	Suspense Time	Expected Response	PCA Guide Reference
Unauthorized Disclosure	Immediately (within 1 hour of recognition or identification)	No	COR	Phone/email	NA	Phone call from COR	Section 6.1
Misdirected Payment	end of day	No	technical analyst	send payment overnight traceable mail	NA	IRS acknowledgement within 7 days	Sections 7.3 and 13.2
Misdirected Tax Return/IRS forms	end of day	No	technical analyst	Send tax return overnight traceable mail TBD	NA	IRS acknowledgement within 10 days	Sections 7.4 and 13.2
Taxpayer Disputes	Case dependent	Case dependent	Case dependent	Case dependent	Case dependent	Case dependent	Section 12.15
Congressional Inquiry	1 business day	Yes	Technical analyst	Fax	Case Dependent	Case dependent	Section 12.16
Complaints	1 business day	Yes	COR/TIGTA	Phone/Mail	Case Dependent	Recall and Phone call from COR	Section 16

EXHIBIT K – IRS INITIAL CONTACT LETTER (CP 40)



Department of the Treasury
Internal Revenue Service
Kansas City, MO 64999-0010

Notice	CP40
Notice date	September 26, 2016
Taxpayer ID number	XXX-XX-NNNN
Tax form	1040
Tax year	2015
Taxpayer authentication number	0111111111
To contact us	1-844-875-3420
Page 1 of 2	9H

[Taxpayer Name]
[Address 1]
[Address 2]

We assigned your overdue tax account to a private collection agency

Current law requires us to contract with qualified private collection agencies to assist in collecting certain overdue federal taxes. We have assigned your account to the following agency:

[Agency Name]
[Address 1]
[Address 2]
[Phone]

What happens next

The private collection agency will work with you to resolve your overdue account. The private collection agency will explain payment options to help you find one that is best for you. It also will provide you with a payment plan if you can't pay the full amount at this time.

You can pay online now at www.irs.gov/directpay or visit www.irs.gov/payments for more information about ways to pay. If paying by check or money order, make the check or money order payable to the United States Treasury. Include your name, social security number, and the tax year on your payment and send it to the address on this notice. These are the only forms of payment the IRS accepts. We'll never ask you to pay using any form of pre-paid card or store or online gift card.

The private collection agency is required to maintain the security and privacy of your tax information. To do this, it will ask you to provide your name and address of record before assisting you in resolving your account. Also, it will perform two-party verification by asking you for the first five numbers of your taxpayer authentication number at the top of this notice. The private collection agency will then provide the subsequent five numbers.

Keep this notice for your records. You'll need information from it to complete the two-party verification.

See the enclosed Publication 4518, What You Can Expect When the IRS Assigns Your Account to a Private Collection Agency, for more information.

Notice	CP40
Tax Year	2015
Notice date	September 26, 2016
Taxpayer ID number	XXX-XX-NNNN
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Additional information

- Visit www.irs.gov/cp40
- You can also find the following online:
 - Publication 1, Your Rights as a Taxpayer
- For tax forms or publications, visit www.irs.gov/formspubs or call 1-800-TAX-FORM (1-800-829-3676).
- The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or you've tried but haven't been able to resolve your problem with the IRS. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. Visit www.taxpayeradvocate.irs.gov or call 1-877-777-4778.
- Assistance can be obtained from individuals and organizations that are independent from the IRS. The Directory of Federal Tax Return Preparers with credentials recognized by the IRS can be found at <http://irs.treasury.gov/rpo/rpo.jsf>. IRS Publication 4134 provides a listing of Low Income Taxpayer Clinics (LITCs) and is available at www.irs.gov. Also, see the LITC page at www.taxpayeradvocate.irs.gov/litcmap. Assistance may also be available from a referral system operated by a state bar association, a state or local society of accountants or enrolled agents or another nonprofit tax professional organization. The decision to obtain assistance from any of these individuals and organizations will not result in the IRS giving preferential treatment in the handling of the issue, dispute or problem.

EXHIBIT L – QUALITY ATTRIBUTES

Quality Attribute No.	Quality Attribute Title
1	Right Party Contact Determination
2	Associate/PCA Identity Disclosure
3	Right Party Contact Authentication
4	IRS Rights Notification
5	Mini-Miranda
6	QA Disclosure
7	Cell Phone Clearance/Consent
8	Authorized 3 rd Party Communications
9	Payment Procedures
10	Appropriate PA Amount, modifications, termination
11	Phone/Dialer Planning Scheduling, System Management
12	Case Documentation
13	Compliance Accuracy
14	Right Party Contact Talk-off
15	Threat
16	Timeliness
17	Timeliness-Regulatory
18	Taxpayer Issues Addressed During Contact
19	Appropriately Close Case

EXHIBIT M – MONTHLY REPORTS – CYCLE TIMES AND DUE DATES

2017 UA Cycle Dates for Reports and Invoice						
Report and Invoice Extract Cycle	UA Monthly Reporting Cycles	Start Date Friday	End Date Thursday	Production Reports Due Date	Invoice Reports to PCA	PCA Submits Invoice to COR
201704*	201651,201652					
201707	201705,201706 201707					
201711	201708,201709 201710,201711					
201715	201712,201713 201714,201715					
201720	201716,201717 201718,201719 201720	4/14/2017	5/18/2017	5/30/2017	5/30/2017	6/13/2017
201724	201721,201722 201723,201724	5/19/2017	6/15/2017	6/26/2017	6/26/2017	7/10/2017
201728	201725,201726 201727,201728	6/16/2017	7/13/2017	7/24/2017	7/31/2017	8/14/2017
201733	201729,201730 201731,201732 201733	7/14/2017	8/17/2017	8/28/2017	8/28/2017	9/11/2017
201737	201734,201735 201736,201737	8/18/2017	9/14/2017	9/25/2017	9/25/2017	10/9/2017
201742	201738,201739 201740,201741 201742	9/15/2017	10/19/2017	10/30/2017	10/30/2017	11/13/2017
201746	201743,201744 201745,201746	10/20/2017	11/16/2017	11/27/2017	11/27/2017	12/11/2017
201750	201747,201748 201749, 01750	11/17/2017	12/14/2017	12/26/2017	12/26/2017	1/9/2018
*Dead Cycles first 3 weeks January PPG 4.1						

2018 UA Cycle Dates for Reports and Invoice						
Report and Invoice Extract Cycle	UA Monthly Reporting Cycles	Start Date Friday	End Date Thursday	Production Reports Due Date	Invoice Reports to PCA	PCA Submits Invoice to COR
201804*	201751,201752	12/15/2017	1/25/2018	2/5/2018	1/29/2018	2/12/2018
201807	201805,201806 201807	1/26/2018	2/15/2018	2/26/2018	2/26/2018	3/12/2018
201811	201808,201809 201810,201811	2/16/2018	3/15/2018	3/26/2018	3/26/2018	4/9/2018
201815	201812,201813 201814,201815	3/16/2018	4/12/2018	4/26/2018	4/30/2018	5/14/2018
201820	201816,201817 201818,201819 201820	4/13/2018	5/17/2018	5/29/2018	5/29/2018	6/12/2018
201824	201821,201822 201822,201823 201824	5/18/2018	6/14/2018	6/25/2018	6/25/2018	7/9/2018
201829	201825,201826 201827,201828 201829	6/15/2018	7/19/2018	7/30/2018	7/30/2018	8/13/2018
201833	201830,201831 201832,201833	7/20/2018	8/16/2018	8/27/2018	8/27/2018	9/10/2018
201837	201834,201835 201836,201837	8/17/2018	9/13/2018	9/24/2018	9/24/2018	10/8/2018
201842	201838,201839 201840,201841 201842	9/14/2018	10/17/2018	10/26/2018	10/29/2018	11/12/2018
201846	201843,201844 201845,201846	10/18/2018	11/15/2018	11/26/2018	11/26/2018	12/10/2018
201850	201847,201848 201849,201850	11/16/2018	12/13/2018	12/24/2018	12/31/2018	1/14/2019
*Dead Cycles first 3 weeks January PPG 4.1						