

# **URGENT MESSAGE TO U.S. President, Congress & Constituents**

The richest family in America needs your urgent intervention to stop a criminal conspiracy inside of the Internal Revenue Service (IRS) hiding all its Multi-Trillion Estate Taxation impeding them the donation of billions to the American Charities, including the ones located at your State.

A \$100 Million compensation per fiscal year is available for all private helping parties; like bankers, attorneys, lobbyists, accountants, public relations firms and the general public.

For more information write at:  
[info@eblm.us](mailto:info@eblm.us)

**Estate of Basilio Lopez Martin**  
[WWW.EBLM.US](http://WWW.EBLM.US)

[Click here to see the public awareness campaign at the White House](#)

4.19.4

CAWR Reconciliation Balancing

## Table of Contents

4.19.4.1 CAWR Overview

4.19.4.1.1 CAP- CAWR Automated Program

4.19.4.1.2 Taxpayer Advocate Service (TAS)

4.19.4.2 IRS-CAWR and SSA-CAWR Case Screening Process

4.19.4.2.1 IDRS Screening

4.19.4.2.1.1 Large Corporation/Large Dollar Screening - Tax Examiner Instructions

4.19.4.2.1.2 Large Corporation/Large Dollar Screening - local Large Corporation Coordinator Instructions

4.19.4.2.2 Online Retrieval System (ORS) Data Screening

4.19.4.2.3 Identification of Doc Type 98 or 32 During Screening

4.19.4.2.4 Screening Identified Compliance Cases

4.19.4.2.4.1 Criminal Investigation (CI) Indicator

4.19.4.2.4.2 Examination Indicator

4.19.4.2.4.3 Collection Indicator

4.19.4.2.5 Identified Defunct Corporation (TC 530) Cases During Screening

4.19.4.2.6 Bankruptcy Cases (TC 520/521) Identified During Screening

4.19.4.2.7 Screening Schedule H/Form 1040/1041

4.19.4.2.8 Third Party Sick Pay Identified During Screening

4.19.4.2.9 Social Security Tips Identified During Screening

4.19.4.2.10 Allocated Tips Identified During Screening

4.19.4.2.11 Line Adjustments Identified During Screening

4.19.4.2.12 Common Resolution Procedures During Screening

4.19.4.2.13 Offer in Compromise Identified During Screening

4.19.4.2.14 Screening SSA Indicator 2 Cases (All Case Types)

4.19.4.2.14.1 SSA Indicator 2 Research (All Case Types With Tax Due) Screening

4.19.4.2.15 Federal Agency Screening

4.19.4.2.16 Using The Payer Agent List (PAL) During Screening

4.19.4.2.17 Screening Family Employment Related Cases

4.19.4.2.18 Screening Foreign Students/Non-Resident Visitors

4.19.4.2.19 Screening Cases For State and Local Governments

4.19.4.2.20 Screening Identification of Cross Reference (X-Ref) Cases/Filed With Another EIN

4.19.4.2.21 Screening Cases Identified as Exempt Church Organizations

4.19.4.2.22 Delete Cases During Screening

4.19.4.2.23 Screening SSA Indicator Other Than "Blank" Cases

4.19.4.3 Replies

- 4.19.4.3.1 SSA-CAWR Civil Penalties
  - 4.19.4.3.1.1 The Intentional Disregard Failure to File Penalty (PRN 549)
  - 4.19.4.3.1.2 Late Filed Forms W-2 Penalty (PRN 550)
  - 4.19.4.3.1.3 SSA-CAWR Reply Procedures
- 4.19.4.3.2 Agreed Assessments
- 4.19.4.3.3 Replies Received For Out of Locality Cases
- 4.19.4.3.4 Replies — Forms 941-C/941-X, , Form 843, Claims, and Form W-3C/W-2C
- 4.19.4.3.5 Working Replies - Cross Reference (X-Ref) Cases/Filed With Another EIN
- 4.19.4.3.6 Replies Received On Missing Tax Return Issues
- 4.19.4.3.7 IRS-CAWR Replies with Forms W-3/W-2 and/or Forms W-3C/W-2C
- 4.19.4.3.8 Corporations - New Owners Reply
- 4.19.4.3.9 Replies Indicating TIPS Incorrectly Reported
- 4.19.4.3.10 Replies Including Schedule H, Household Employment Tax Issues
- 4.19.4.3.11 State and Local Governments Replies
- 4.19.4.3.12 Statute Issues/Imminent Assessments
- 4.19.4.3.13 Replies With PAL Indicator Present
- 4.19.4.3.14 Replies Received For Delete Cases
- 4.19.4.3.15 Replies Indicating Sole Proprietorship
  - 4.19.4.3.15.1 Decedents — Sole Proprietorship Responses
- 4.19.4.3.16 Responses Identifying Third Party Sick Pay
- 4.19.4.3.17 Wages Earned vs. Wages Paid Replies
- 4.19.4.3.18 Replies Indicating AEIC
- 4.19.4.3.19 Family Employment Related Case Replies
- 4.19.4.3.20 Agricultural Employers (Form 943) Replies
- 4.19.4.3.21 Replies — Payment of Employee's Share of Social Security Taxes Paid by Employer
- 4.19.4.3.22 Installment Agreements — IRS-CAWR and SSA-CAWR Replies
- 4.19.4.3.23 Faxed Signatures — Replies
- 4.19.4.3.24 Foreign Students/Non-Resident Visitors
- 4.19.4.3.25 Replies Received Directly From SSA
- 4.19.4.3.26 Taxpayer Reply Identifying Payroll Services
- 4.19.4.3.27 Bankrupt or Defunct CAWR Replies
- 4.19.4.3.28 Replies Identified As FDIC
- 4.19.4.3.29 Reply States Taxpayer Already Filed Forms W-2
- 4.19.4.3.30 CAWR Replies Requesting Additional Time
- 4.19.4.3.31 Employer's Reply Requests for Copies of Forms W-3/W-2
- 4.19.4.3.32 Replies Identified As Non-Profit Organizations
- 4.19.4.3.33 Replies Identified as Backup Withholding
- 4.19.4.3.34 Replies relating to Forms 945/1099R
- 4.19.4.3.35 Federal Labor Law Replies

- 4.19.4.3.36 Large Corporation/ Large Dollar Replies
- 4.19.4.3.37 SSA-CAWR Replies with Payment of Civil Penalty
- 4.19.4.3.38 Employer Reply Requesting Blank Forms W-3C/W-2C
- 4.19.4.3.39 Processing Miscellaneous Forms Received With Replies
- 4.19.4.3.40 Miscellaneous Reference Material
- 4.19.4.3.41 Processing Forms W-2G and 1099R Received After IRP Processing
- 4.19.4.3.42 Forms W-2, W-3, W-2C, and W-3C Received Prior to SSA Processing
- 4.19.4.3.43 Identifying Trends
- 4.19.4.3.44 Replies Citing CSX Claims
- 4.19.4.3.45 Replies Indicating Common Paymaster/ Successor/Predecessor
- 4.19.4.3.46 Replies With Disaster Indicators on CAP
- 4.19.4.3.47 Replies Requesting Copies of Forms 94X
- 4.19.4.3.48 Replies stating discrepancies due to Group Term Life Insurance
- 4.19.4.4 No Replies
  - 4.19.4.4.1 No Reply Bankruptcy (TC 520) and Defunct Cases (TC 530 - CC 07 and 10)
  - 4.19.4.4.2 Delete Cases - No Replies
- 4.19.4.5 Undeliverables
  - 4.19.4.5.1 IRS-CAWR/SSA-CAWR Undeliverables
  - 4.19.4.5.2 Undeliverable Mail for Returned SSA (CP 215 PRN 549)
  - 4.19.4.5.3 Undeliverable Interim Letters Returned
- 4.19.4.6 Processing Late Replies and Replies to Assessment
  - 4.19.4.6.1 Late Replies Addressing SSA-CAWR Penalties
  - 4.19.4.6.2 Late Replies to Cases with Forms W-2C Filed
  - 4.19.4.6.3 Late Replies received on Form 3870 Request for Adjustment
- 4.19.4.7 Case Closing Procedures
  - 4.19.4.7.1 IRS—CAWR— Reply Case Processing Procedures
  - 4.19.4.7.2 SSA-CAWR —Reply Case Processing Procedures
  - 4.19.4.7.3 Failure To Deposit Penalty (TC 180)
  - 4.19.4.7.4 Failure to File A Tax Return Penalty (TC 160)
  - 4.19.4.7.5 Late Reply Case Processing Procedures
- 4.19.4.8 CAWR IMF Cases (W-2C)
  - 4.19.4.8.1 IMF Screening
  - 4.19.4.8.2 IMF Replies
  - 4.19.4.8.3 IMF Undeliverables/No Replies
  - 4.19.4.8.4 IMF Late Replies
- 4.19.4.9 Discovered Remittance
- 4.19.4.10 Program Codes (OFF) and Program Completion Dates (PCD)
  - 4.19.4.10.1 CAWR TE Responsibilities
- 4.19.4.11 IRS-CAWR/SSA-CAWR — CSR Information

- 4.19.4.11.1 CSR - Researching IRS-CAWR/SSA-CAWR Issues
- 4.19.4.11.2 CSR CAWR/SSA-CAWR Information and Procedures
- 4.19.4.11.3 CSR - CAWR Related Forms 941-C/941-X
- 4.19.4.11.4 CSR - Employer Files Forms W-2/W-2C

Exhibits

- 4.19.4-1 Assigned Case Status Codes
- 4.19.4-2 Closed Case Status Codes
- 4.19.4-3 Glossary of Acronyms and of Terms
- 4.19.4-4 Tax and Penalty Assessment Guide








#  
#  
#  
#  
#  
#  
#  
#  
#  
#  
#

(5) **Case types are to be worked in the following priority order:**

- 04A, 06A, and 10A
- 04B, 06B, 10B
- 04C, 06C, 10C
- 04D, 06D, 10D
- 04E, 06E, 10E
- All other case types are to be worked at HQ direction only.

(6) **The purpose of the Social Security Administration-CAWR (SSA-CAWR) program is to:**

- Obtain Forms W-2 from the employer
- Forward Forms W-3/W-2 to SSA to ensure employees receive proper credit for their earnings
- Assess employers applicable penalties for not following the established rules of filing Forms W-3/W-2
- Provide results, by case, to SSA (See note below)

**Note:** The SSA information on the CAP Detail Screen must be completed for each and every open SSA Indicator 2 or 1 SSA-CAWR case. This information provides SSA the information the IRS is required to provide under the IRS/SSA Memorandum of Understanding. This portion of the CAP Detail screen will only appear for cases with SSA Indicator 2 or 1 present.

(7) SSA-CAWR Cases (case types 03, 05, 07, 08 & 12) are SSA case types referred by SSA to IRS after several attempts by SSA were made to obtain the Forms W-3/W-2 from the employer. The majority of the SSA-CAWR cases are non-tax cases (i.e., the Forms 94X have been filed and taxes paid) and are SSA case types.

**Note:** It is mandated to work the entire SSA-CAWR download.

(8) SSA has performed their own “up front” matching of the Forms 94X data to the Forms W-2 data. When there has been no response to SSA’s letters attempting to secure the Forms W-2, the cases are forwarded to IRS. SSA only

matches three fields during their reconciliation — social security wages, social security tips and medicare wages and tips.

**Note:** Some of the cases referred to IRS have previously been identified as other IRS case types and updated to “SSA Indicator 2 or 1”.

- (9) The annual due date for filing Forms W-2 is the last day of February following the reporting year or the following Monday if the last day in February falls on Saturday or Sunday.

**Exception:** If Forms W-2 are filed electronically, the due date for filing is March 31st.

4.19.4.1.1  
(04-01-2009)  
**CAP- CAWR Automated Program**

- (1) Cases that are determined to have discrepancies or that are referred by SSA, are loaded onto the CAP (CAWR Automated Program) Tier II SUN domain at Enterprise Computing Center-Memphis (ECC-MEM). For more information on the CAP system see IRM 4.19.8 CAP (CAWR Automated Program) Technical System Procedures.
- (2) CAP is a computer (inventory, correspondence, reporting, document preparation, and updates to Master File) application that houses the CAWR programs.
- (3) All Master File actions that affect the taxpayers account for the year(s) being worked will result in an update to the CAP system. This includes Entity changes, IDRS adjustments, and additional Forms W-3, Transmittal of Wage and Tax Statement, and Forms W-2, Wage and Tax Statement, processing by SSA.

4.19.4.1.2  
(04-01-2009)  
**Taxpayer Advocate Service (TAS)**

- (1) The Taxpayer Advocate Service (TAS) is an independent organization within the IRS whose employees assist taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should.
- (2) Refer taxpayers to the Local Taxpayer Advocate (see IRM part 13, Taxpayer Advocate Service) when the contact meets TAS criteria see IRM 13.1.7, *Taxpayer Advocate Service Case Criteria* and you can't resolve the taxpayer's issue the same day. The definition of “same day” is within 24 hours. “Same day” cases include cases you can completely resolve in 24 hours, as well as cases in which you have taken steps within 24 hours to begin resolving the taxpayer's issues. Do not refer these cases to TAS unless they meet the TAS criteria and the taxpayer asks to be transferred to TAS. Refer to IRM 13.1.7.4 *Same-Day Resolution by Operations*. When referring cases to TAS, use Form 911, *Request for Taxpayer Advocate Service Assistance* and forward to TAS in accordance with your local procedures. Also see IRM 21.1.3.18 *Taxpayer Advocate Service (TAS) Guidelines*, for more information.
- (3) If you want to report a systemic problem to TAS, you can do so by using SAMS, the Systemic Advocacy Management System, a web based method of identifying, prioritizing, and working issues that affect multiple taxpayers. The SAMS application is available on the Systemic Advocacy pages at <http://tas.web.irs.gov/> or you may call 1-877-777-4778 or TTY/TDD 1-800-829-4059. When submitting issues through SAMS, do not include taxpayer information.

- (4) Taxpayers can use the internet version of SAMS on the Systemic Advocacy pages of <http://www.irs.gov/advocate/>. Those without internet access can obtain the *Systemic Advocacy Issue Submission Form*, Form 14411, by calling 1-800-TAX-FORMS. If you suggest the taxpayers report a systemic problem by using SAMS, remind taxpayers to not include taxpayer information in their submissions and to be sure to include a phone number where a TAS employee can reach the tax payer if TAS has any questions about the submission.
- (5) When working a response directly from TAS, make every effort to communicate with the TAS representative to resolve the case prior to rejecting the OAR (Operation Assistance Requests).

4.19.4.2  
(04-16-2009)  
**IRS-CAWR and  
SSA-CAWR Case  
Screening Process**

- (1) When extensive research is performed during the Screening phase, it proves to be **most beneficial for the tax examiner and the taxpayer**. All available research tools should be used to balance the case before any taxpayer contact is made. The following procedures are used when working CAWR case types, SSA Indicator 2 cases, IMF W-2C cases, replies, no replies, late replies, and undeliverable mail.

**Caution:** When using IDRS, only access those tax modules required to accomplish official duties. All IDRS accesses are recorded for immediate review and to determine the accuracy of an adjustment. Any unauthorized accesses or browsing of tax modules, by employees to satisfy personal curiosity or for fraudulent reasons, are prohibited by the IRS, AND PROHIBITED BY LAW and will result in disciplinary actions and/or removal from the Service.

**Note:** This IRM cannot be all inclusive for resources to be researched during screening.

- (2) There are times when the Campuses are directed by the Headquarters analysts to close certain CAWR cases. Campuses will receive specific directives outlining the actions to be taken. These directives can be delivered the following ways:
- Question and Answer Updates from HQ Staff
  - Servicewide Electronic Research Program (SERP) updates/alerts
  - Information Technology and Asset Management System (ITAMS)

**Note:** All prior tax year ITAMS, SERP alerts, and Headquarter reminders, are invalid upon the start of a new program year.

- (3) Schedule D "*Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations*" information is now stored in the CAP system. Electronically filed Schedule D information is downloaded automatically into CAP. Loose paper Forms 941 Schedule D are routed to CSC CAWR. CSC will sort and input the Forms into the Schedule D table on CAP following the procedures below:
1. Click "edit."
  2. Choose "CAWR SCHD."
  3. Click on "new."
  4. Form 941 EIN (Required field)
  5. Schedule D Tax year (Required field).

6. Transaction date: This is the effective date of the acquisition/merger or consolidation located in Part 1 question number 2 of paper Schedule D (Required field).
  7. Other Party EIN (Required field).
  8. Click "apply."
  9. Destroy the paper Schedule D using local classified waste procedures.
- (4) The initial research begins with the CAWR information on the CAP system. The following screens must be researched:
- a. Detail Screen — Review all indicators and freeze codes to determine the proper actions necessary while working the case. Indicators and freeze codes may change weekly, after each Master File update is loaded to CAP.
  - b. PAL Screen - Contains information that identifies a taxpayer on the AUR Bad Payer Agent Listing. This screen will only be displayed when applicable.
  - c. Money Amount Screen — lists, by field, the total amounts of Forms 94X, Forms W-2 (as processed by SSA), Form W-3/W-3C (as reported by the employer), Forms 1099R, the difference between the Form W-2/W-2C amounts and the Form 94X amounts.
  - d. Correspondence Screen - is accessed to request correspondence and will reflect any correspondence issued, replies and undeliverables received, no reply dates, and suspense dates.
  - e. ENTITY Screen — Verify that the information shown on the entity screen of the CAWR case on CAP is the same as that shown on IDRS. This screen may help in identifying legitimate addresses, **TRENDS** ( See IRM 4.19.4.3.43.), and/or Disaster Areas (based on zip code) not yet identified on CAP but a FEMA alert has been issued.

**Note:** The IDRS address will update at least one week before the CAP ENTITY address. If the address is different, update CAP.

- f. W-3 WIRS Screen - This screen displays the Forms W-3, Forms W-2, Forms 1099-R, and Forms W-2G information. If more than one Form W-3/1096 (transmittal documents for Forms W-2, 1099-R, and W-2G) was submitted, there will be separate Microfilm Sequence Numbers (RLNs)/ Document Locator Numbers (DLNs) to identify each submission.

**Note:** Forms W-3C/W-2C totals will not be reflected in the totals for the CAWR case. You will need to order the W-3C/W-2C to determine if they balance the case.

- g. MFT & ADJ Screen — displays the Master File Tax (MFT), DLN, line item adjustments (if any), and the Secondary Social Security Number (SSN) (for Schedule H). This information will help determine if there is a missing tax return, or an adjustment to a tax return which may help in resolving the CAWR discrepancy.
- h. Form 6209 Screen — This screen is used to make any Form W-2 adjustment using the automated Form 6209.

**Note:** Form W-3 amounts can only be adjusted if you are transferring a complete RLN.

- i. History Screen — reflects actions taken by anyone on the CAWR CAP system.

- j. Original Money Amounts — This pop up screen will provide the original money amounts downloaded when the case was loaded onto CAP and can be used to determine the original amounts and out of balance condition. This screen cannot be updated by anyone or any program.
- (5) During CAWR case screening on CAP, you need to determine if accessing ERQY or researching ORS will help resolve the discrepancy. If not, move on to IDRS for further research.
- (6) If a yellow disaster bar is present on CAP and you determine correspondence needs to be issued
  1. Research the Disaster web site at <http://www.tris.irs.gov/fema/> for an “end date”
  2. Update CAP with the “end date”
  3. Update status code to “10”
  4. If necessary, see your Campus Disaster Coordinator for further instructions.

4.19.4.2.1  
(02-01-2008)  
**IDRS Screening**

- (1) The following IDRS Command Codes (CC) are to be utilized during the screening process: (This list is not all inclusive)

**Note:** The utilization of Integrated Automation Technologies (IAT) is mandated when applicable ensuring consistency and accuracy for the program.

- TXMOD/SUMRY — for updated case actions or taxpayer correspondence
  - INOLE/NAMEE/NAMES/ENMOD — for any indication of a cross-reference. Pay particular attention to credit transfer transaction codes (TC 612, 652, 672) or transaction code 971 with an action code of 01, 02, or 03
  - BMFOL/BRTVU/PMFOL/IRPTR/IMFOL/RTVUE/SUPOL — for any indication of additional case action (i.e. SUPOL is the national database of potential TDI cases)
  - ESTAB — to request an adjustment or original document to verify the taxpayer’s intent or accuracy of account information
  - TRPRT - to view a graphical (form image) print of an electronically filed tax return stored on the tax return data base (TRDB). This may be used to identify various conditions that may have caused the out of balance condition (i.e., Third Party Sick Pay).
- (2) If Large Corporation Indicator (LCI) is present on the module See IRM 4.19.4.2.1.1. The LCI with a campus code on each taxpayer’s case can be found on the following IDRS screens:
    - a. Directly under CC:ENMOD
    - b. On the third line of CC:SUMRY
    - c. On the second line of CC:TXMODA, and/or
    - d. On the fourth line of CC:BMFOLI

4.19.4.2.1.1  
(02-01-2008)  
**Large Corporation/Large Dollar Screening - Tax Examiner Instructions**

- (1) When a CAWR case contains either a Large Corporation Indicator (LCI) or a proposed tax and/or penalty assessment of \$1 million dollars or more **that cannot be resolved through normal screening procedures**, you must coordinate with your local Large Corporation Coordinator **before** contacting the taxpayer.

- (2) Provide the local Large Corporation Coordinator with a print of the CAP MONEY AMOUNT screen.
- (3) Document the action in the CAP REMARKS field (ex: refer to LC Coordinator).
- (4) Monitor the case for 10 business days, pending further direction from the local Large Corporation Coordinator.

**Note:** Alert your manager when 10 business days have elapsed without any further direction from the local Large Corporation Coordinator.

- (5) Follow the direction provided by the local Large Corporation Coordinator to complete the case processing.

4.19.4.2.1.2  
(02-01-2008)

**Large Corporation/Large Dollar Screening - local Large Corporation Coordinator Instructions**

- (1) Review the case to ensure that contact with the Large Corporation Technical Unit (LCTU) is needed.
- (2) For valid cases take the following action:
  - 1. See the LCTU state mapping list to determine which LCTU needs to be contacted. IRM 21.7.1.4.11(6)
  - 2. FAX the CAP MONEY AMOUNT screen to the appropriate LCTU contact. See [http://serp.enterprise.irs.gov/databases/who-where.dr/largecorp.dr/large\\_corp\\_contacts.htm](http://serp.enterprise.irs.gov/databases/who-where.dr/largecorp.dr/large_corp_contacts.htm) for the LCTU contact listing.
  - 3. Update the Large Corporation Referral Tracking listing.
- (3) The LCTU has 10 business days to supply any additional information.

If	Then
The information supplied by LCTU results in either a full or partial resolution to the discrepancy.	1. Direct the tax examiner to process the information provided by LCTU and take the appropriate action.
The information supplied by LCTU does not result in a full or partial resolution <b>OR</b> LCTU does not provide any additional information within the 10 business days.	1. Direct the tax examiner to issue the appropriate correspondence.

**Note:** If LCTU provides information after the correspondence has been issued, See IRM 4.19.4.3.

4.19.4.2.2  
(04-01-2009)

**Online Retrieval System (ORS) Data Screening**

- (1) ORS data is obtained through accessing the SSA database. Instructions for accessing ORS and updating your password can be located at [http://wc.web.irs.gov/CAWR-SSA/CAWR%20Training%20Guides/ORSGuide%20for%20IRS%20\(3\).pdf](http://wc.web.irs.gov/CAWR-SSA/CAWR%20Training%20Guides/ORSGuide%20for%20IRS%20(3).pdf) ORS data will be accessed during all phases of the CAWR program.
  - a. If you only need the data, not the actual copies of the original forms, you may order Forms W-2/W-2C information using IDRS CC IRPTRR using doc code WW.

- b. To order the Forms 1099-R and W-2G use **IDRS CC IRPTRR Doc Code 98. Use care with CC IRPTRR when requesting large volumes.**

**Note: ORS data should be reviewed prior to any taxpayer contact.**

- (2) Some common reasons to access ORS/ERQY are:
- dollar amounts reported on Form W-3 do not match what was processed on Forms W-2.
  - there is a “C” in the Corr. Ind. Column on the WIRS screen.
  - your only discrepancy is social security wages.
  - there are multiple sets of Forms W-2 and one of them matches the discrepancy.
- (3) Review the copies for obvious errors, some of which are listed below:
- different EIN or
  - voided Form W-2, Wage and Tax Statement, marked any place other than the official void box
  - boxes with incorrect entries — (i.e., box 6 with the same tax amount in box 4)
- (4) The following chart shows common resolution procedures for cases in the initial screening phase after all research (ORS) has been completed and received.

Scenario	Form 6209	Form 6494	Correction Code	Close CAP CC 36=IRS 99=SSA	Notes
Voided Form W-2 erroneously processed	Yes	Yes	4	Yes	If the voided Forms W-2 are exact duplicates of Forms W-2 on file, a Form 6494 is not needed.
Corrected Form W-2 processed as original	Yes	Yes	5	Yes	Calculate the difference and Secure Original Forms W-2
Forms W-2 or W-3 processed under the wrong EIN (IRS-CAWR only) OR X-Reference EIN Found	Yes	Yes	3	Yes	Form 6209 prepared to transfer Forms W-2/W-3 to the correct EIN
Form W-2 processed with social security over Max	Yes	No	Y	Yes	Form 6209 to decrease FICA Wages

Scenario	Form 6209	Form 6494	Correction Code	Close CAP CC 36=IRS 99=SSA	Notes
Balancing Error (W-3 reported W-2 processed amounts do not match)	Yes	Yes	6	Yes	Form 6209 to adjust money field(s)
Non-taxable wages on Form W-2	Yes	Yes	4	Yes	Form 6209 to decrease FICA Wages
W-2C/W-3C brings account into balance	Yes			Yes	Form 6209 to adjust money field(s). Send W-2C/W-2C to SSA if found in loose W-2 file.
Duplicate Forms W-2/ W-3 same RLN	Yes	Yes		Yes	Form 6494 <b>only</b> if amounts are different.
Duplicate Forms W-2/ W-3 different RLN	Yes	No			Form 6209 to cancel one set of Forms W-2
Loose Forms W-2/W-2C are found that resolve discrepancy	Yes			Yes	<b>SSA Case-</b> prepare Form 9338 to transmit to SSA. <b>IRS-CAWR Case-</b> forward the W-2/W-2C to SSA as "RECON"

**Note:** If the actions taken **do not** balance the case, issue the appropriate correspondence.

4.19.4.2.3  
(02-01-2008)  
**Identification of Doc  
Type 98 or 32 During  
Screening**

- (1) When the only (or only remaining) discrepancy is for FIT and the exact amount is reported as Back Up With Holding, BUWH, on the Form(s) 945 and no other BUWH is required to be reported:

**Note:** The only information returns filed with IRS that may include FIT are the Forms 1099-G, W-2G, and 1099R. The amount in the Form 1099-G FIT box may reflect either backup withholding or FIT. Form 1099-G FIT amounts are not included in the reconciliation balancing phase of CAWR. Therefore, it is recommended to research PMFOL for the amount of the discrepancy if there is an out of balance condition on FIT.

- a. Issue correspondence to inform the taxpayer that Forms 1099R are not subject to BUWH and we have adjusted their Form 945 account accordingly.

- b. Close the case on CAP with CC 36 for IRS-CAWR and CC 99 for SSA-CAWR, enter "1099R - 945 backup withholding" in the CAP remarks field.
- c. Input adjustment on MFT 16 using Blocking Series 55. Input a TC 290 .00 with Reference Code 003/184, as appropriate (positive amount) and Reference Code 008 (negative amount) to correct the out of balance condition.

**Note:** See Course Materials for the appropriate reference codes and their proper usage. 11120–101

**Caution:** Under no circumstances prepare a Form 6209 to transfer Doc Types 98 or 32 (Forms 1099-R and/or W-2G).

- d. Print the IDRS BMFOLR first page, CAP money screen and CAP WIRS screen to use as the source document for the IDRS adjustment.
- (2) When the BUWH is more than the discrepant amount, and PMFOL shows the remaining BUWH amount on another information return, follow (1) above.
- (3) When the BUWH is less than the discrepant amount, or there are other fields that remain discrepant, issue correspondence.
- (4) If the entity is Virgin Island, Puerto Rico, Guam, or American Samoa and if FIT is the only discrepancy, do not send a letter. Close the case using the appropriate closing codes.

4.19.4.2.4  
(02-01-2008)  
**Screening Identified Compliance Cases**

- (1) Follow Campus procedures for routing Compliance cases. The priority for Compliance cases is:
  - 1. Criminal Investigation
  - 2. Examination
  - 3. Collection

4.19.4.2.4.1  
(04-01-2010)  
**Criminal Investigation (CI) Indicator**

- (1) Research the Master File to verify that a -Z or Z- freeze code is present on the MFT and tax year of the CAWR case.

If ...	Then ...
One of these freeze codes is present,	1. Route the CAWR Discrepancy Case (CDC) to Criminal Investigation. 2. Follow the instructions in (2) below. 3. For those cases retained by the addressee, close on CAP with CC 33.
None of these freeze codes are present,	1. Notate in the remarks field of the CDC to ignore the Criminal Investigation Indicator. 2. See IRM 4.19.4.2 and follow those instructions.

If ...	Then ...
After researching CI, a notation states "NO CONTACT"	1. Close Case using closing code 33.

(2) Local procedures may vary by Campus when routing cases to these compliance areas:

- To transfer each case to Criminal Investigation - Prepare Form 3210 in triplicate listing one case per form.
- Input status code 27 to CAP for cases routed to CI.
- Attach the printout of the CAWR case from CAP to the transmittal. Notate "CAWR Case" on the transmittal.
- On a weekly basis hand carry the Form 3210 with attachment(s) to the addressee.
- After the case has been sent to the appropriate function, suspend the copy of the transmittal for five (5) workdays
- If the addressee has not responded within five (5) workdays, photocopy the Form 3210 suspense copy, and mark the photocopy "Follow-up—Please Expedite" and forward to the addressee.
- The addressee will either keep or return the case(s) submitted.

**Note:** Those cases retained will be identified by an appropriate notation on the Form 3210 sent back or an IDRS history item "NO CONTACT". Those cases not kept will be returned as attachments to the transmittal.

- For those cases returned, notate in the remarks field of the CAWR case to ignore the Compliance Indicator. See IRM 4.19.4.2.4 through See IRM 4.19.4.2.6 and follow those instructions. Input status code 88 to CAP to bring the cases back into the inventory.

**Note:** Be sure to read any comments made on the case from the compliance area.

4.19.4.2.4.2  
(04-01-2010)

**Examination Indicator**

(1) Research (using CC AMDIS) for the Area Office Status Code for the MFT and tax year of the case.

IF	THEN
The Area Office Status Code is 12 or higher,	<ol style="list-style-type: none"> <li>1. Input status code 25 for cases routed to EXAM. To transfer each case to Examination (Indicator or TC 420 is present on cases) access the Audit Information Management System, AIMS web site at <a href="http://sbse.web.irs.gov/AIMS/docs/EGCbyPBC.xls">http://sbse.web.irs.gov/AIMS/docs/EGCbyPBC.xls</a></li> <li>2. Look up the Primary Business Code (PBC) and the Employee Business Code (EGC) and contact the designated person.</li> <li>3. For those cases retained by the addressee, close on CAP with CC 31. For those cases rejected input SC 88 to bring case back into inventory.</li> </ol>

IF	THEN
The Area Office Status Code is <b>not</b> 12 or higher,	<ol style="list-style-type: none"> <li>1. Notate in the remarks field of the CDC to ignore Examination Indicator or enter "not SC 12".</li> <li>2. See IRM 4.19.4.2 and follow those instructions.</li> </ol>
there is a TC 300/308 on the module and there is no open —L freeze or there is now a TC 421 the module	<ol style="list-style-type: none"> <li>1. These cases have already been worked by Exam.</li> <li>2. Notate in the remarks field that there is a TC 300 or TC 308 on the module.</li> <li>3. Close CAP with CC 31.</li> </ol>

**Note:** If the addressee has not responded within five (5) workdays follow normal processing procedures.

4.19.4.2.4.3  
(04-01-2010)

**Collection Indicator**

- (1) Check the Case Type on the CAP Entity to determine if it is 01, 04A, 04B, 06A, 06B, 06C, 09, 10A, 10B, 10C, or 13. (if any other case type or if the IND is "2" the case can be screened using procedures in 4.19.4.2.12).

IF	THEN
One of these Case Types is present,	<ol style="list-style-type: none"> <li>1. Determine whether there are return(s) missing (by the presence or absence of DLNs in the MFT &amp; ADJ Screen).</li> </ol>

IF	THEN
Return(s) are missing,	<ol style="list-style-type: none"> <li>1. Research CC TXMOD definer A for an open TDI (T-sign) for the MFT and tax year of the case and if it is assigned.</li> </ol> <p><b>Note:</b> A TDI (T-sign) is an eight-digit code which identifies the area (positions 1 and 2), office (position 3 and 4), branch/group (position 5 and 6), and employee or special action code (position 7 or 8) to which an account is assigned</p> <ol style="list-style-type: none"> <li>2. Use the web site at: <a href="http://serp.enterprise.irs.gov/cgi-bin/ROZIP_Search.cgi">http://serp.enterprise.irs.gov/cgi-bin/ROZIP_Search.cgi</a> to locate the address and/or phone number of the RO assigned to the CDC</li> <li>3. Call the RO assigned to the CDC for case handling instructions.</li> <li>4. Close the cases retained by an RO with a Closing Code 32.</li> </ol>
All of the returns are present,	<ol style="list-style-type: none"> <li>1. Enter SC 29, post edit, and then enter SC 88 and post edit.</li> <li>2. See IRM 4.19.4.2. and follow those instructions.</li> </ol>
No T-sign is present, or it is 0200 or 7000,	<ol style="list-style-type: none"> <li>1. Enter SC 29, post edit, and then enter SC 88 and post edit.</li> <li>2. See IRM 4.19.4.2. and follow those instructions.</li> </ol>
Any other T-sign is present,	<ol style="list-style-type: none"> <li>1. Use the web site at: <a href="http://serp.enterprise.irs.gov/cgi-bin/ROZIP_Search">http://serp.enterprise.irs.gov/cgi-bin/ROZIP_Search</a> to locate the address and/or phone number of the RO assigned to the CDC</li> <li>2. Call the RO assigned to the CDC for case handling instructions.</li> <li>3. Close the cases retained by an RO with a Closing Code 32.</li> </ol>

**Note:** If the addressee has not responded within five (5) workdays follow normal processing procedures.

(2) Check the CAP CAWR case and IDRS for any other Compliance Indicators.

IF	THEN
More than one Compliance Indicator is present,	<ul style="list-style-type: none"> <li>• Use the priority listed in See IRM 4.19.4.2.4.</li> </ul>
No other Compliance Indicators are present,	<ul style="list-style-type: none"> <li>• Check the CDC for a TC 520 Indicator. See IRM 4.19.4.2.6.</li> </ul>

(3) If, at any phase of processing a case, an update is received showing a Criminal Investigation or Examination Indicator, follow the appropriate procedures above. See IRM 4.19.4.2.4.

- (4) If a -Y is present, it indicates that there is an “ Offer In Compromise” on this module. See IRM 4.19.4.2.13.

4.19.4.2.5  
(04-01-2010)  
**Identified Defunct Corporation (TC 530) Cases During Screening**

- (1) When there is an indication that a taxpayer is no longer in business, research IDRS CC ENMOD to check for the Currently Not Collectable “CNC” Indicator and check CC BMFOL definer I for Status 22 and a T- Freeze. Check that Module, using BMFOL definer “ T” for TC 530:

IF	THEN
TC 530 cc 07 or 10 is present on any prior or subsequent module	<ol style="list-style-type: none"> <li>1. For IRS CAWR Close the case on CAP with Status Code 98.</li> <li>2. For SSA-CAWR, send a 99C letter to explain the need for the taxpayer’s cooperation in obtaining the Forms W-3/W-2. Do not close the case, leave it in status code 28.</li> </ol> <p><b>Note:</b> We do not assess a Civil Penalty in these instances (SSA-CAWR cases), however, we do attempt to obtain the Forms W-3/W-2.</p>
TC 530 with other than cc 07 or 10 for any other entity,	<ol style="list-style-type: none"> <li>1. Issue correspondence</li> </ol>

**Reminder:** Please ensure you use the IAT tool.

4.19.4.2.6  
(04-01-2010)  
**Bankruptcy Cases (TC 520/521) Identified During Screening**

- (1) Bankruptcy cases (Chapter 7 and Chapter 13) are assigned to the Centralized Insolvency Operation (CIO) at the Philadelphia Campus. All mail and phone communications relating to these cases must be directed to the Philadelphia Campus.

**Note:** Chapter 7 Asset, Chapter 9, 11 and 12 cases and Chapter 13 pre-confirmation cases remain assigned to local Insolvency IRS employees. In most instances, your interaction with local Insolvency field employees on these chapters remains unchanged.

**Note:** The CIO toll free number for Insolvency casework is 1-800-913-9358  
The CIO fax number is 215-516-2015.  
The campus staff hours of operation are from 7:00 AM – 10:00 PM EST. This enables customers to speak with assistors during working hours in all time zones.

**Note:** Two national IRS mailing addresses have been established for bankruptcy correspondence.

- Payments for Chapter 7 and Chapter 13 cases must be sent to P.O. Box 21125, Philadelphia, PA 19114.
- All other correspondence pertaining to Insolvency cases, including Section 341 notices for all Chapters must be sent to P.O. Box 21126, Philadelphia, PA 19114.

- (2) Bankruptcy Cases (TC 520/521) — An employer has filed for bankruptcy if TC 520 with closing code(s) (cc) 60–67, 83, 85–89 (-V freeze), 81, or 84 (-W freeze) is present in the module without a TC 521. Research CC MFTRA/CFOL for TC 520/521. Refer to Bankruptcy IRM 21.5.6.4.35 when assessing a liability.
- (3) Contact the CIO Unit via the SERP link for appropriate actions.

If the transaction date of the TC 520 is	AND	THEN
Prior to 10/22/94 and the closing code is <b>other than</b> cc 83, 84, 85, or 88	TC 521 is <b>not</b> posted in the module,	1. Contact the Insolvency Function (CIO-Philadelphia), verify that the liability can be assessed. Insolvency <a href="http://serp.enterprise.irs.gov/databases/who-where.dr/inslvncy-bnkruptcy/national_insolvency_field.htm">http://serp.enterprise.irs.gov/databases/who-where.dr/inslvncy-bnkruptcy/national_insolvency_field.htm</a> - 2. Close the case on CAP with CAWR closing status code "98 ".
Prior to 10/22/94 and the <b>closing code is</b> cc 83, 84, 85, or 88	TC 521 is <b>not</b> posted in the module,	1. Close the case on CAP using CAWR closing code 98. <b>Note:</b> If the cc is 83, 85, or 88, the Master File will unpost the assessment if the TC 520 date is prior to 10/22/94.
10/22/94 or after	and the closing code is 72 or 74	1. For IRS-CAWR The case is in Tax Court. Close CAP CC 98. 2. For SSA-CAWR see (4) below.
10/22/94 or after	and the closing code is any other than 72 or 74	1. For IRS-CAWR issue Correspondence. 2. For SSA-CAWR see (4) below.

**Reminder:** Please ensure you use the IAT tool.

**Note:** The CIO/Bankruptcy Unit inputs a TC 521 with matching bankruptcy cc or 999 to all applicable modules to reverse the TC 520 bankruptcy closing codes which removes the -V or -W freeze.

- (4) We will not assess a Civil Penalty in these instances (SSA-CAWR cases), but try to obtain the Forms W-3/W-2. Follow the same procedures as shown in See IRM 4.19.4.2.15., *Federal Agency Screening*. Send a 99C letter and explain the need for the taxpayer's cooperation in obtaining the Forms W-2.

4.19.4.2.7  
(04-01-2009)  
**Screening Schedule  
H/Form 1040/1041**

- (1) When the taxpayer files Schedule H with his/her Form 1040 there will be a number shown on the **MFT & ADJ Screen** on CAP, in the Secondary SSN field. Use this SSN to research CC IMFOLR, page 2. This should be where the Schedule H information is shown. The Forms W-2 **may be** reported under this SSN and processed by SSA as an EIN. Additional research must be done in both BMF and IMF to compare and resolve any SS wage tax and/or Medicare tax out of balances.

**Note:** Check the first prior and first subsequent tax year on CC IMFOLR, page 2 to determine if an incorrect TIN was used on the Schedule H.

- (2) When a Taxpayer Identification Number (TIN) is found to resolve the case, input this TIN in the X-REF field on the CAP Detail Screen. If the TIN found belongs to a taxpayer unrelated to the account it must be corrected on IDRS. See IRM 21.6.4.4.8.2 for instruction on how to correct an EIN on a Sch H case.
- (3) **CC BMFOL** definer **U** research must be done and compared with IMF records. The first column will show Posted 94X dollar amounts for:
  - **TXBL SOC. SEC. WAGES**
  - **TXBL MED. WAGES**
  - **FEDERAL INCOME TAX**
  - **EMP SOC. SEC. TAX**
  - **EMP MEDICARE TAX**
  - **REPORTED (W-3)**
  - **PROCESSED (W-2)**
- (4) **CC IMFOL** definer **R** must be researched for Schedule H information. Page 2 provides the (rounded) dollar amounts that were on the Schedule H:
  - **SSA WAGE**
  - **MEDICARE WAGE**
  - **TOTAL SSA MEDICARE TAX**
  - **MEDICARE TAX (COMPUTER)**
  - **TOTAL SSA MEDICARE TAX (COMPUTER)**
  - **FEDERAL INCOME TAX**
- (5) Compare the CC IMFOLR money fields to the CC BMFOLU POSTED 94X for dollar amounts.

**Reminder:** The BMF 94X Soc. Sec. Medicare tax amount will include both the employee and employer's share.

- (6) Compare the entries in the W-3 and W-2 BMFOLU columns to CC IMFOLR fields. If they do not match:
  - a. Review the BMFOLU for the page with the TC 980. The DLN shown (which starts with 06) is the RLN where the W-3/W-2 copies should be. Access ORS or CC IRPTRR with Doc Code WW, and when received, review them.
  - b. If it appears that there are missing Forms W-2, contact the taxpayer. Explain that this is a Schedule H problem and IRS must have a copy of the Form(s) W-2 to balance our case. Also explain that IRS will forward that copy to SSA for posting to the household workers record.
- (7) If more information is needed for these cases, see IRM 21.6.4.4.8, **Schedule H, Household Employment Taxes** and 21.7.4.4.1.11.4, **BMF Schedules H Processed in 1998 and Subsequent**
- (8) An EIN must be present on Schedule H. If found through research, input the correction of the EIN on Schedule H. When adjusting a previously filed Schedule H, input of the EIN is not required. If Schedule H was not filed with the original return, the EIN must be input on the adjustment:

- a. Use Reference code — 993 for .00 — Primary Taxpayer’s EIN, or
- b. Use Reference code — 994 for .00 — Secondary Taxpayer’s EIN.
- c. IMF systemically forwards a record to the BMF containing the Schedule H social security and medicare tax information. All EIN changes on Schedule H reporting social security and/or medicare tax, must be processed manually to prevent erroneous CAWR records.

**Note:** The reference number 993 for .00/994 for .00 is input in the item reference code field on the CC ADJ54. The EIN and reference numbers are visible as AP or PN transactions. The TIF does not show the EIN. However, Master File records the EIN

(9) If an out of balance condition still exists, issue correspondence.

4.19.4.2.8  
(04-01-2010)  
**Third Party Sick Pay  
Identified During  
Screening**

- (1) A third party will often pay disability insurance benefits to employees as the employer’s agent or as the insurance provider. Portions of these benefits can be subject to Social Security and medicare taxes if the employer pays a portion of the premium. Under agreements made between the employer and the third party agent or the disability insurance provider, they may report the following to the IRS under different EINS:
  - a. Employee’s wages,
  - b. Federal Income Tax Withheld (FIT),
  - c. Employer’s share of social security tax and medicare tax,
  - d. Employee’s share of social security tax and medicare tax.
- (2) You may be able to resolve a case during screening if you check the tax return data base (TRDB) for electronically filed employment tax returns and BMFOLU, page 1 for Third Party Sick pay. You may need to check subsequent quarters’ returns to make this determination.
- (3) Discrepancy cases generate when the sick pay Forms W-2 are filed under the employer’s EIN but a portion of the social security and medicare taxes and any FIT is reported on the third party’s return.

If ...	And ...	Then ...
the employer is an insurance company involved in paying disability benefits <b>OR</b> an amount in Box 14 of Form W-3 equal to the FIT discrepancy on ORS or BMFOLU	the discrepancy can be attributed to the Federal Income Tax Withheld sick pay issue	1. close the case on CAP using the appropriate status codes
The discrepancy is an incorrect line adjustment	the correct tax has been paid	1. input TC 290 for \$.00 2. close the case on CAP using the appropriate status codes.

If ...	And ...	Then ...
the correct tax has <b>not</b> been paid	third-party sick pay wages are not reported on line 5a and 5c of the Form 941, but the credit was taken on line 7b of Form 941,	1. correspond with the taxpayer requesting the name and the EIN of the Third Party payer.
an out of balance condition still exists		1. issue correspondence.

**Note:** See IRM 21.7.2.4.5 for instructions on adjusting accounts with 3rd party sick pay discrepancies.

4.19.4.2.9  
(02-01-2008)  
**Social Security Tips Identified During Screening**

- (1) Many times employers will include social security tips in the social security wage field of the Forms W-2. SSA always combines tips into medicare wages even if the Forms W-2 show the correct amounts.
- (2) When the total of Form 94X social security tips and social security wages equal the total social security wages, reported by SSA, close the case with the appropriate closing code. Prepare a Form 6209 to adjust the social security wages for the Forms W-3/W-2 and the medicare wages and tips if applicable.
- (3) If an out of balance condition still exists, issue correspondence.

4.19.4.2.10  
(02-01-2008)  
**Allocated Tips Identified During Screening**

- (1) Large food and beverage establishments are required to report allocated tips under certain circumstances.
- (2) A large food or beverage establishment is one that provides food or beverages for consumption on the premises, where tipping is customary and where the employer normally employed more than 10 employees on a typical business day during the preceding calendar year.
- (3) Generally if tipped employees do not report tips totaling 8% or more of gross receipts (less carry out sales and sales with 10% or more service charge added), the employer must allocate to the employees an amount equal to the difference between the above 8% and the total tips reported by the employees.
- (4) Allocated tips are not subject to withholding and should not be reported on Forms 941, *Employer's Quarterly Federal Tax Return*, or Form W-2 as social security wages, social security tips, or medicare wages and tips. CAWR discrepancies occur when an employer includes them incorrectly.
- (5) Send appropriate correspondence to the taxpayer.
- (6) The taxpayer must file Form 941-X and/or Forms W-2C if allocated tips were reported incorrectly.
- (7) If the taxpayer does not respond with this information:
  - a. Do not allow credits based on these figures.
  - b. Assess the account if there is a balance due based on uncorrected allocated tips information.

4.19.4.2.11  
(02-01-2008)  
**Line Adjustments  
Identified During  
Screening**

- (1) Line adjustments occur when employers attempt to correct Social Security, Medicare, Federal Income Tax Withheld, or Advanced Earned Income Credit. Line adjustments are also used to report Third Party Sick pay and various other types of adjustments.
- (2) If there is a posted line adjustment to a Form 94X account for the tax year being worked, it will show on the **CAP MFT & ADJ**Screen.

**Note: Line adjustments to correct prior periods will no longer be done on Forms 94X filed for periods beginning 1/1/2009.**

- (3) Line adjustments are indicated on IDRS on the second page of BMFOLR or the first page on BRTVUE as ATFI or ATWH or BMFOLU.
- (4) CC BMFOLA can be used to research on-line adjustments that have been made.
- (5) Verify the line adjustment made by ordering the adjustment or original document using CC ESTAB or by researching the Tax Return Data Base (TRDB) for electronically filed employment tax returns.
- (6) If the line adjustments are accurate, adjust the reference fields accordingly.
- (7) If an out of balance condition still exists, issue correspondence.

4.19.4.2.12  
(04-01-2010)  
**Common Resolution  
Procedures During  
Screening**

- (1) The CAWR unit receives all copies of Forms W-3/W-2/W-2C/W-3C received in the Submission Processing Campuses without correspondence attached.
- (2) If Loose Forms W-2, W-3, W-3C, and W-2C are received, process them as follows based on the tax year involved.
  - a. Tax Years 1987-2003 — If the forms carry entries in FICA (social security) wages or FICA (social security) tips, use a Form 3210 to forward them to SSA. Otherwise, destroy them. Do not send forms to SSA that do not contain FICA (social security) wages and/or tips.

**Note:** DO NOT SEND Forms W-2C to SSA if the ONLY Correction is to the PENSION INDICATOR BOX. See IRM 4.19.4.3.4.(4) for the correct SSA mailing address.

- b. Tax Years 2004 through 2006 — Research to determine whether the submission is a late reply to an assessment. If research shows a TC 29X in Blocking Series 55, secure the assessment document and process the case. Also research to determine whether the submission is a late reply to a Civil Penalty 549 on MFT 13. If no TC 29X is found handle these cases as provided in (a) above.
  - c. Tax Years 2007/2008 — These forms are related to cases currently being worked (2010 operations). Check to determine whether they are related to a discrepancy case. Associate the Forms W-3/W-2 with the case and handle accordingly (treat them as original forms received from the taxpayer as a result of correspondence).
  - d. Tax Year 2009 — After September 15, 2010 use Form 3210 to route these forms to SSA after photocopying and inputting them into the CAP system for the CAWR loose W-2 file
- (3) All loose Forms W-2 must be entered into the CAP system for the tax years being worked before screening can begin. If the Loose Forms W-2 indicator is

present on CAP that means loose Forms W-2 have already been input and must be retrieved and reviewed to determine if they balance the case prior to taxpayer contact. All loose Forms W-2 belonging to another site must be forwarded to that site once the information is entered into CAP.

**Note:** Loose Forms W-2 can be entered into the CAP system for tax years that are not yet worked. For example, after September 15, 2009, you can input loose Forms W-2 for tax years through 2008 before the 2008 CAWR cases are being worked.

- (4) If you have the Loose Forms W-2 indicator on your CAWR cases and your campus does not have them in the file, check on Windows drop-down menu **Edit** and click on Loose W-2. Do a search on the Loose W-2 number. It will tell you which campus has the actual documents. Call the campus at the number listed on the CAWR/FUTA home page <http://wc.web.irs.gov/CAWR-SSA/Address%20and%20mail%20stop.htm> and request that they mail or fax them to you.
- (5) While screening, if there is a yellow bar across the top of CAP with an EIN, this indicates a Schedule D is on file. If there is a number in parenthesis next to the EIN this indicates the count of Schedules D on file and you must access the Schedule D table using the procedures below:
  1. Click "edit."
  2. Choose "CAWR SCHD."
  3. Click on "Search."
  4. Enter the EIN of your case.
  5. Click "find."
- (6) Once all EINs are retrieved from the Schedule D table, research IDRS Command Code BMFOLU for each of the cross reference EINs to determine if the missing information to balance your case is filed there. If so, close the case CC 36 for IRS CAWR or CC 99 for SSA CAWR. If not, issue the appropriate correspondence.
- (7) Duplicate Return — The following chart shows resolution procedures for cases in the initial screening phase for entities with a TC 976 present.

IF	AND	THEN
TC 976 is present	TC 290 adjustment is present	1. Order the adjustment document if necessary to consider the additional information when working the case.
TC 976 is present	TC 290 adjustment is not present	1. Contact IRS area with an open case control and work together to resolve the discrepancy.

IF	AND	THEN
TC 976 is present	TC 290 adjustment is not present and no other area has an open case	<ol style="list-style-type: none"> <li>1. Request (ESTAB) the TC 976 document and work accordingly.</li> <li>2. if the document is not posted to the correct TIN/ tax period</li> <li>3. Input TC 971 using FRM77.</li> <li>4. Follow the instructions in IRM 21.7.9 and Document 6209.</li> </ol>

4.19.4.2.13  
(04-01-2010)  
**Offer in Compromise Identified During Screening**

- (1) Offer in Compromise (OIC) cases are cases where the taxpayer and the Service have agreed that the taxpayer will pay a lesser amount than the original amount due.
- (2) A TC 480 indicates that an Offer in Compromise is being considered. Continue normal processing.
- (3) A TC 780/788 (unreversed by TC 781) indicates that an Offer in Compromise has been accepted. If a TC 780/788 (unreversed by a TC 781) is present on **any module** of the tax year you are working:
  - a. Close all SSA-CAWR cases with closing code 98.
  - b. Continue processing all IRS-CAWR cases.

**Note:** If a TC 781 is present on your tax year, or a TC 780/788 is found on other tax years, continue normal processing.

**Note:** If an unreversed TC780/788 is present during reply, undeliverable, no reply phases See IRM 4.19.4.3(5).

4.19.4.2.14  
(09-22-2009)  
**Screening SSA Indicator 2 Cases (All Case Types)**

- (1) Only SSA-CAWR case Type 08 without compliance indicators , have automatic 98C letter generated.
- (2) SSA-CAWR case type 08 will have automatic letters generated at a determined volume per week, **the CAWR Coordinator** determines the number of cases to be systemically generated each week up to and including cycle 33.
- (3) All other case SSA-CAWR case types , must be screened using all available research tools. If research balances the case, close the case with closing code 99.
- (4) When the case has a compliance indicator, use the procedures for Screening Identified Compliance Cases. See IRM 4.19.4.2.4.
- (5) If the case is not closed through research, correspond using a CP 253 for SSA case types (03, 05, 07, 12) and 99C for IRS case types (02, 04, 06, 10, 11,13).

**Note:** If correspondence is issued and a reply or undeliverable date is not input before the suspense period expires, an automatic penalty is assessed unless the penalty assessment is \$1 million or more or if under tolerance.

#  
#  
#  
#  
#  
#

**Note:** Send the appropriate correspondence if other tax fields are over tolerance.

4.19.4.2.14.1  
(04-01-2009)  
**SSA Indicator 2  
Research (All Case  
Types With Tax Due)  
Screening**

- (1) If a SSA Indicator 2 case has been received **with tax due implications** in addition to the missing Forms W-2, **AND** no action has been taken, research for a cross reference EIN.

If Another Case is Found	Then
And the other case balances the discrepant case	<ol style="list-style-type: none"> <li>1. Prepare Form 6209 and Form 6494 to transfer the W-2 information to the correct EIN.</li> <li>2. Close the cases on CAP using the appropriate closing codes.</li> </ol>
And the cross reference does not resolve the case AND Forms 94X amounts EXCEED the Forms W-2 amounts	<ol style="list-style-type: none"> <li>1. Issue the 98C letter with the appropriate paragraphs to explain the penalty.</li> <li>2. List both the original and cross reference EIN's.</li> <li>3. Combine wage and tax amounts from both EINs in the 98C letter.</li> </ol>
And the cross reference does not resolve the case AND tax Forms 94X amounts are LESS than the Forms W-2 amounts	<ol style="list-style-type: none"> <li>1. Send a 99C letter explaining the wage and tax amounts used are from the original and cross reference EINs and that there may be a tax increase.</li> </ol>
If a cross reference is NOT found	<ol style="list-style-type: none"> <li>1. Issue a 99C letter with appropriate paragraphs. <b>Note:</b> Be sure to use the SSA paragraph to explain the penalty</li> </ol>

**Reminder:** SSA Indicator 2 cases must be worked as both SSA and CAWR cases. Any Forms W-3/W-2 received from taxpayers or from the Loose W-2 files must be sent to SSA attached behind a completed Form 9338.

4.19.4.2.15  
(04-01-2009)  
**Federal Agency  
Screening**

- (1) Employers that are Federal Agencies are identified not only by their names but BOD Code TEGE and a Client Code F.
- (2) Although the law allows us to assess tax, we can not assess any type of penalty on Federal Agencies, therefore it must be strongly encouraged to balance the discrepancy, and/or to file the necessary Forms W-3/W-2/W-3C/W-2C in order for their employees to get proper credit.

- (3) Send a 99C letter, using the fill-in addition for the appropriate paragraphs, and explain the need for their cooperation in obtaining the Forms W-2 and/or resolving the discrepancy.

4.19.4.2.16  
(04-01-2009)  
**Using The Payer Agent  
List (PAL) During  
Screening**

- (1) The Case Header Screen contains the Automated Under Reporter (AUR) Payer Agent List (PAL) which alerts the user that there is information available concerning the CAWR discrepancy.
- (2) The PAL information may be used to resolve the CAWR issue for Forms W-2 wages and withholding (1099-R and W-2G) information.
- If the discrepancy is resolved close the case during screening.
  - If the discrepancy is not resolved issue appropriate correspondence.

4.19.4.2.17  
(04-01-2009)  
**Screening Family  
Employment Related  
Cases**

- (1) Access ORS if there is an indication that the problem may be with wages for work performed by a family member ie., Sole Proprietors.
- (2) If ORS data indicate the discrepancy is due to a family employment situation, check the Form W-2 and check the Date of Birth (DOB) using CC INOLE.
- (3) Determine if the employee is a child, parent, or spouse. Refer to Publication 15 (Circular E), *Employer's Tax Guide*, for more information. See table below:

Family Member	Services Performed in the course of parent/child/spouse trade or business	Age	Subject to:		Comments
			Social Security Taxes	Medicare Taxes	
Child	YES as a sole proprietorship	under 18	NO	NO	
Child	YES as a partnership	under 18	NO	NO	each partner is a parent
Child	YES	18/19/20	YES	YES	
Child	NO	under 21	NO	NO	casual labor
Child	NO	under 21	NO	NO	domestic services performed in private home
Parent	YES		YES	YES	
Parent	NO		NO	NO	casual labor

Family Member	Services Performed in the course of parent/child/spouse trade or business	Age	Subject to:		Comments
			Social Security Taxes	Medicare Taxes	
Parent	NO		NO	NO	domestic services performed in private home
Spouse	YES		YES	YES	
Spouse	NO		NO	NO	domestic services in the private home or casual labor

**Exception:** The parent cared for a child who lived with the son or daughter and who was under age 18 or required adult supervision for at least 4 continuous weeks in the calendar quarter in which the services were rendered due to a mental or physical condition, and the son or daughter was a widow, widower, divorced, or married to a person who, because of a mental or physical condition, could not care for the child during such period.

- (4) If both spouses jointly own and operate a business they may be taxed as partners in a partnership. Beginning in 2007, if they are also married filing jointly they may make a joint election to be taxed as a "qualified joint venture" instead of a partnership. Payments for services performed for the partnership or qualified joint venture are NOT subject to social security or medicare taxes under FICA, though they are subject to self-employment tax.
- (5) Covered service of a child, parent, or spouse:
  - Services performed by employees of corporations are subject to social security and medicare taxes, even if the corporation is controlled by the individual's parent, child, or spouse.
- (6) Issue the appropriate correspondence if not closing the case in the screening phase.
- (7) **Resolution:** If the only problem with the case involves family employment, prepare Forms 6209 and 6494 and close the case with the appropriate status code on CAP.

4.19.4.2.18  
(07-16-2007)  
**Screening Foreign  
Students/Non-Resident  
Visitors**

- (1) Certain Foreign Students/Non-Resident Visitors are exempt from social security (FICA) and medicare tax

IF	AND	THEN
Social security and Medicare Tax is erroneously withheld by the employer	The foreign student is unable to obtain reimbursement from the employer	The student files Form 843 to receive a refund of the erroneously withheld taxes.

**Note:** The original Form 843 claims for Foreign taxpayers are processed in Philadelphia. IRM 21.7.2.4.18.1.3and IRM 21.8.2.7

- (2) Check **TXMODA** for an adjustment (as shown below).

**291 10162003 1,721.24- 200340 98154-123-45678-3**  
**004 22,499.77- 007 1,721.24-**  
**073 22,499.77-**  
**820 01312004 200340 98124-123-45678-3**  
**XREF-TIN> 123-45-6789 XREF-MFT> 30 XREF-TX-PRD> 200312**

- The Reference amounts (004, 005, 073) may match the Form 941/944/W-2 CAWR discrepancy
  - The tax amount is 1/2 of the social security and medicare tax amount (wage amount X 7.65%)
  - A TC 820, Credit Transfer, has been input with X-Ref SSN (The Foreign Student's SSN) to X-Ref MFT 30.
  - The DLN begins with 98
  - The original adjustment is done in Philadelphia.
- (3) Check CC IRPTRL on the student's SSN. There should be a Form W-2 for the adjusted reference amount from the EIN (employer) on the CAWR case.

IF	THEN
<p>the adjustment document is requested (using CC ESTAB) the DLN beginning with 98 shows:</p> <ul style="list-style-type: none"> <li>• A copy of the Form W-2,</li> <li>• A copy of the VISA,</li> <li>• A letter stating that the foreign student was unable to obtain reimbursement from their employer, and</li> <li>• A Form 843 (claim).</li> </ul>	<ol style="list-style-type: none"> <li>1. Complete Form 6209 to decrease social security and medicare wages. In the remarks, select “<b>Other</b>” and enter “<b>Exempt Foreign Student.</b>”</li> <li>2. Complete Form 6494 to tell SSA to cancel the Form W-2 for the foreign student using CC 4.</li> <li>3. Attach a copy of the Form W-2 or give employee name, SSN, and wage amount to be canceled.</li> <li>4. Close the case on CAP with the appropriate closing code.</li> </ol>

4.19.4.2.19  
(04-01-2009)  
**Screening Cases For  
State and Local  
Governments**

- (1) These cases should be identified in CAP and IDRS by the following:
  - a. Employment Code **T**;
  - b. BOD Code on the CAP detail screen = **TE**
- (2) State and local government employees are subject to both social security and medicare taxes if:
  - The employees are covered by a section 218 agreement, or
  - The employees are not participants in a public retirement system (for services after July 1, 1991).
- (3) Other state and local government employees are subject to Medicare Tax, if they were hired after March 31, 1988. Refer to Publication 963, *Federal-State Reference Guide*, for more information.
- (4) See IRM 21.7, **Business Tax Return and Non-Master File Accounts**, for exceptions.
- (5) If there is a discrepancy solely in social security wages and medicare wages and tips and the employer is a local or state government where research indicates the employees are social security exempt:
  - a. Prepare Forms 6209 and 6494 to cancel the social security wages.
  - b. Close the case with appropriate status code on CAP (IRS-CAWR=36, SSA-CAWR=99).

4.19.4.2.20  
(09-22-2009)  
**Screening Identification  
of Cross Reference  
(X-Ref) Cases/Filed With  
Another EIN**

- (1) When the Forms W-3/W-2 exceed Forms 94X:
  - a. Research any cross-reference EIN under which the taxpayer may have filed additional Forms 94X.
  - b. Check for the X-Ref EIN on CAP, if the X-Ref EIN is on CAP, work the cases together. Enter the X-ref EIN on each case on CAP.

- (2) When the X-Ref EIN is not on CAP:
  - a. Research IDRS command codes (i.e., CC BMFOL definer E and/or CC INOLE definer X) for any X-Ref number.
  - b. If the X-ref is found, access ORS for the X-Ref number (if needed).
  - c. Correspond with the taxpayer for missing Forms W-3/W-2 (if needed).
  - d. Transfer the Forms W-3/W-2 to the appropriate EIN via Forms 6209 and notify SSA via Form 6494.
  - e. When the information balances the account, close the case by entering the appropriate closing code. Input a TC 971 on IDRS using CC REQ77 with action code 017 to identify the cross reference EIN.
  - f. When the information does not balance the account, issue appropriate correspondence.

If Another Case is Found	Then
And the cross reference does not resolve the case AND tax Forms 94X amounts are LESS than the Forms W-2 amounts	

#  
#  
#  
#  
#  
#  
#

- (3) If the case is a Large Corporation (LCI indicator present on TXMOD or ENMOD) or a subsidiary of one, the information may be filed by a parent corporation or another EIN (due to an entity change), follow the procedures in See IRM 4.19.4.2.1.1. After coordinating with the Technical Large Corp contact and agreeing the taxpayer must be contacted, correspond for the EIN and validate information. If an employment code "S" is present for any SSA-CAWR/ SSA Indicator 2 case, a penalty assessment cannot be made to that EIN/TIN on MFT 13. Do the following:
  - a. Research for a parent TIN/EIN and/or a phone number for the entity. This may include contacting the Large Corporation unit for help locating the parent company.
  - b. Contact the taxpayer in an effort to obtain the missing Forms W-2, so that a penalty assessment does not have to be made.
  - c. Be sure to consider the amounts reported under the parent TIN/EIN while working the subsidiary case.
  - d. Follow normal correspondence and reply procedures for the SSA-CAWR/ SSA Indicator 2 case worked as a result of this situation.

**Note:** CORRESPONDENCE MUST BE ISSUED TO THE PARENT TIN/EIN BEFORE A PENALTY ASSESSMENT CAN BE MADE AGAINST THE PARENT ENTITY.

4.19.4.2.21  
(04-01-2010)  
**Screening Cases  
Identified as Exempt  
Church Organizations**

- (1) An election of exemption from social security and medicare taxes may be filed via Form 8274, *Certification by Churches and Qualified Church Controlled Organizations Electing Exemption from Employer Social Security and Medicare Taxes*.

- (2) The employee, unless otherwise exempt, must still pay self-employment tax on the income if the employee is paid \$108.28 or more in a year from a Church or a qualified Church controlled organization. However, an employee who is a member of a qualified religious group can apply for an exemption from the self-employment tax by filing Form 4029, *Application for Exemption From Social Security and Medicare Taxes and Waiver of Benefits*.

**Note:** Ordained, commissioned, or licensed ministers and members of religious orders are also generally treated as self-employed for social security and medicare purposes.

- (3) Churches established after October 1, 1984 must file no later than the day before the due date of their first quarterly employment tax return. Elections filed after these deadlines will be void. Additional information can be found in IRM 21.7, **Business Tax Return and Non-Master File Accounts**.
- (4) When there is a CAWR discrepancy on a possible non-profit organization's account, research to determine if the exemption is valid:
- Research CC BMFOL definer E.
  - Check for TC 070. The effective date of the Form 8274 is the date shown across from the TC 070.
  - An employment code W indicates the organization is subject to social security and medicare taxes, but not FUTA tax.
  - An employment code C indicates the organization is exempt from both FUTA and social security and medicare taxes.
- (5) If the exemption is valid follow the steps below:
- Prepare Form 6209 to reduce the wages.
  - Prepare Form 6494 to notify SSA to cancel social security wages.
  - Close the case using appropriate status code on CAP.
- (6) If the exemption is not valid issue the appropriate correspondence.

4.19.4.2.22  
(02-01-2008)  
**Delete Cases During Screening**

- (1) When the status of the case changes to status code 11 or a 98 with a Gen code D located on the detail screen, it means that the CAWR module is now in balance at master file.
- (2) If no taxpayer contact has occurred on this case, remove the case from your batch.

4.19.4.2.23  
(02-01-2008)  
**Screening SSA Indicator Other Than "Blank" Cases**

- (1) As you work an IRS-CAWR batch, you may find the SSA IND has updated from blank to "1" or "2".
- If the SSA IND is "1" work the case. SSA is also contacting the taxpayer.

**Note:** You will be required to enter the SSA screen data on these cases, even though they have not updated to SSA IND = 2.

- If the SSA IND is "2" work according to SSA-CAWR procedures.

4.19.4.3  
(04-01-2010)  
**Replies**

- (1) There are so many variables in the CAWR program, the replies are broken into many different categories. The following subsections deal with individual type replies.

**Note:** When working replies follow instructions for inputting Correspondence Date (Corr Date in IRM 21.3.3.4.2.3 Correspondence Date (Corr Date))

- (2) When working replies received from the taxpayer (in response to IRS correspondence you issued) remember that care must be taken to attempt to conform to the **Action 61** requirement to respond to the taxpayer within 30 days. Action 61 requires an interim letter to be issued if unable to close the taxpayer's response within 30 days.
- (3) There may be times during the response phase when calling the taxpayer will expedite the resolution of a case. For example; when taxpayers respond to a notice, they may inadvertently omit required information or signatures delaying the action on the case. If additional information is required to resolve a case, attempt to contact them by phone prior to making the assessment on the account. See the CAWR/FUTA web page at <http://wc.web.irs.gov/Default.htm>
- (4) When assessing a **FTD penalty**, use **PRC 018**. See IRM 4.19.4.7.3.
- (5) If a **TC 780/788 (unreversed by a TC 781)** is present on any module of the tax year that you are working during the reply, undeliverable or no-reply phase, no tax or penalty can be assessed. Take the following actions:
  1. Provide prints of the Money Amount and the Detail screens from CAP to the appropriate MOIC unit.
  2. File the correspondence using the applicable Case Processing Procedure. See IRM 4.19.4.7.
  3. Close the case with closing code 98.
- (6) When an account has a TC 300 or TC 308 on any module of the tax year your working, do not assess, close the case with No Assessment Needed Processing Procedures found in 4.19.4.7.
- (7) Replies may also be **Forms 4442 or Forms 4442C** that are referrals of CAWR cases from CSRs. Provide the taxpayers with interim responses (by telephone or in writing) if Tax Law Referrals of cases cannot be resolved within seven (7) calendar days or Account Referrals of cases cannot be resolved within fifteen (15) calendar days.
- (8) When working responses, close the case with the appropriate closing code instead of preparing the Form 6209 if:
  - No money fields are being changed
- (9) If contact is needed with a CAWR unit at another SBSE site, the phone numbers, and fax numbers are located on the CAWR/FUTA home page.
- (10) When the taxpayer **submits a payment** for the proposed discrepancy, take the following actions:
  - a. Accept the payment,
  - b. Assess the intentional disregard penalty ,
  - c. Assess tax and any related penalties , and
  - d. Close the case with the appropriate closing code.
- (11) **Third Party Contacts**, Section 7602(c), **does not apply** to any contact with any office of any local, state, federal, or foreign government entity. Third Party

#  
#

Contacts **do apply** if the business entity is directly conducting business with or employed by the government office contacted.

- (12) When the taxpayer response indicates that the tax discrepancy and/or penalty discrepancy has been paid by a **third party**, research/correspondence (by letter or telephone) must be done to validate the taxpayer's claim of payment. **Do not** just accept the taxpayer's statement that the payments were paid by a third party. Use the following steps as a guide for proof of payment(s):
- Third party name and EIN must be provided in order to check for posted payments.
  - Copy of the cancelled check (front and back) payable to the Service for the discrepant tax and/or penalty amount(s) may be provided to prove payment and ownership of payment.
  - Verify whether the third party pays Sick Pay for employer See IRM 4.19.4.3.16. or is plan administrator for the employer See IRM 4.19.4.3.34.

IF	THEN
Third party name and EIN (check for posted payments) is found and the issue is not related to Third Party Sick Pay or third party plan administrator.	<ol style="list-style-type: none"> <li>1. Transfer the payments to the correct taxpayer's account using the credit transfer IAT.</li> <li>2. Enter the appropriate tax assessment or civil penalty amount you will be assessing and the number of quarters adjusted on the CAP detail screen and close the case using the appropriate closing code.</li> <li>3. Follow the appropriate CAWR assessment case processing procedures. See IRM 4.19.4.7.</li> </ol>
Third party name and EIN (check for posted payments) is not found	<ol style="list-style-type: none"> <li>1. Correspond with the taxpayer and explain that they are responsible for the discrepant amount(s) regardless of the third payer.</li> </ol>

4.19.4.3.1  
(02-01-2008)  
**SSA-CAWR Civil Penalties**

- (1) The Service assesses penalties for cases referred by the Social Security Administration (SSA) when there is a discrepancy between wages reported on Forms W-2 and what is reported to the Service on Forms 94X. SSA will make two attempts to contact the employer to resolve the discrepancy.
- a. If SSA is unable to resolve the discrepancy, the cases are sent to the Service. A SSA discrepancy is identified when the employer reports more social security wages to the Service than to SSA. An SSA discrepancy is resolved when the employer provided missing Forms W-2, amends their Form 94X or submits other information to resolve the discrepancy.
  - b. An agreement between the Service and SSA requires the Service to correspond with the employer in an effort to secure missing Forms W-2 from the employer. SSA does not have the authority to assess penalties or

enforce collection of the Forms W-2. SSA refers these cases to the Service which is compared to the Business Master File (BMF). If a match is made, a 98C letter is issued to the employer requesting the information necessary to resolve the discrepancy.

- (2) If the discrepancy is not resolved by either the filing of the missing Forms W-2, an amended Form 94X, or by providing an explanation of the discrepancy, the Service is directed to assess a penalty.
- (3) The taxpayer is given 45 days to answer the Letter 99C. If the taxpayer does not respond to the letter by the end of the suspense period (11 cycles from letter date) the case becomes a No Reply. Status code 91 automatically posts to CAP and is updated to BMF. The Intentional Disregard Penalty automatically assesses when the BMF posts status code 91 based on the following criteria:
  - a. Penalties of less than \$25,000.00 automatically assess on IDRS.
  - b. Penalties of between \$25,000.00 and \$999,999.99 are held in a re-sequencing file until after PCD. These assessments will post to BMFOLT and then 1 week later to TXMOD at the end of the dead cycle.
  - c. Penalties of \$1 Million dollars or more do not automatically assess. Cases meeting this criteria must be reviewed by CAWR and the Technical Large Corp Unit. See IRM 4.19.4.3.36.
  - d. Once the over \$25,000 automatic penalties post (it may be in December or January), review the "TY YYYY \$25,000 to \$1 Million **Resolved** Resolution Penalty Report (181-02-28)". This reflects those cases that SSA informed us were resolved if they met the criteria for being on the report. If the EIN appears on the **Resolved** report, the automatic penalty did not assess. There is no need to input an abatement.

4.19.4.3.1.1  
(04-01-2010)

**The Intentional  
Disregard Failure to File  
Penalty (PRN 549)**

- (1) A penalty for intentional disregard (PRN 549) of the filing requirements under IRC Section 6721(e) is imposed on employers who do not comply with our requests to file correct Forms W-2. A CP 215 generates advising the taxpayer of the actual penalty assessment.
- (2) The penalty is the greater of \$100 per missing Form W-2 or 10% of the aggregate amount of the items required to be reported correctly. For the purpose of this program, use only the 10% of the aggregate amount method due to a problem with the data appearing in the number of employees field on the Form 94X returns and CAP. See Exhibit 4.19.4-4. There is no maximum to the Intentional Disregard penalty. The following procedures are only for manually assessed penalties:
  - Review the Form 94X for social security wages, social security tips, and medicare wages. Add social security tips and social security wage amounts together.
  - Compare the aggregate social security wages and social security tips amount and the medicare wages amount (from Form 94X ) to its corresponding Form W-2 field. Determine which of the two amounts is the greater dollar discrepancy.
  - Assess the 10% Penalty on the larger discrepancy. See IRM 4.19.4.3.1.3.
- (3) **DO NOT ASSESS A CIVIL PENALTY (PRN 549) ON ENTITIES THAT ARE:**
  - Federal Agencies
  - Defunct (cc 07 or 10) or Bankrupt Corporations
  - Forms 94X filed under 6020(b) procedures that have not been amended

- The only wage field out of balance is Total Compensation
- The Employment Code is "S". See IRM 4.19.4.4.
- See Exhibit 4.19.4-4.
- When the employer establishes reasonable cause IRM 20.1.7.9.1an IRM 20.1.1.3.1

4.19.4.3.1.2  
(04-01-2010)

**Late Filed Forms W-2  
Penalty (PRN 550)**

- (1) The Late Filing Penalty Assessment (PRN 550) is assessed by CAWR when original Forms W-2 filed in response to SSA-CAWR correspondence are received. These forms are always subject to the maximum penalty of \$50.00 for each Form W-2 unless the Form W-2 shows no FIT, social security tax, medicare tax, and only reports Total Compensation. Up to \$250,000 per year may be assessed. Consider submitted Forms W-2 as original filings when:
  - a. the taxpayer does not state the Forms W-2 were previously submitted **OR**
  - b. the taxpayer states the Forms W-2 were previously submitted and further BMFOLU **and** SSA (ORS or ERQY) research does not support the claim.
- (2) When the employer submits Forms W-2 always research BMFOLU prior to assessing the Late Filing Penalty:
  - a. If all of the submitted Forms W-2 have already posted to BMFOLU, do not assess the Late Filing Penalty.
  - b. If research shows that some of the missing Forms W-2 were previously filed, then assess the late filing penalty only on the remaining out-of-balance Forms W-2.

**Note:** Further SSA (ORS or ERQY) research may be needed if the taxpayer stated that the Forms W-2 were previously submitted. See (1) above.

- (3) **DO NOT ASSESS A CIVIL PENALTY (PRN 550) ON ENTITIES THAT ARE:**
  - a. Forms W-2C submitted in response to CAWR correspondence
  - b. Federal Agencies
  - c. Defunct (cc 07 or 10) or Bankrupt Corporations
  - d. No Reply cases
  - e. Forms that BMFOLU or SSA research confirm were filed timely with SSA.
  - f. The Employment Code is "S". See IRM 4.19.4.4.
  - g. See Exhibit 4.19.4-4.
  - h. When the employer establishes reasonable cause IRM 20.1.7.9.1an IRM 20.1.1.3.1

4.19.4.3.1.3  
(09-25-2008)

**SSA-CAWR Reply  
Procedures**

- (1) SSA-CAWR replies occur when taxpayers submit W-2 data prior to the expiration of the CAP correspondence suspense period.
- (2) If the taxpayer provides W-2 information in other than the official format (i.e., a computer listing providing the employee name, SSN, wages, tips, federal income tax withheld) accept the information as if it was the actual Form W-2 and notate or identify each field on the first Form(s) W-2 data so SSA will know which fields are present on the listing(s).
- (3) Follow the procedures below when working SSA-CAWR indicator 2 reply cases.

IF	THEN
<p>The Form(s) W-2 balances the SSA-CAWR case</p>	<ol style="list-style-type: none"> <li>1. Prepare Form 9338 and attach Forms W-2 for submission to SSA</li> <li>2. Either assess Late Filing Penalty or file correspondence as applicable. See IRM 4.19.4.7.2.</li> </ol> <p><b>Note: DO NOT</b> prepare a Form 6209. When SSA processes the forms, the master file will be updated at that time.</p>
<p>The Form(s) W-2C balances the SSA-CAWR case</p>	<ol style="list-style-type: none"> <li>1. Prepare Form 6209 and Form 9338 and attach Forms W-2C for submission to SSA.</li> <li>2. Associate with case folder to allow for review.</li> <li>3. File the correspondence using the SSA-CAWR No Penalty Needed Processing Procedures. See IRM 4.19.4.7.2.</li> </ol>
<p>The SSA-CAWR reply does not balance the case :</p> <p><b>Example:</b> The reply includes a partial number of Forms W-2.</p>	<ol style="list-style-type: none"> <li>1. Make a copy of any Forms W-2/W-2C to attach to the case file.</li> <li>2. Prepare Form 9338 and attach Forms W-2/W-2C for submission to SSA.</li> <li>3. Assess the Late Filing (PRN 550) Penalty for any Forms W-2 submitted and the Intentional Disregard (PRN 549) Penalty for any remaining discrepancy. See IRM 4.19.4.7.2.</li> </ol>

IF	THEN
<p>The SSA-CAWR reply includes Forms W-2 increasing the social security wages, social security tips, medicare wages, FIT, and/or AEIC to more than the 94X amounts</p>	<ol style="list-style-type: none"> <li>1. Make a copy of any Forms W-2/W-2C to attach to the case file.</li> <li>2. Prepare Form 9338 and attach Forms W-2 for submission to SSA.</li> <li>3. Assess the Late Filing (PRN 550) Penalty for any Forms W-2 submitted. See IRM 4.19.4.7.2.</li> <li>4. Assess the additional tax using a posting delay code 3 to ensure the letter is received before the adjustment notice. See IRM 4.19.4.7.1.</li> </ol> <p><b>Reminder:</b> The CP 253 informed the taxpayer that additional tax, and/or a penalty may be charged if the amounts on the Forms 94X and the Forms W-2 differ.</p>
<p>The SSA-CAWR reply has Information on magnetic media (tape or disc),</p>	<ol style="list-style-type: none"> <li>1. Send a 2057C explaining that SSA no longer accepts Mag Media and request copies of Forms W-2.</li> <li>2. Assess the Intentional Disregard Penalty. See IRM 4.19.4.7.2.</li> </ol>

4.19.4.3.2  
(04-01-2010)  
**Agreed Assessments**

- (1) If the taxpayer agrees with our proposed increase (whether or not a Form 941-C/941-X has been filed or a payment was made), the adjustment is interest free, if the discrepancy is in Federal Income Tax Withholding, Social Security Tax, or Medicare Tax. Input the adjustment using the earliest IRS Received assessments.
- (2) If the taxpayer does not pay the entire balance by this due date, interest will accrue from this date onward. Whenever tax adjustments are made, penalties and interest must also be considered. Input the assessment to the last available quarter.

#

IF	THEN
The taxpayer agrees to the proposed tax increase before we input the assessment to IDRS	<ol style="list-style-type: none"> <li>1. Input the appropriate adjustment amount you will be assessing and the number of quarters being adjusted on the CAP Detail Screen and close CAP using the appropriate closing code.</li> <li>2. Input TC 298 with BS 55 for the amount of the assessment using the correct interest computation date and the appropriate item adjustment codes.</li> <li>3. If full payment for the TC 298 tax amount is not received by the interest computation date of the TC 298 adjustment, assess a 10 percent FTD penalty (TC 180) on the amount not remitted timely.               <ol style="list-style-type: none"> <li>a) Input the secondary TC 180 and penalty amount on the same adjustment as the primary TC 298.</li> <li>b) Use PCC 018 with the TC 180 penalty assessment. See IRM 4.19.4.7.3.</li> </ol> </li> <li>4. If appropriate, monitor the case for the additional TC 180 - 5% Tier (PNTIER) with CC ACTON. See IRM 4.19.4.7.3.</li> </ol>
The taxpayer agrees to the proposed tax increase and the payment is found on another module.	<ol style="list-style-type: none"> <li>1. Use the Credit Transfer IAT to transfer the payment to the correct quarter.</li> <li>2. Input the appropriate adjustment amount you will be assessing and the number of quarters adjusted on the CAP Detail Screen and close CAP using the appropriate closing code.</li> <li>3. Input TC 298 using BS 55 for the amount of the assessment using the correct interest computation date and appropriate adjustment codes.</li> <li>4. If full payment for the TC 298 tax amount is not received by the interest computation date of the TC 298 adjustment, assess a 10 percent FTD penalty (TC 180) on the amount not remitted timely.               <ol style="list-style-type: none"> <li>a) Input the secondary TC 180 and penalty amount on the same adjustment as the primary TC 298.</li> <li>b) Use PCC 018 with the TC 180 penalty assessment. See IRM 4.19.4.7.3.</li> </ol> </li> <li>5. If appropriate, monitor the case for the additional TC 180 - 5% Tier (PNTIER) with CC ACTON. See IRM 4.19.4.7.3.</li> </ol>

4.19.4.3.3  
(02-01-2008)

**Replies Received For  
Out of Locality Cases**

- (1) Do not work another campuses' CAWR reply. Send the reply, after entering the received date onto CAP, to the campus identified when the reply date is input.

- (2) When a late reply has been received for another campus, the case must be sent to the appropriate campus.
- (3) For Late Replies you must follow the procedures in See IRM 4.19.4.6.
- (4) See CAWR/FUTA home page <http://wc.web.irs.gov/> for a listing of the SB/SE Campus telephone and FAX numbers.

4.19.4.3.4  
(04-01-2010)

**Replies — Forms  
941-C/941-X, , Form 843,  
Claims, and Form  
W-3C/W-2C**

- (1) This section should be used for working 941-C, 941-X or 843 replies.

**Note:** Effective January 2009, Form 941-X, 943-X, 944-X, 945-X, CT1-X were introduced to replace Form 941-C. Form 941-C is obsolete. The new forms were developed to simplify the correction process for the tax payer and will better identify the changes being made for the tax examiner.

- (2) Work the penalty issues for these cases in accordance with IRM 20.1, **Penalty Handbook**.
- (3) If original Forms W-3C/W-2C are received for IRS CAWR cases:
  - Ensure legibility and that valid EIN, TIN, and dollar amounts are present
  - Post money changes to the CAWR module by completing Form 6209
  - Photocopy the original Forms W-2C and attach the copies to the correspondence received or a printout of the first page of the CAP case file
  - Make a second copy for the W-2C program, if withholding changes are present on these documents for the work outlined in See IRM 4.19.4.8.
- (4) Annotate in red, "IRS RECON" on the Forms W-3 or transmittal forms and mail them to the following address:

Social Security Administration

Division of Employer Services

4-E16 NB Metro West Building

300 N. Green Street

Baltimore, MD 21290-0300

- (5) Employers often send copies of previously filed Forms 941-C/941-X to support their explanation of the out of balance condition. Frequently these are not marked as copies and do not have signatures. Care must be taken to ensure these are properly considered. If copies of previously filed Forms 941-C/941-X are received, verify that the adjustments were accurately recorded by the Service. When corresponding tax adjustments are found on tax accounts, do not assume that the reference lines were recorded correctly. IRS processing errors in recording Forms 941-C/941-X are often the source of out of balance conditions. It may be necessary to math verify the reference lines entered with previous 29X adjustments and/or request the document for further research. Take action as appropriate to correct any errors discovered.
- (6) If the taxpayer states that all Forms W-2 have been filed, are correct and provides Forms 941-C/941-X or 843 to correct the account:
  - a. Work in accordance with DP Tax Adjustments IRM 21.7, **Business Tax Return and Non-Master File Accounts** and IRM 21.5 Account Resolution.

- b. Do not decrease the 94X account below the amounts reported on the Forms W-3/W-2 and W-3C/W-2C.

IF	THEN
The reply is received with Form 941-C/941-X requesting an increase in social security wages/tips, Medicare wages and/or federal income tax withheld.	<ol style="list-style-type: none"> <li>1. Consider the Forms 941-C/941-X under agreed assessment procedures in IRM 4.19.4.3.2. Otherwise, input a TC 290 for the appropriate money amount and the applicable Item Adjustment Codes using Blocking Series 55 with the correct correspondence and IRS received date. Use the IRS Received date as the Amended Claims date. <b>Note:</b> Forms 941-C/941-X requesting tax increases which are less than the identified discrepancy will require two adjustments: a TC 298 for the agreed portion and a TC 290 for the unagreed portion.</li> <li>2. Close CAP using the appropriate closing code.</li> </ol>
The reply is received with Forms 941-C/941-X and/or Form 843 requesting a decrease and an <b>Authorized Original Signature</b> is present:	<ol style="list-style-type: none"> <li>1. Input a TC 291 for the appropriate money amount and the applicable item adjustment codes using blocking series 55 with the correct correspondence and IRS received date. <b>Use the IRS Received as the amended claims date.</b></li> <li>2. Input the appropriate adjustment amount and the number of quarters adjusted on the CAP Detail Screen.</li> <li>3. Close CAP using the appropriate closing code. <b>Note:</b> DO NOT decrease the Form 94X account below the amounts reported on the Forms W-3/W-2 and W-3C/W-2C</li> </ol>
If an Original Authorized Signature is not present with the case.	<ol style="list-style-type: none"> <li>1. Return Form 941-C/941-X and/or Form 843 to the taxpayer for an authorized signature.</li> <li>2. Assess and close the case using the appropriate case processing procedures. See IRM 4.19.4.7.</li> </ol>

4.19.4.3.5  
(05-21-2008)  
**Working Replies - Cross  
Reference (X-Ref)  
Cases/Filed With  
Another EIN**

- (1) When working replies always research IDRS for a X-Ref EIN. If found, check for the X-Ref EIN on CAP. If the X-Ref EIN is on CAP, work the cases together.

**Note:** Notate the X-Ref EINs on the CAP detail screen.

- (2) If the X-Ref EIN is not on CAP:
- a. Research the X-Ref number (i.e., CC BMFOL definer U, INOLE definer T.)
  - b. Access ORS for the X-Ref number (if needed).

- c. Correspond with the taxpayer for missing Forms W-3/W-2 (if needed).
  - d. If necessary, transfer the Forms W-3/W-2 to the appropriate EIN via Forms 6209 and 6494.
  - e. If the information balances the account, close the case by entering the appropriate closing code and file the correspondence.
  - f. If the information does **not** balance the case assess using the applicable procedures in See IRM 4.19.4.7.
- (3) Input a TC 971 on IDRS using CC REQ77 with action code 017 to identify the cross reference EIN.
- (4) If the taxpayer states Forms W-2 were filed by a parent corporation or another EIN:
- a. assess the necessary tax and /or penalty.
  - b. send 2057C requesting the EIN under which the Forms W-2 are filed and advising them that tax and/or penalty was assessed.
- (5) If the X-Ref EIN has an LCI contact the LCTU prior to adjusting any tax and/or penalties. See IRM 4.19.4.2.1.1.
- (1) When the employer replies and a missing return is received, take the following actions:

4.19.4.3.6  
(04-01-2010)

**Replies Received On  
Missing Tax Return  
Issues**

IF	THEN
The employer replies, and furnishes the missing returns whether or not they balance the case.	<ol style="list-style-type: none"> <li>1. Check IDRS to see if a TC 150 is present.</li> <li>2. If a TC 150 is not present, the returns are original returns and need to be processed.</li> <li>3. Process the returns received as original, even if the return was marked "copy".</li> <li>4. Edit the return underlining the EIN, Tax Period, Name Control and IRS Received date, if not present. In the left hand margin of the return write "599" with appropriate closing code indicator. Make a copy to attach to the case file.</li> <li>5. Send the original return to Submission Processing following local procedures.</li> <li>6. Send a 2057C closing letter informing him/her the return has been sent to the appropriate area for processing.</li> <li>7. Check IDRS for an open TDI indicator. If present and the current status on the module is 02 or 03 use CC FRM49 to input a TC 599 CC 94.</li> <li>8. If the case is in any other status use CC FRM49 to input a TC 599 CC 18 on the missing tax return module.</li> </ol>
	<p><b>Note:</b> File correspondence using the "No Assessment needed" case processing procedures. See IRM 4.19.4.7.1. <b>if case is in balance.</b></p> <p><b>Note:</b> Assess the case following "IRS-CAWR Assessment Needed" case processing procedures. See IRM 4.19.4.7.1 <b>if case remains out of balance.</b></p>
The reply states the return is for one tax period, but the actual return shows another tax period.	<ol style="list-style-type: none"> <li>1. Edit the correct tax period on the return and process as instructed above.</li> </ol> <p><b>Note:</b> This allows Submission Processing to process the returns accurately.</p>
The employer states they filed the returns in question and the return posted to Master File.	<ol style="list-style-type: none"> <li>1. File correspondence using the "No Assessment needed" case processing procedures. See IRM 4.19.4.7.1.</li> </ol>
it is determined the form is processed incorrectly to another tax year	<ol style="list-style-type: none"> <li>1. See IRM 21.5.2.4.23</li> </ol>

**Exception:** If the taxpayer is a Form 941 filer and submits a Form 944, reject the Forms 944 back to the TP and request the applicable form.

4.19.4.3.7  
(04-16-2009)

**IRS-CAWR Replies with  
Forms W-3/W-2 and/or  
Forms W-3C/W-2C**

- (1) The following information applies to all original and copies of Forms W-3/W-2/W-3C/W-2C. When reviewing a reply, check any forms received in the correspondence for errors.

If the reply	6209	6494	Corr. Code	IRS-CAWR ADJ.	Issue Corro	Comments
is Forms W-2/W-3/W-2C/W-3C correcting Social Security wages, medicare wages, social security tips, AEIC and/or Federal Income Tax withheld balancing the case	Y	Y (see Note)	4	No Assessment needed 4.19.4.7.1	Y	<b>Note:</b> or send copies of Forms W-3C/W-2C
is voiding Form(s) W-2 processed in error and the information balances the case	Y	Y		No Assessment needed 4.19.4.7.1	Y	If exact duplicates, Form 6494 is not needed
is indicating Forms W-3 and /or W-2 were processed under an incorrect EIN and the information will balance the case	Y	Y	3	No Assessment needed 4.19.4.7.1	Y	
consists of information submitted on magnetic media, Full Size Tape Reel, Compact Disc, Floppy Disk				<b>YES</b> Assessment needed 4.19.4.7.1	Y	Inform the taxpayer, SSA no longer accepts magnetic media and they must provide the IRS with paper copies of Forms W-2. Properly dispose of magnetic media
is a wage listing showing all required information to balance the account	Y	Y		No Assessment needed 4.19.4.7.1	Y	Attach wage listing (6494). Highlight and Identify the data on the first employee for SSA . Form 6494 is sent only for Forms W-2C.

If the reply	6209	6494	Corr. Code	IRS-CAWR ADJ.	Issue Corro	Comments
includes Form(s) W-2 that balances the case or takes the case below tolerance	Y	Y		No Assessment needed 4.19.4.7.1	Y	6209 for W-2C only
includes Form(s) W-2C that balances the case or takes the case below tolerance	Y	Y		No Assessment needed 4.19.4.7.1	Y	6494 for W-2C only
includes Forms W-2 that increases Social Security wages/tips, medicare wages, AEIC and/or Federal Income Tax to more than the 94X amounts	Y	Y		YES Assessment needed 4.19.4.7.1	Y	6209 for W-2C only
indicates social security wages were reported over the maximum and the information balances the case	Y	N		No Assessment needed 4.19.4.7.1	Y	Explain the Social Security maximum wage amounts to the taxpayer <b>Note:</b> Refer to Document 6209 Section 3.12, Social Security Tax Rates

4.19.4.3.8  
(04-01-2010)  
**Corporations - New Owners Reply**

- (1) An entity that incurs a tax liability or a Civil Penalty is responsible for paying it even if there was a change in ownership. This is true regardless of whether the involved parties entered into a private agreement between themselves as to which party would be responsible. Such private agreements may be grounds for one of the parties to file civil suit against the other, but has no impact on the legal obligation of the party that incurred the liability to pay the amounts owing to the government

**Example:** If the corporation is T. Pine Enterprises and Tom Pine sold the entity (T. Pine Enterprises) to John Jones, the corporation itself, T. Pine Enterprises, is responsible for the liability, regardless of who the officers or owners are.

- (2) In TY 2005, a new Form 941, Schedule D was introduced. This Schedule D will allow the parties involved in Acquisitions, Statutory Mergers, or Consolidations to report discrepancies identified as a result of the merger.

- (3) Review IRM 21.7.13.4.3 and succeeding sections to determine if a new EIN was required on these cases.

IF	And	Then
the current/previous taxpayer claims they are not liable for the discrepancy and may or may not have established a payment arrangement, the arrangement does not impact on whether we can assess.	the taxpayer states they are a corporation	<ol style="list-style-type: none"> <li>1. Send 2057C closing letter on CAP, explaining the corporation is liable.</li> <li>2. Assess the case following the applicable Assessment Needed case processing procedures. See IRM 4.19.4.7</li> </ol>
	the taxpayer states they are other than a corporation and If a new EIN was <b>not</b> required	<ol style="list-style-type: none"> <li>1. Send 2057C closing letter on CAP, informing the taxpayer they should have requested a new EIN when purchasing the business.</li> <li>2. Assess the case following the applicable Assessment Needed case processing procedures. See IRM 4.19.4.7</li> </ol>
	the taxpayer states they are other than a corporation and if a new EIN was required	<ol style="list-style-type: none"> <li>1. follow procedures above</li> </ol> <p><b>Exception:</b> If a new EIN was required, and the contact is from the prior owner about a tax period after the business changed hands and they provide proof of the ownership change but cannot provide the EIN for the new owner, research for another EIN. If necessary, send a referral to BMF Entity for possible assignment of an EIN for the new owner.</p>
You receive Forms W-2C and Forms 941-C/941-X	taxpayer provides new EIN	<ol style="list-style-type: none"> <li>1. Make the appropriate adjustments on IDRS See IRM 4.19.4.3.4. or transfer the return(s) to the new EIN if necessary using Form 12810.</li> <li>2. Update CAP with the correct address to ensure letters are sent to the previous owner.</li> <li>3. Send a 2057C closing letter explaining the adjustments made to the taxpayer's account.</li> <li>4. close the case on CAP using the appropriate closing code See IRM 4.19.4.7.</li> <li>5. Forward Forms W-2C to SSA on Form 6494.</li> </ol>
Taxpayer does not provide information necessary to resolve the case		<ol style="list-style-type: none"> <li>1. Send a 2057C closing letter explaining why the reply was insufficient requesting the appropriate forms to resolve the discrepancy.</li> <li>2. See IRM 4.19.4.7</li> </ol>

IF	And	Then
Taxpayer provides a Schedule D	resolves the discrepancy	<ol style="list-style-type: none"> <li>1. Enter the x-ref EIN onto the CAP detail screen.</li> <li>2. File correspondence following the "IRS-CAWR No Assessment Needed" case processing procedures. See IRM 4.19.4.7.1.</li> </ol>
	does not resolve the discrepancy	<ol style="list-style-type: none"> <li>1. Assess the case using "IRS-CAWR Assessment Needed" case processing procedures. See IRM 4.19.4.7.1</li> </ol>

4.19.4.3.9  
(02-01-2008)

**Replies Indicating TIPS Incorrectly Reported**

- (1) Large food or beverage establishment employers are required to report allocated tips under certain circumstances.

IF	THEN
<p>The reply indicates tips and no Forms W-3C/W-2c were received <b>Note:</b> Forms W-3C/W-2C must be filed to correct the discrepancy.</p>	<ol style="list-style-type: none"> <li>1. Send a 2057C closing letter explaining that when we receive additional information we will reconsider the adjustment to their account. <b>Note:</b> If the taxpayer states the discrepancy is due to allocated tips explain amounts should be reported on the Allocated tips Line 8 on Forms W-2.</li> <li>2. Assess the case using "IRS-CAWR Assessment needed" case processing procedures. See IRM 4.19.4.7.1.</li> </ol>
<p>The reply indicates tips were incorrectly reported and Forms <b>W-3c/W-2c were received,</b></p>	<ol style="list-style-type: none"> <li>1. Prepare automated Form 6209 to adjust all appropriate fields based on the Forms W-3c/W-2C amounts.</li> <li>2. Prepare Form 6494 using the correction code 5.</li> <li>3. File Correspondence following the "IRS-CAWR No Assessment needed" case processing procedures. See IRM 4.19.4.7.1.</li> </ol>

4.19.4.3.10  
(02-01-2008)

**Replies Including Schedule H, Household Employment Tax Issues**

- (1) Household Employers must file Schedule H (Form 1040) to report wages to the IRS and Forms W-2 with SSA. Schedule H may be filed by both the Primary and Secondary taxpayers. Work any Schedule H issue as you would other CAWR issues. Actions specific to Schedule H are included in this subsection.

- (2) Fiscal year filers must report wages paid on a calendar year basis. Fiscal year taxpayers filing individual income tax returns must include a Schedule H covering the period January 1 through December 31.
- (3) The household employment tax is reported on the appropriate line of Form 1040 and included in the TC 150 amount. If an adjustment is necessary, use Blocking Series 05, Reason Code (RC) 050, and Source Code 2 to adjust the appropriate line for employment taxes from Schedule H.
- (4) When making adjustments to Forms 1041 household employment tax from Schedule H, use Blocking Series 55.
- (5) Schedules H filed with Form 1040, Refer to IRM 21.6.4.4.8, **Individual Tax Returns**.
- (6) Schedules H filed With Form 1041, Refer to IRM 21.7.4.4.1.11, **Social Security Domestic Employment Reform Act (SSDERA) of 1994 and BMF Schedules H** .
- (7) The interest free provisions for adjustments on BMF employment taxes are in effect for errors discovered on IMF, Schedules H. Refer to IRM 21.6, **Schedule H, Household Employment Taxes, - Interest - Free Provisions - Underpayments** , for procedures. Reference Codes for Adjusting Schedule H are as follows:

To Correct the	For the Primary Taxpayer, Use Reference Code	For the Secondary Taxpayer, Use Reference Code
EIN on CC ADJ54 — XREF/PRIM/SEC-EIN Field	993 for .00	994 for .00
Total FICA Wages	004	904
Total Medicare Wages	073	973
Federal Income Tax Withheld (if requested by employee)	003	903
SSA and Medicare Tax	007	907
AEIC (Do not use on MFT 05 adjustments.)	335	335

**Note:** See IRM 21.6.4.4.8.2 and IRM 21.6.4.4.8.1 for additional instructions on adjusting Schedule H accounts.

4.19.4.3.11  
(04-01-2010)  
**State and Local  
Governments Replies**

- (1) Taxpayers must provide documentation they are covered under a state or political subdivision retirement system, or qualify for one of the exceptions listed in IRM 21.7.2.4.18.4.5.5 , IRM 21.7.2.4.18.1.5.6 and IRM 3.13.12.6.29.11 for additional information. When the reply indicates the employees are social security exempt and the discrepancy is only in social security (FICA) and Medicare wages for an employer see the table below.

IF	THEN
The documentation in (1) above is provided :	<ol style="list-style-type: none"> <li>1. Prepare automated Form 6209 if applicable.</li> <li>2. Prepare Form 6494 to adjust the social security and/or Medicare wages if applicable.</li> <li>3. File Correspondence following the “No Assessment needed” case processing procedures. See IRM 4.19.4.7.1.</li> </ol>
If the documentation in (1) above is <b>not</b> provided	<ol style="list-style-type: none"> <li>1. Assess the case using “IRS-CAWR Assessment needed” case processing procedures. See IRM 4.19.4.7.1.</li> </ol>

4.19.4.3.12  
(04-01-2010)  
**Statute Issues/Imminent  
Assessments**

- (1) **The Statute Awareness Program** was created to minimize barred assessments and erroneous abatements. The download will contain cases which have two statute situations that must be addressed. Cases where the statute date bars within 120 days will be worked on a priority basis. Refer to IRM 25.6, Statute of Limitations. Two types of statutes addressed in the CAWR processing are listed below.
- (2) The **Assessment Statute Expiration Date (ASED)**. In general, the ASED is 3 years from the filing of the return, unless the return is filed before the due date (determined without regard to any extension of time to file), in which case the ASED is 3 years from the due date.
- (3) **Refund Statute Expiration Date (RSED)** A claim for credit or refund must be filed 3 years from the time the return was filed or two years from the time the tax was paid, whichever is later. If the claim is filed within the 3 year period, the amount to be credited or refunded is limited to the tax paid during the 3 years immediately preceding the filing of the claim plus the period of any extension of time to file (the 3 year look back rule). If the claim for refund is filed within the two year period, the amount is limited to the portion of **tax paid** during the 2 years immediately preceding the filing of the claim (the 2 year look back rule).

**Reminder:** The claim can be for payment of tax, penalties or interest.

- (4) Untimely claims for credit or refund will be formally disallowed (fully or partially). However, in some situations a claim will be timely but a refund or credit of the overpayment will not be allowable due to when the credit was deemed available. In those situations, this credit will be moved to the Excess Collection Files (XSF) and cannot be used to offset liabilities for other periods.

(5) **ASED Procedures —See Table Below:**

If the case is ...	Then ...
Within 90–60 days of the ASED	1. Provide the designated individuals with the assessment information for direct IDRS input.
59 or less days of ASED	1. Prepare Form 2859 2. Submit to coordinator who will forward to RACS

- (6) If the assessment is over \$10 million dollars, send a **complete** copy of the case file to the following address on Form 3210 Document Transmittal.

Business Analysis & Support Section  
 333 W Pershing Road  
 Kansas City, MO 64108  
 ATTN: Mari McMahon Stop 1035 S2  
 OS:CFO:R:R:B

#

- (8) IRM 25.6 , **Statute of Limitations**, will provide instructions in the event that a taxpayer's claim is fully or partially disallowed even if the statute is imminent (within 90 days) or already expired.
- (9) Document 7368 , *Basic Guide for Processing Statute Cases*, is available to all service campuses and area offices. Order this document from the National Distribution Center using catalog number 10296C. Document 7368 contains valuable information on statute-specific topics; therefore, a copy should be present in each working group.
- (10) Reference the following IRMs, as necessary, in regards to erroneous abatements. The CAWR unit management will need to determine who takes care of the forms and where to send them. For assistance, see the CAWR/FUTA Web page <http://wc.web.irs.gov/CAWR-SSA/Address%20and%20mail%20stop.htm>
- IRM 21.6, **Individual Tax Returns**
  - IRM 21.7 , **Business Tax Returns and Non-Master File Accounts**
  - IRM 21.4.4 , **Refund Inquires - Manual Refunds**
  - IRM 25.6 , **Processing Procedures Exempt Organization Business Master File**, and
  - IRM 25.7 , **Statutes of Limitations**
- (11) **Statute Searches:** All Tax Examiners are responsible to expedite statute imminent cases. Each tax examiner is to perform a statute search on their inventories (paper and electronic) beginning 90 days prior to the statute expiration date as illustrated below. In addition, all new receipts to their inventory must be reviewed for statute criteria.

Program	Begin Searching	Frequency of Searches to be Performed		
		Biweekly	Weekly	Daily
SSA-CAWR	12/1/XXXX	12/1–1/19	1/20–2/20	2/21–2/28
IRS-CAWR	1/15/XXXX	1/15–3/6	3/7–4/7	4/8–4/15

Each search is to be documented using Form 11122 which will be maintained by management. See the CAWR/FUTA Home page <http://wc.web.irs.gov/> for Forms 11122 and additional statute guidelines.

4.19.4.3.13  
(02-01-2008)  
**Replies With PAL  
Indicator Present**

- (1) When working replies take into consideration the reason why the PAL indicator is present, as it may help to resolve the discrepancy.

IF	THEN
<p>the CAWR case has a PAL indicator (identified after screening) and the taxpayer replies resolving the discrepancy. <b>Note:</b> Take into consideration the reason the PAL indicator is present <b>Note:</b> This indicator is automatically downloaded by Automated Under Reporters (IMF)</p>	<ol style="list-style-type: none"> <li>1. Prepare automated Form 6209 to adjust the appropriate amounts if applicable.</li> <li>2. Prepare Form 6494 or send copies of Forms W-3/ W-2 and/or Forms W-3C/W-2C to SSA if applicable.</li> <li>3. File Correspondence following the “No Assessment needed” case processing procedures. See IRM 4.19.4.7.</li> </ol>
<p>The CAWR case has a PAL indicator (identified after screening) the reply does not resolve the discrepancy.</p>	<ol style="list-style-type: none"> <li>1. Assess and close the case using the appropriate case processing procedures. See IRM 4.19.4.7.</li> </ol>

4.19.4.3.14  
(04-01-2009)  
**Replies Received For  
Delete Cases**

- (1) A delete case is one which has been brought into balance at Enterprise Computing Center-Martinsburg (ECC-MTB) through various updates to the module.

IF	THEN
<p>A CAWR issue unrelated to previous correspondence</p>	<ol style="list-style-type: none"> <li>1. work the case according to the taxpayer’s intent.</li> </ol>
<p>Correspondence is not a CAWR issue</p>	<ol style="list-style-type: none"> <li>1. forward the correspondence to the appropriate area.</li> </ol>

IF	THEN
the case has been “ deleted” on Master File. (CAP shows closing code 11)	<ol style="list-style-type: none"> <li>1. Send a 2057C letter explaining IRS received additional information balancing your account. No further information will be necessary.</li> <li>2. File Correspondence following the No Assessment needed case processing procedures. See IRM 4.19.4.7.</li> </ol>

4.19.4.3.15  
(04-01-2010)

**Replies Indicating Sole Proprietorship**

- (1) A Sole Proprietorship is a business operated by the owner and as such has wage reporting requirements similar to a single member Limited Liability Corporation (LLC). The owner of a Sole Proprietorship and the single member LLCs must include all income and expenses on the owner’s tax return.

**Note:** The Sole Proprietor, **who withdraws income from the business and reports total income and loss on Form 1040, acquires** income from the business in the form of gains, not wages.

**Reminder:** A Schedule C taxpayer (Sole Proprietor/LLC) does not issue a Form W-2 to themselves or file Form 94X when the owner is the only worker. The taxpayer they must file Forms W-2C, Forms 941-X, and Form 1040X as appropriate to resolve the incorrect reporting situation.

- (2) The wages a Sole Proprietor pays to their employees should match the Schedule C wages, the Forms W-2, and the Form 94X wages.
- (3) The owner is the only one authorized to sign the tax returns unless there is an authorized POA or RAA on file. With respect to income tax returns on forms in the 1040 series, a POA entitles someone other than the owner to sign the return only under certain circumstances. See “Authority to Sign Your Return” section of Form 2848 instructions.
- (4) See IRM 21.7.13.5.4.2 , **Assigning Employer Identification Numbers**, for more information on these types of taxpayers.
- (5) The Sole Proprietor is the owner and must show wages on Schedule C. If the Sole Proprietor has employees he must file Forms 941 and Forms W-2 for his/her employees. File Correspondence following the “No Assessment needed” case processing procedures. See IRM 4.19.4.7.

**Note:** Research CC NAMEE to determine if the Sole Proprietor/LLC had a previous EIN.

4.19.4.3.15.1  
(02-01-2008)  
**Decedents — Sole Proprietorship Responses**

(1)

<b>IF</b>	<b>THEN</b>
The information provided resolves the discrepancy	1. Process the information and close the case using the applicable No Assessment needed case processing procedures. See IRM 4.19.4.7.
The case discrepancy is not resolved through research or by the correspondence received:	1. Assess and close the case using the applicable Assessment needed case processing procedures. See IRM 4.19.4.7. 2. Forward a copy of the case to ACS using local procedures to accelerate processing. 3. Input a history item on TXMODA using CC ACTON "DEC'D Sole P. Referred to ACS on IDRS." 4. Do not input a STAUP.

4.19.4.3.16  
(04-01-2010)  
**Responses Identifying Third Party Sick Pay**

(1) If the taxpayer responds and explains that the discrepancy is due to a Third Party Sick Pay reporting problem follow the procedures below: See IRM 4.19.4.2.8.

<b>If...</b>	<b>And ...</b>	<b>Then ...</b>
employer is an insurance company involved in paying disability benefits <b>OR,</b> There is an amount in Box 14 of Form W-3 that is equal to the FIT discrepancy	the only discrepancy can be attributed to the Federal Income Tax Withheld sick pay issue	1. File the correspondence following the "IRS-CAWR No Assessment needed" case processing procedures. See IRM 4.19.4.7.1.
The discrepancy is an incorrect line adjustment	the correct tax has been paid	1. Input TC 290 for \$.00 2. Send Letter 2057C explaining actions taken and close the case on CAP and IDRS.

If...	And ...	Then ...
employer did not report the wages or the tax,		1. Send Letter 2057C explaining actions taken and close the case by assessing the sick pay wages and half the tax (6.2% for social security and 1.45% for Medicare) on the employer's account.
the correct tax has not been paid	third-party sick pay wages are not reported on lines 5a and 5c of the Form 941, but the credit was taken on line 7b of Form 941,	1. assess the sick pay wages and the full tax (12.4% for social security and 2.9% for Medicare) on the employer's account.
employer states that there is a discrepancy for income tax withheld by the third-party, This type of discrepancy cannot be avoided and does not indicate a reporting error by the employer. If no other discrepancies exist		1. accept the employer's word 2. Input a TC 290 for .00 on the employer's account

**Note:** Refer to IRM 21.7.2.4.5, **Sick Pay and Pay** and Publication 15-A, *Employers' Supplemental Tax Guide* for any additional information needed for working the case that are not covered here.

4.19.4.3.17  
(02-01-2008)

**Wages Earned vs.  
Wages Paid Replies**

- (1) Forms W-2 should be issued to employees for the wages actually or constructively paid during a calendar year, not the wages earned during that time. Discrepancies may result if employers report earned, rather than paid, wages on Forms W-2.
- (2) If the taxpayer states that the wages were earned in the current CAWR tax year being worked, but reported on a Form 941 for a different year:

IF THE REPLY	THEN
The tax was paid in subsequent tax year periods, indicating Wages Earned vs. Wages Paid.	<ol style="list-style-type: none"> <li>1. Research CC TXMODA to make sure the proper amount of tax was paid in the subsequent tax year.</li> <li>2. When payments are identified, send a 2057C Letter informing the taxpayer of the adjustment made to their account and explain that the same discrepancy situation will occur for the subsequent tax year.</li> <li>3. Input the appropriate adjustment amount you will be assessing and the number of quarters adjusted on the CAP Detail Screen and close the case with the appropriate closing code.</li> <li>4. Input (TC 291) for appropriate money amount (with a credit bar) using BS 55 to decrease the quarter to which the wages were erroneously paid on the subsequent tax year.</li> <li>5. Transfer the credit amount using the appropriate payment transfer codes to the prior tax period using the credit transfer IAT.</li> <li>6. Input (TC 298) interest free assessment using BS 55 on the prior tax period and the appropriate interest computation date or payment date.</li> <li>7. Input TC 180 for .00 to suppress the penalty.</li> </ol>

4.19.4.3.18  
(09-22-2009)

**Replies Indicating AEIC**

- (1) Eligible employees may receive EIC on their Form 1040 or may receive AEIC during the year from their employer.
- (2) If the employer pays AEIC to the employee, this is shown as a credit on the employer's Form 941.
- (3) AEIC is indicated by Transaction Code (TC) 766 on the module.

#  
#  
#

(5) Use the web site <http://iuid.web.irs.gov/iuid.asp> to obtain the CIFDC for your campus. This web site provides the following CIFDC information:

- Manager name,
- Drop points, and
- Telephone numbers.

**Reminder:** Use TC 766 to **increase** AEIC and TC 767 to **decrease** this credit.

(6) If Forms W-2C are received, but they do not resolve the discrepancy and they cause the Form W-2 AEIC to exceed the Forms 941, creating a credit owed to the employer, a Form 843, amended Form 941, or Form 941-C/941-X is needed before the credit (TC 766) can be allowed on the account.

- a. Enter the amount of the TC 29X adjustment on the CAP detail screen.
- b. See Circular E and IRM 21.7.2.4.6 , **Advance Earned Income Tax Credit (AEITC) – Forms 941, 943, 944, and Schedule H**, for more information on this subject.

(7) If Forms W-2C are received, but they do not resolve the discrepancy and they cause the Form W-2 AEIC to be less than Forms 941, creating a debit to the employer, assess the account using TC 767.

**Reminder: The TC 767 amount cannot exceed the TC 766 amount reported for a specific quarter. Multiple quarters may need adjusting when assessing AEIC.**

(8) Correspond with the taxpayer, explaining the adjustment.

- a. Enter the amount of the TC 29X adjustment and on CAP detail screen.

**Reminder:** Do not add AEIC amounts to any TC 29X adjustment amount. This is a separate figure.

- b. See Circular E and IRM 21.7.2.4.6 , **Advance Earned Income Tax Credit (AEITC) – Forms 941, 943, 944, and Schedule H**, for more information on this subject.

IF	THEN
the reply shows there is more AEIC on Forms W-2 than on Forms 941 and the taxpayer submits Forms W-2C decreasing AEIC to match the Forms 941:	<ol style="list-style-type: none"> <li>1. Prepare automated Form 6209 to decrease AEIC. Do not use the minus sign.</li> <li>2. File Correspondence following the “No Assessment needed” case processing procedures. See IRM 4.19.4.7.</li> </ol>
the taxpayer submits Form 941-C/941-X or Form 843 to increase the AEIC amounts to agree with the Forms W-2:	<ol style="list-style-type: none"> <li>1. Close CAP with the appropriate closing code.</li> <li>2. Input TC 290 for .00 with a Reference Number (RN) 766 to increase the AEIC using BS 55 to the appropriate quarter(s) based on Form 941-C/941-X or Form 843.</li> </ol>

IF	THEN
<p>there is less AEIC on Forms W-2 than on Forms 941 and the taxpayer submits an amended Form 941 or Form 941-C/941-X to decrease AEIC to match Forms W-2</p>	<ol style="list-style-type: none"> <li>1. Close the case using the appropriate closing code.</li> <li>2. Input TC 290 .00 with Reference Number (RN) 767 (with a credit bar after the \$ amount) to decrease AEIC using BS 55 to decrease the appropriate quarter(s) based on Form 941-C/941-X.</li> </ol> <p><b>Note:</b> The decrease should not exceed the amount of AEIC shown on the quarter being adjusted. If the TC 767 amount exceeds the TC 766 amount reported for a specific quarter, the adjustment will unpost. Adjust multiple quarters, if necessary, according to Form 941-C/941-X).</p>
<p>the AEIC on Forms W-2 are less than AEIC on Forms 941 and the taxpayer submits Forms W-2C increasing AEIC on Forms W-2 to match Forms 941.</p>	<ol style="list-style-type: none"> <li>1. Prepare automated Form 6209 to increase AEIC (using the minus sign).</li> <li>2. File Correspondence following the "No Assessment needed" case processing procedures. See IRM 4.19.4.7.</li> </ol>

4.19.4.3.19  
(04-01-2010)  
**Family Employment  
Related Case Replies**

(1)

IF	THEN
<p>The reply states the discrepancy is related to family employment but the age of the child is not given.</p> <p><b>Note:</b> A child under age 18 working for a parent causes most family employment discrepancies.</p>	<ol style="list-style-type: none"> <li>1. <b>Verify the age and date of birth of the child using IDRS CC INOLE definer S.</b></li> </ol> <p><b>Note:</b> Be sure you compute the child's age for the year the wages were earned, not the year the case is being worked</p>
<p>Exempt wages and non-exempt wages are reported on Form W-2.</p>	<ol style="list-style-type: none"> <li>1. Form W-2C should be filed to correct the discrepancy.</li> <li>2. See Items 2 through 4 below.</li> </ol>

<b>IF</b>	<b>THEN</b>
<p>The child is under 18, <b>OR</b> The child is between 18 and 21 and services are not in the course of the parent's trade or business.</p>	<ol style="list-style-type: none"> <li>1. Wages are exempt.</li> <li>2. See Items 2 through 4 below.</li> </ol>
<p>The child is between 18 and 21 and the work is done in the course of the parent's trade or business.</p>	<ol style="list-style-type: none"> <li>1. Wages are subject to social security (FICA) taxes</li> <li>2. Prepare automated Form 6209, if appropriate.</li> <li>3. Prepare Form 6494, if applicable. Attach copies of the appropriate Form W-2 behind Form 6494 to correct SSA records.</li> <li>4. File Correspondence following the "IRS-CAWR No Assessment needed" case processing procedures. See IRM 4.19.4.7.1.</li> </ol>

4.19.4.3.20  
(04-01-2009)

**Agricultural Employers  
(Form 943) Replies**

- (1) Occasionally, discrepancies occur because the employer reports wages less than \$150 incorrectly. To determine if farm workers are subject to FICA and Income Tax Withholding see IRM 21.7.2.4.13.1
- (2) For assistance in working these case types, see the table below:

<b>IF</b>	<b>THEN</b>
<p>The total amount of wages paid (under \$150) is the amount of the discrepancy and no tax was reported on Forms W-2.</p>	<ol style="list-style-type: none"> <li>1. Prepare automated Form 6209 , if applicable.</li> <li>2. Prepare Form 6494 using the appropriate correction code.</li> <li>3. File Correspondence following the "IRS-CAWR No Assessment needed" case processing procedures. See IRM 4.19.4.7.1.</li> </ol>
<p>Wages (under \$150) were reported incorrectly.</p>	<ol style="list-style-type: none"> <li>1. Determine if the employee(s) with (less than \$150) are subject to social security taxes.</li> </ol>
<p>Social security tax has been reported on Forms W-2 for agricultural wages under \$150.</p>	<ol style="list-style-type: none"> <li>1. Send a 2057C closing letter to determine if any of these employees meet the four conditions in IRM 21.7.2.4.13.1 required for exemption or if the employer paid wages totaling (less than \$2,500).</li> </ol>

IF	THEN
The four conditions in IRM 21.7.2.4.13.1 (2) were not met,	<ol style="list-style-type: none"> <li>1. The employees are subject to social security tax.</li> <li>2. Prepare automated Form 6209 to adjust the CAWR module.</li> <li>3. Prepare Form 6494</li> <li>4. On MFT 11, assess and close the case using "IRS-CAWR Assessment needed" case processing procedures. See IRM 4.19.4.7.1.</li> </ol>
The taxpayer states all employees with wages (less than \$150) are exempt:	<ol style="list-style-type: none"> <li>1. File Correspondence following the "IRS-CAWR No Assessment needed" case processing procedures.</li> </ol>

4.19.4.3.21  
(04-01-2010)  
**Replies — Payment of Employee's Share of Social Security Taxes Paid by Employer**

- (1) At times, employers pay the employees' share of the social security tax without withholding it from his or her wages. When this happens, there are two ways to calculate the correct amounts to be shown on the Form W-2 .
- (2) The taxes on the social security wages are **not** to be included in the social security wage box on Form W-2 if the employee did not have the social security taxes withheld from his or her salary and the following conditions apply:
  - The employee is a household employee and the employer files Form 1040 Schedule H or
  - The employer files Form 943, Employer's Annual Tax Return for Agricultural Employees.

**Example:** In 2008, a household or agricultural employee is paid \$2,000. The social security tax rate for that year is 6.2% and the medicare tax rate is 1.45% for a total of 7.65%. The amounts to be entered in each of the boxes on Form W-2 are as follows:

W-2 Information fields	Amount fields
Total Compensation	\$2,153.00
Social Security Wages	\$2,000.00
Medicare Wages	\$2,000.00
Social Security Tax	\$124.00
Medicare Tax	\$29.00

- a. The first figure above is arrived at by using the following calculation:
  - The sum of \$2,000 multiplied by 7.65% added to \$2,000 = \$2,153.00.
- b. The second and third figures above are the amount actually paid to the employee.

- c. The fourth figure above is arrived at by using the following calculation:
- \$2,000 multiplied by 6.2% = \$124.00
  - \$2,000 multiplied by 1.45% = \$29.00

- (3) If the employer is a Form 941/944 filer and social security taxes are not withheld from the employees' salary, include the amount on which the social security taxes are figured in both the Total Compensation box and the social security wages box on Form W-2.

**Example:** In 2008, an employee is paid \$2,000. The total tax rate is 7.65%. The amounts to be entered in each of the boxes on Form W-2 are as follows:

W-2 Information fields	Amount fields
Total Compensation	\$2,165.67,
Social Security Wages	\$2,165.67
Medicare Wages	\$2,165.67
Social Security Tax	\$134.27
Medicare Tax	\$31.40

- a. The first three figures above are arrived at by using the following calculation:
- \$2,000 divided by  $(1.0 - .0765 = .9235) = \$2,165.67$
- b. The tax figures shown above are computed at the usual 6.2% and 1.45%, respectively.

- (4) Forms W-2C are required if Form W-2 have been completed incorrectly because of a situation in either of the preceding examples. The employer is required to report and pay taxes on the amounts reported in the social security wage box of Form W-2 in the second example.

4.19.4.3.22  
(02-01-2008)

**Installment Agreements  
— IRS-CAWR and  
SSA-CAWR Replies**

- (1) If the taxpayer requests an installment agreement, either in his reply or by submitting a Form 9465 **determine:**

- a. The taxpayer has provided adequate information, either in writing or by phone, for positive identification.

**Note:** Name, TIN, and tax year of the reply matches the case.

- b. The CAWR tax discrepancy to be covered by the installment agreement in a tax period is also the tax period of the CAWR discrepancy case.
- c. The taxpayer has proposed a monthly or other periodic payment for a **specific** amount.
- d. Assess and close the case as appropriate.
- e. Input a TC 971 with AC 043.
- f. Send a copy of the case to Campus Installment Agreement Unit (CIAU) for processing utilizing Form 3210.
- g. Send a 2057C Letter to the taxpayer explaining that his/her request for an installment agreement is being processed and he/she will be contacted later by another IRS office.

**Note:** The CIAU will correspond with the taxpayer regarding their inability to grant the installment agreement.

4.19.4.3.23  
(02-01-2008)  
**Faxed Signatures —  
Replies**

- (1) Faxed Signature General Guidelines — These general guidelines are applicable to all divisions and cover operations related to income tax, employment tax, excise tax, estate tax, gift tax, and generation skipping tax, as well as tax exempt and employee plans determinations.
- (2) In certain situations, submission of documentation, forms, letters, and returns related to CAWR inquires and interactions can be allowed via fax through taxpayer or IRS request. Chief Counsel has advised that in circumstances where contact with the taxpayer has been made and documented, faxed signatures are legally sufficient.
- (3) Taxpayer signed agreements (assessments or abatement) involving tax amounts of \$25,000 or less can be accepted by fax if taxpayer contact has been made, the case history documents the date of contact, and the desire of the taxpayer to submit the consent by fax. A faxed signature for a Form 941-C/941-X decrease where we are only lowering the wages and no refund will be issued is acceptable.
- (4) The Deputy Commissioner of Services and Enforcement limited accepting faxes for consents to assess additional tax of \$25,000 or less. Any agreement of over \$25,000 should be secured with original signatures that are delivered in person or by mail.
- (5) Faxed signatures will not be accepted for any **tax decreases** (this is not an abatement of tax assessed and not yet paid, but a decrease to what is already on Master File) in which the taxpayer would be issued a refund of the taxes he/she has paid.

IF	THEN
Taxpayer contact has been made; Document the date of contact and the desire of the taxpayer to submit by fax	1. Assessments of tax are acceptable.
A Form 941-C/941-X decrease (we are only lowering the wages, no refund will be issued)	1. A faxed signature is acceptable.
A Form 941-C/941-X shows a decrease in tax, the taxpayer would be issued a refund of taxes paid. <b>Note:</b> This is not an abatement of tax assessed and not yet paid, this would be a decrease to what the TC 150 is already showing on Master File.	1. A faxed signature is not allowed.

4.19.4.3.24  
(04-01-2010)  
**Foreign Students/Non-Resident Visitors**

- (1) When an employer states any or all of their employees are foreign students they may be exempt from SSA and Medicare tax. The procedures in this subsection are necessary.

IF	AND	THEN
Social security and medicare tax is erroneously withheld by the employer	The foreign student is unable to obtain reimbursement from the employer	The student files Form 843 to receive a refund of the erroneously withheld taxes.

**Note:** The original Form 843 claims for Foreign taxpayers are processed in Philadelphia.

- (2) Check **TXMODA** for an adjustment containing information defined below.
- 291 10162003 1,721.24- 200340 98154-123-45678-3
  - 004 22,499.77- 007 1,721.24-
  - 073 22,499.77-
  - 820 01312004 200340 98124-123-45678-3
  - XREF-TIN> 123-45-6789 XREF-MFT> 30 XREF-TX-PRD> 200312
- (3) Research adjustment to verify the below criteria.
- The Reference amounts (004, 005, 073) may match the Form 941/944/W-2 CAWR discrepancy
  - The tax amount is 1/2 of the social security and medicare tax amount (wage amount X 7.65%)
  - A TC 820, Credit Transfer, has been input with X-Ref SSN (The Foreign Student's SSN) to X-Ref MFT 30.
  - The DLN begins with 98
  - The original adjustment is done in Philadelphia.
- (4) Check CC IRPTL on the student's SSN. There should be a Form W-2 for the adjusted reference amount from the EIN (employer) on the CAWR case.

IF	THEN
see the adjustment above is present	<ol style="list-style-type: none"> <li>1. Complete Form 6209 to decrease social security and medicare wages. In the remarks, select “<b>Other</b>” and enter “<b>Exempt Foreign Student.</b>”</li> <li>2. Complete Form 6494 using correction code 4 and notate the need to cancel the Form W-2 due to the foreign student criteria.</li> <li>3. Attach a copy of the Form W-2 or give employee name, SSN, and wage amount to be canceled.</li> <li>4. Send a 2057C letter to notify the employer, the employee’s half of the social security and medicare tax was refunded to his foreign employee. Inform the employer they must file a claim on Form 941-X within three years of when the tax return was filed or two years from when the tax was paid if they wish to request a refund of the employer’s half of the social security and Medicare taxes.</li> <li>5. File Correspondence following the “IRS-CAWR No Assessment needed” case processing procedures. See IRM 4.19.4.7.1.</li> </ol>
If the employer files a Form 941-C/941-X/ Form 843 for his half of the tax,	<ol style="list-style-type: none"> <li>1. Send 2057C letter explaining actions taken and close CAP with the appropriate closing code.</li> <li>2. Input TC 291 with item adjustment code 112 for the tax amount. <b>Do not decrease the Reference amounts 004, 073, or 005 a second time.</b></li> </ol>

**Note:** if the adjustment document is requested (using CC ESTAB) and the DLN begins with 98 it should show a copy of the student’s Form W-2 and VISA. In addition a letter stating the foreign student was unable to obtain reimbursement from their employer along with Form 843.

4.19.4.3.25  
(09-22-2009)  
**Replies Received  
Directly From SSA**

(1) SSA will remove the Form W-2 submitted and notate on the reply that the Forms W-2 were received by SSA.

#  
#  
#

(3) **Do not penalize these employers.** Assume the submitted forms resolved the SSA issue.

4.19.4.3.26  
(04-01-2009)

**Taxpayer Reply  
Identifying Payroll  
Services**

- (1) At times a taxpayer may state their case was being worked by their Payroll Service

IF	THEN
info has not corrected the discrepancy	<ol style="list-style-type: none"> <li>1. Assess and close the case using the appropriate assessment needed case processing procedures. See IRM 4.19.4.7.</li> <li>2. Send a 2057C closing letter explaining actions taken. Inform the employer that the information provided did not resolve the issue and that they may need to contact their payroll service to investigate the issue further.</li> </ol>
info provided corrects the discrepancy	<ol style="list-style-type: none"> <li>1. Determine the effects on the case.</li> <li>2. Input automated Form 6209 if necessary.</li> <li>3. Prepare Form 6494 if applicable.</li> <li>4. Assess or file the correspondence using the applicable case processing procedures. See IRM 4.19.4.7.</li> </ol>
<b>OR</b> updates to the module have balanced the case	

4.19.4.3.27  
(02-01-2008)

**Bankrupt or Defunct  
CAWR Replies**

- (1) If the taxpayer is bankrupt or the business is defunct, research IDRS CC ENMOD to check for the CNC Indicator utilizing the TC 520/530 IAT.

IF	THEN
IRS-CAWR TC 530 cc 07 or 10 is present on any prior or subsequent module	<ol style="list-style-type: none"> <li>1. Send a 2057C closing letter explaining actions taken</li> <li>2. Close the case on CAP using CC 98.</li> <li>3. File Correspondence following the "IRS-CAWR No Assessment needed" case processing procedures. See IRM 4.19.4.7.1.</li> </ol>
IRS-CAWR TC 530 with a cc other than 07 or 10	<ol style="list-style-type: none"> <li>1. Close the case on CAP using CC 98.</li> <li>2. Assess and close the case using "IRS-CAWR Assessment needed" case processing procedures. See IRM 4.19.4.7.1.</li> <li>3. On IDRS, re-input the TC 530 with CC REQ77 with the Responsible Unit Code (RUC) 3 and a Posting Delay Code "2"</li> </ol>
IRS-CAWR TC 520 with cc 72 or 74 is present.	<ol style="list-style-type: none"> <li>1. The case is in tax court. Close CAP 98.</li> <li>2. File Correspondence following the "IRS-CAWR No Assessment needed" case processing procedures. See IRM 4.19.4.7.1.</li> </ol>

IF	THEN
IRS-CAWR TC 520 with any other cc than 72 or 74.	<ol style="list-style-type: none"> <li>1. Liabilities, as well as deficiencies should be assessed. Contact Insolvency prior to making assessment so they can amend their proof of claim if applicable.</li> <li>2. Input closing code 98 on the CAP.</li> <li>3. Send a 2057C closing letter informing the taxpayer of the assessment and explain payment of tax is his/her responsibility.</li> <li>4. Assess and close the case using "IRS-CAWR Assessment needed" case processing procedures. See IRM 4.19.4.7.1.</li> </ol>
SSA-CAWR TC 530 cc 07 or 10 is present on any prior or subsequent module	<ol style="list-style-type: none"> <li>1. Close the case on CAP using the CC 98.</li> <li>2. File correspondence using the "SSA-CAWR – No Penalty needed" case processing procedures. See IRM 4.19.4.7.2.</li> </ol>
SSA-CAWR TC 530 with a cc other than 07 or 10	<ol style="list-style-type: none"> <li>1. Close the case on CAP using CC 98.</li> <li>2. Assess a civil penalty following "SSA-CAWR – Intentional Disregard Penalty Assessment" case processing procedures. See IRM 4.19.4.7.1.</li> <li>3. If tax is also due follow IRS-CAWR procedures.</li> </ol>
SSA-CAWR with TC 520 and any CC present	<ol style="list-style-type: none"> <li>1. We will not assess a Civil Penalty in these instances but try to obtain the Forms W-3/ W-2.</li> <li>2. Send a 2057C letter and explain the need for the taxpayer's cooperation in obtaining the Forms W-2.</li> <li>3. File correspondence using the "SSA-CAWR – No Penalty needed" case processing procedures. See IRM 4.19.4.7.2.</li> </ol>

- (2) If a payment posted to the account or is moved into the account, the TC 530 will release and the account will return to notice status.

**Note: BE EXTREMELY CAREFUL WHEN MOVING PAYMENTS FROM ONE ACCOUNT TO ANOTHER.**

- (3) If the last quarter filed is a final return with **no** tax liability reported, check previous quarter(s) for TC 530 with cc 07 or 10. If found, close with closing Code 98.

4.19.4.3.28  
(04-01-2009)  
**Replies Identified As  
FDIC**

- (1) The following procedures are for handling CAWR cases with any proposed penalties against institutions that are under the control of the Federal Deposit Insurance Corporation (FDIC).
- (2) FDIC cases are **self identified by the taxpayer**. No indicator shows on CAP for FDIC cases, therefore when an indication is notated on the correspondence, accept the taxpayer's word and follow the procedures below.

**Note:** See <http://wc.web.irs.gov/CAWR-SSA/ECS%20Contacts%20for%20FDIC%20cases.doc> for ECS contacts.

DETERMINE IF	THEN
A tax assessment is needed	<ol style="list-style-type: none"> <li>1. Assess and close the case using "IRS-CAWR Assessment needed" case processing procedures. See IRM 4.19.4.7.1.</li> <li>2. Print a copy of the CAP CDC and the taxpayer's correspondence, if applicable, forward the copies to the Examination Classification Specialist (ECS) identified for your Campus.</li> </ol>
a civil penalty (RN 549) assessment is required	<ol style="list-style-type: none"> <li>1. Assess a civil penalty following "SSA-CAWR – Intentional Disregard Penalty Assessment" case processing procedures. See IRM 4.19.4.7.2.</li> <li>2. Print a copy of the CAP CDC case and the taxpayer's correspondence, if applicable, and Forward the copies to ECS following local procedures.</li> </ol>

4.19.4.3.29  
(09-22-2009)

**Reply States Taxpayer  
Already Filed Forms W-2**

(1) When the employer states they have already filed Forms W-2 and gives an indication that the Forms W-2 were filed under another name, EIN, etc., research using information provided. If necessary, correspond with the taxpayer and request additional information needed to locate forms (i.e., EIN used, date filed, entity name used, copies of the Forms W-3/W-2, etc.).

(2) If the forms are found, notate in the remarks section of the case file and include any pertinent material. If they are not located, assess the penalty.

**Reminder:** LOOSE FORMS W-2 have been entered onto CAP. There will be an indicator and a serial number on CAP which alerts that there are loose Forms W-2 from the employer.

(3) If the taxpayer states they filed Forms W-2 with SSA research ORS, ERQY or prepare Form 9337, Social Security Administration (SSA) Reconciliation Referrals, and submit it to SSA via fax. If no new information is recovered, follow (2) above.

(4) A maximum of two cases (or EINs) can be entered on each Form 9337.

a. DO NOT USE THIS FORM — If the taxpayer does not state he filed with SSA.

- b. DO NOT USE THIS FORM — If the taxpayer responds by sending the Forms W-2 or provides the information in another form, such as a list.

(5) Complete all the information requested:

- a. Item 1 — Write the EIN of the employer.
- b. Item 2 — List any other EINs the employer may have supplied. Check CC BMFOL or access ORS data to ensure the Forms W-2 are not under the new EIN before forwarding the request to SSA
- c. Item 3 — Tax year of the case.
- d. Item 4 — Notate Tape or Paper if the method of submission to SSA is known. Leave this item BLANK if not known.
- e. Item 5 — Answer all the questions a, b, and c.
- f. Item 6 — Answer if known.
- g. Leave the SSA Response and For SSA Use Only blank.
- h. Under the For IRS Use Only — This section must be filled out entirely if a reply is expected. SSA has received many forms with only a name of the tax examiner. Please give SSA the information it needs to respond back to IRS.
- i. #  
#  
#  
#
- j. SSA will FAX the Form 9337 back to inform the examiner of the information already posted as well as any additional information they have received from the taxpayer since referring the case to IRS.

4.19.4.3.30  
(04-01-2010)  
**CAWR Replies  
Requesting Additional  
Time**

- (1) When a reply is received requesting additional time and an assessment is required, suspend the case for 30 days from the date of the employer's correspondence.
- (2) After the 30 days suspense period expires, assess the case following normal procedures outlined in See IRM 4.19.4.7. .

4.19.4.3.31  
(04-01-2009)  
**Employer's Reply  
Requests for Copies of  
Forms W-3/W-2**

- (1) Review the CC BMFOLU for the page with the TC 980. Research ORS, ERQY, or CC IRPTRR with Doc Code WW, and when received, review them utilizing ORS screening procedures found in IRM 4.19.4.2.2. Otherwise follow items (2) through (5) below.
- (2) Route Employer Requests for copies of Forms W-3/W-2 as follows:
  - a. If the request is based on a discrepancy case (ie., the employer needs the copies before he/she can respond to a CAWR letter), the IRS site receiving the request will service it.
  - b. If the employer's request does not specify a certain group of forms to be provided, attempt to contact the taxpayer if a telephone number can be located. If not, attempt to determine his/her needs by analyzing the discrepancy case.
- (3) If copies of each document he/she filed cannot be provided, explain the reason and prepare a listing of copies not being sent. Include the following information:
  - Establishment number (if present);
  - Number of Forms W-2 reported;

- Form W-3 FICA (social security) wages amount;
- Form W-3 Federal Income Tax amount; and,
- Form W-3 Medicare wages amount.

(4) Once the data is received and provided to the taxpayer assess the case following the appropriate closing procedures in See IRM 4.19.4.7.

4.19.4.3.32  
(04-01-2009)

**Replies Identified As  
Non-Profit Organizations**

(1) Taxpayers reporting exempt wages incorrectly may cause discrepancies. Some of the mistakes commonly made are:

- a. Form W-2 wages not reported in Box 1.
- b. Social security wages not reported in Box 3.
- c. Medicare wage not reported in Box 5, other than zero.

(2) After researching for clergyman’s W-2 or SSN follow the chart below

If ...	And ...	Then ...
the discrepancy amount is found	belongs to a clergyman (Form W-2 indicates Minister, Pastor, Father) or Form W-2 is showing no Social Security Tax withheld and Federal Income Tax Withheld is balanced. You may need to research IDRS CC IRPTRL to confirm.	<ol style="list-style-type: none"> <li>1. Prepare automated Form 6209.</li> <li>2. Prepare 6494 (attaching Form W-2) to correct the social security and medicare wages using CC 4.</li> <li>3. File Correspondence following the “IRS-CAWR No Assessment needed” case processing procedures. See IRM 4.19.4.7.1.</li> </ol>
the discrepancy amount is not found		<ol style="list-style-type: none"> <li>1. Assess and close the case using “IRS-CAWR Assessment needed” case processing procedures. See IRM 4.19.4.7.1.</li> <li>2. Send a Letter 2057C letter requesting a copy of the Form W-2C or the Clergyman’s name and SSN.</li> </ol>

4.19.4.3.33  
(02-01-2008)  
**Replies Identified as Backup Withholding**

- (1) Discrepancies are usually caused by the withholding on Forms 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. (Doc Type 98), or Forms W-2G, Certain Gambling Winnings (Doc Type 32) if reported as Backup Withholding. These forms are not subject to Backup Withholding, so the amount shown is Federal Income Tax Withheld. Once the withholding is verified as Federal Income Tax Withheld process the case accordingly.

IF	THEN
<p>A Form 945 was previously filed and the taxpayer states that Federal Income Tax Withheld is included in/or reported as Backup Withholding on Form 945.</p>	<ol style="list-style-type: none"> <li>1. Research IDRS CC TXMOD on MFT 16 for the year worked to verify.</li> <li>2. Send a 2057C informing the taxpayer that Forms 1099R are not subject to Backup Withholding and that we have adjusted their account accordingly.</li> <li>3. Close the case on CAP using the appropriate closing code.</li> <li>4. Input a TC 290 .00 with Reference Code 003, (positive amount) and Reference Code 008 (negative amount) to correct the out of balance condition on MFT 16 using blocking series 55.</li> </ol> <p><b>Note:</b> Close any open CAWR controls on MFT 01.</p>

4.19.4.3.34  
(04-01-2009)  
**Replies relating to Forms 945/1099R**

- (1) Discrepancies are usually caused when the taxpayer fails to file Forms 945/1099R or has a third party administrator.

If ...	Then ...
<p>The reply shows Forms 941/943/944 and Forms W-2 are in balance but Forms 1099R are on file with no corresponding Form 945, but the taxpayer provides a cross-reference (x-ref) EIN for a third party administrator (401k) plan that resolves the discrepancy</p>	<ol style="list-style-type: none"> <li>1. Verify third party EIN.</li> <li>2. Do not prepare automated Form 6209 or Form 6494.</li> <li>3. Send a 2057C closing letter explaining actions taken.</li> <li>4. Close the case on CAP with the appropriate closing code.</li> <li>5. Input a TC 290 for .00 on MFT 01 with BS 55 for the appropriate tax year.</li> <li>6. Input a TC 971 on IDRS using CC REQ 77 with Action Code 017, identifying the Cross-reference (x-ref) EIN to the last available return quarter posted for the appropriate tax year.</li> </ol>

If ...	Then ...
The reply shows 945 filed but Forms 1099R (Doc Code 98) money amounts are more than Form 945 and does not provide information to resolve the discrepancy	<ol style="list-style-type: none"> <li>1. Input the appropriate adjustment amount you will be assessing and the number of quarters adjusted on the CAP Detail Screen.</li> <li>2. Send 2057C explaining actions taken and close the case on CAP with the appropriate closing code.</li> <li>3. On MFT 16, input a TC 290 for the appropriate money amount and the applicable item adjustment codes using blocking series 55 with the correct correspondence and IRS received date.</li> <li>4. Assess FTD Penalty if necessary. Refer to 4.19.4.7.3.</li> </ol>

4.19.4.3.35  
(04-01-2009)  
**Federal Labor Law  
Replies**

- (1) Certain government agencies are empowered to collect, from employers, wages erroneously not paid to employees (or former employees). IRM 21.7.4.20 Federal Labor Laws-Wage Payments Made by Federal Agencies. Agencies are allowed to disburse these wages to the employees concerned, and withhold income taxes and employee’s share of FICA tax. Agencies allowed to take this action and the provisions which allow such action are:

- Department of Labor - Fair Labor Standards Act
- General Accounting Office - Davis-Bacon Act
- National Labor Relations Board - Labor Management Relations Act.

- a. When the reply indicates Federal Labor Law, check for line item adjustments.

IF	THEN
The amounts were reported on the original returns	<ol style="list-style-type: none"> <li>1. Follow Third Party Sick Pay instructions.</li> </ol>
The out of balance was caused by a subsequent adjustment	<ol style="list-style-type: none"> <li>1. Order the TC 290 adjustment if necessary to verify Form 941-C/941-X notation “Department of Labor” (DOL).</li> </ol>
Forms W-2 were filed by the employer, and “Department of Labor” (DOL).	<ol style="list-style-type: none"> <li>1. Prepare Form 6494 to notify SSA DOL filed Forms W-2.</li> <li>2. Notify the employer not to file Forms W-2, DOL already filed.</li> <li>3. File Correspondence following the applicable No Assessment needed case processing procedures. See IRM 4.19.4.7.</li> </ol>

IF	THEN
The discrepancy amount is Federal Income Tax Withheld (only) and the amounts match Federal Income Tax Withheld on the DOL and they fall under the corresponding provisions:	<ol style="list-style-type: none"> <li>1. Do not assess the employer for Federal Income Tax Withheld.</li> <li>2. File Correspondence following the applicable No Assessment needed case processing procedures. See IRM 4.19.4.7.</li> </ol> <p><b>Note:</b> Do not prepare an automated Form 6209.</p>

4.19.4.3.36  
(04-01-2010)  
**Large Corporation/  
Large Dollar Replies**

- (1) When an SSA-CAWR case type 08 (without Compliance Indicator) contains either a Large Corporation Indicator (LCI) or a proposed tax and/or penalty assessment of \$1 million dollars or more **that cannot be resolved through the information provided in the response**, you must coordinate with your local Large Corporation Coordinator. See IRM 4.19.4.2.1.1. See IRM 4.19.4.7.

**Note:** Coordination with the LCTU is required during screening for all cases other than SSA-CAWR case type 08 (without Compliance Indicator). Since Case Type 08 (without Compliance Indicator) letters are auto-generated they are the **only** cases that need to be referred to the Large Corp. Unit during the reply or late reply phase of the CAWR program.

- (2) Certain portions of the IRS-CAWR inventory is now auto generated. Refer all IRS-CAWR reply cases that were auto generated to Large Corp, if either a Large Corporation Indicator (LCI) is present or a proposed tax and/or penalty assessment of \$1 million dollars or more is needed when **the case cannot be resolved through the information provided in the response**.

**Note:** If the case was referred during the screening phase, it does not need to be referred to Large Corp again.

- (3) Follow the procedures below for cases that contains either a Large Corporation Indicator (LCI) or a proposed tax and/or penalty assessment of \$1 million dollars or more below:

IF	THEN
The reply resolves the discrepancy.	<ol style="list-style-type: none"> <li>1. Large Corp Contact is not necessary.</li> <li>2. Utilize the information provided in the reply and take the necessary actions.</li> <li>3. File Correspondence following the appropriate case processing procedures. See IRM 4.19.4.7.</li> </ol>

IF	THEN
The reply is a partial compliance and brings the case below a \$100,000 civil penalty (PRN 549) or tax increase,	<ol style="list-style-type: none"> <li>1. Utilize the information provided in the reply and take the necessary actions.</li> <li>2. Assess and close the case using the appropriate Assessment Needed case processing procedures. See IRM 4.19.4.7.</li> </ol>
The partial compliance leaves the case above \$100,000 civil penalty (PRN 549) or tax increase,	<ol style="list-style-type: none"> <li>1. Contact the officer of the corporation and explain the need for the adjustment.</li> <li>2. Consider any additional information the officer supplies.</li> <li>3. Ensure proper managerial signatures are obtained.</li> <li>4. Assess and close the case using the applicable Assessment needed case processing procedure. See IRM 4.19.4.7.</li> </ol>

4.19.4.3.37  
(04-01-2009)

**SSA-CAWR Replies with Payment of Civil Penalty**

- (1) When the taxpayer responds and includes a payment to the Civil Penalty (PRN 549):
  1. Research IDRS and use the payment tracer IAT to locate the payment.
  2. When the payment is posted to the incorrect module, transfer the payment to the MFT 13 using the credit transfer tool IAT prior to assessing the civil penalty.
  3. Follow the SSA-CAWR Intentional Disregard Penalty needed case processing procedures. See IRM 4.19.4.7.2.

4.19.4.3.38  
(04-01-2009)

**Employer Reply Requesting Blank Forms W-3C/W-2C**

- (1) When taxpayers or their representatives request Blank Forms W-3C/W-2C in order to correct a discrepancy, provide the IRS web site to the taxpayer to obtain the forms they are requesting. The web site is *www.irs.gov* or have them call 1 800 TAXFORM (829-3676).

4.19.4.3.39  
(04-01-2009)

**Processing Miscellaneous Forms Received With Replies**

- (1) If the correspondence is from a Power of Attorney (POA) or other third party make sure the criteria in IRM 21.3.7, **Processing Third Party Authorizations onto the Centralized Authorization File** is adhered to.
- (2) Form 2848 tax periods must be specific for Form 941 quarterly returns. Form 941 must show 1st, 2nd, 3rd, and 4th quarters of a specific tax year using YYYYMM format. Annual returns (Forms 943, 944, 945, 1041 on BMF and Form 1040 on IMF), the (POA) must enter the ending year using a specific YYYY format.

**Note:** Do not disclose information to the POA if it is completed using general references such as (“All years”, “All periods”, or “All taxes” or a entire tax year i.e. 2004). Forward Form

IF	THEN
A taxpayer or his representative sends Form 2848, Power of Attorney and Declaration of Representative, or Form 8821, Tax Information Authorization	Research IDRS CC CFINK for POA registration on the Central Authorization File (CAF).
The POA is registered on CAF for the specified quarters and/or tax periods.	<ol style="list-style-type: none"> <li>1. Keep a copy of the Form 2848 or 8821 with the case file.</li> <li>2. Work the case using normal procedures.</li> </ol>
The POA is not registered on CAF for the specified quarters and/or tax periods.	<ol style="list-style-type: none"> <li>1. Keep a copy of the Form 2848 or 8821 with the case file.</li> <li>2. Send or fax the original form to the CAF Unit for processing.</li> <li>3. Work the case using normal procedures.</li> </ol> <p><b>Note:</b> An authorization may be limited to a specified quarter, tax period, or specified tax issue. The CAF can be updated to show authorization for Civil Penalty (RN 549) issues, as well as specific tax issues.</p>

4.19.4.3.40  
(04-01-2010)

**Miscellaneous Reference  
Material**

- (1) Specific instructions for the following types of adjustments and other subjects are listed here or in IRM 21.5.1, **General Adjustments**:
- a. **IRM 20.1 , Penalty Handbook**— Penalties are applicable when taxpayers fail to: file timely, make deposits, or pay taxes when due unless that failure is due to reasonable cause and not willful neglect
  - b. **IRM 20.2 , Interest** — Interest may be charged on the additional tax that resulted from the examination of a return. Interest is figured from the due date of the return to the date of full payment. If the employer discovers an error and corrects it in the same tax period, interest is figured from the due date of the return for that tax period
  - c. **IRM 21.5.5 , Unpostables** — An input transaction that fails to pass a series of validity checks on Master File at the Enterprise Computing Center-Martinsburg (ECC-MTB) is called an unpostable. A 3 digit unpostable code is given to the unpostable transaction
  - d. **IRM 21.5.7, Payment Tracers** — Payments that are not applied to balances within one year from the time they are received are put in the Unidentified Remittance File (URF) and are transferred to the Excess Collection File.
  - e. **CC BMFOL** — CC BMFOLU contains CAWR modules for the current CAWR and two other processing years. Tax years are available until December, four years after the tax year. Make adjustments to all years on CC BMFOL via Forms 6209.
  - f. **IRM 21.7.9 - BMF Duplicate Filing Conditions**
  - g. **IRM 21.7.2- Employment and Railroad Tax Returns**

**Note:** CAP is generating the Form 6209, **even if the case is not on CAP and only on BMFOLU**. Do not manually prepare one. If Forms 6209 are not posting to Master File, inform the unit manager to alert HQ of the problem.

4.19.4.3.41  
(02-01-2008)

**Processing Forms W-2G  
and 1099R Received  
After IRP Processing**

- (1) Copy A of original Forms W-2G, 1099-R or a photocopy of an unprocessed Form 1096 may be received in the CAWR unit.
- (2) These are forwarded to the CAWR unit because they have not been received in time to process through the normal processing for information returns; therefore, the information has not been available for the reconciliation phase of the CAWR program.
- (3) Forms W-2G may be received from Receipt and Control stating that the information is really for a tax year CAWR is working although it is on the wrong year's form. The date in the "Date Won" box will verify which tax year is affected.
- (4) To avoid erroneous taxpayer contact, or failure to consider the additional information received, process them as follows:
  - a. If a tax year prior to the current processing year for CAWR is received, determine if it is a late reply or a reply to an assessment.

If ...	Then ...
a TC 29X in Blocking Series 55 is found	<ul style="list-style-type: none"> <li>• determine if the information from the returns effects the CAWR case and follow procedures in See IRM 4.19.4.6</li> </ul>
there is not a TC 29X adjustment	<ul style="list-style-type: none"> <li>• Follow procedures in IRM 1.15.1, <i>Records Control Schedule 206 for Service Campuses/Centers</i></li> </ul>
the forms are not needed for a CAWR discrepancy case	<ul style="list-style-type: none"> <li>• forward them to the Campus IRP Civil Penalty unit.</li> </ul>

- (5) Never prepare a Form 6209 for Forms 1099R or W-2G.

4.19.4.3.42  
(04-01-2009)

**Forms W-2, W-3, W-2C,  
and W-3C Received  
Prior to SSA Processing**

- (1) Forms W-2C/W-3C should not be forwarded to SSA unless social security amounts have changed or if the employee SSN is being changed.
- (2) When the employee's SSN is the **only** change on the form, write "URI" across the top of the Form W-2C/W-3C and give to clerical for proper routing to SSA.

4.19.4.3.43  
(02-01-2008)

**Identifying Trends**

- (1) Whenever a "trend" seems to be emerging for a specific type of taxpayer and/or their Payer Agent, POA, or RAA, compile documentation to show the "trend".
- (2) Inform your local Technical Coordinator of the trend identified who will forward the documentation to the Headquarters CAWR analyst.

4.19.4.3.44  
(04-01-2010)  
**Replies Citing CSX  
Claims**

- (1) In the court case CSX Corporation v. United States, an opinion was issued regarding whether payments made pursuant to reduction in force programs are considered wages for purposes of FICA taxes and compensation for purposes of RRTA taxes. The Court of Appeals for the Federal Circuit concluded that employment taxes apply to all payments at issue. See 518 F.3d 1328 (Fed Circuit 2008) These types of claims should be disallowed. When a reply is received citing a CSX claim see IRM 21.7.2.4.18.1.11 and IRM 21.5.3.4.7.3.1:

<b>IF</b>	<b>THEN</b>
<p>A reply is received claiming severance pay not subject to social security and Medicare tax, no Forms W-2C were filed for the affected employee(s)</p>	<p>1. Research TXMOD and verify current and/or prior tax years.</p>
<p>A reply includes <b>previously</b> filed Form(s) 941-C/941-X claiming severance pay and/or supplemental unemployment compensation pay not subject to social security or medicare tax.</p> <p><b>Note:</b> These cases were erroneously refunded the employers' share (7.65%) or the total (15.3%) of the social security and medicare tax contributions.</p>	<p>1. Input the appropriate adjustment amount you will be assessing and the number of tax quarters adjusted on the CAP Detail Screen.</p> <p>2. Send a 2057C as a closing letter informing the taxpayer of the adjustment.</p> <p>3. Close the case on CAP using the appropriate closing code</p> <p>4. Re-assess each applicable quarter for the current and/or prior tax year(s) using normal procedures.</p> <p><b>Note:</b> Any adjustment for subsequent tax years must be forwarded to AM (Accounts Maintenance) for re-assessment.</p>
<p>The reply includes (correspondence only) claiming severance pay and/or supplemental unemployment compensation pay is not subject to social security or medicare tax.</p>	<p>1. Assess and close the case using the appropriate assessment needed case processing procedures. See IRM 4.19.4.7.</p>

4.19.4.3.45  
(04-01-2009)

**Replies Indicating  
Common Paymaster/  
Successor/Predecessor**

- (1) A common paymaster is not required to disburse compensation to all of the employees of the related corporations.

IF	THEN
The reply indicates a Common Paymaster or Successor Employer.	1. Research to verify using ORS or ERQY.
If research verifies that this condition caused wages over the maximum	<ol style="list-style-type: none"> <li>1. Prepare automated Form 6209 to reduce wages over the maximum.</li> <li>2. Prepare Form 6494 using Correction Code (5) remarks " Common Paymaster-employee(s) exceeded maximum wage limit", attach the appropriate Forms W-2.</li> <li>3. File Correspondence following the applicable No Assessment needed case processing procedures. See IRM 4.19.4.7.</li> </ol>
If research verifies that this condition is due to a Successor/ Predecessor situation	<ol style="list-style-type: none"> <li>1. Enter the x-ref EIN into the x-ref field on the CAP detail screen.</li> <li>2. File Correspondence following the applicable No Assessment needed case processing procedures. See IRM 4.19.4.7.</li> </ol>

4.19.4.3.46  
(02-01-2008)

**Replies With Disaster  
Indicators on CAP**

- (1) The following information applies to CAWR replies with a Disaster indicator present on the CAP Detail Screen. CAWR disaster coordinators input Zip Codes for specific declared disaster area situations as necessary based on IRS Disaster Relief Memos.

- (2) Access <http://www.tris.irs.gov/fema/> to retrieve the beginning and ending date of the disaster period.

**Reminder:** The -S freeze does not suppress notices. Continue normal case processing.

If ...	And ...	Then ...
The reply is received with information balancing the case.		<ol style="list-style-type: none"> <li>1. Prepare automated Form 6209 if applicable to adjust the appropriate amounts.</li> <li>2. Prepare Form 6494 to send copies of the Forms W-3/ W-2 and/or W-3C/ W-2C to SSA (if appropriate).</li> <li>3. File Correspondence following the applicable No Assessment needed case processing procedures. See IRM 4.19.4.7.</li> </ol>

If ...	And ...	Then ...
The reply is received with insufficient information to balance the case	the case has a –S freeze	1. Assess and close the case using the appropriate Assessment Needed case processing procedures. See IRM 4.19.4.7.
The reply is received with insufficient information to balance the case	the case has a –O freeze and the taxpayer correspondence is dated during the disaster period and the taxpayer does not state they cannot resolve their discrepancy due to the disaster	1. Assess and close the case using the appropriate Assessment Needed case processing procedures. See IRM 4.19.4.7.
The reply is received with insufficient information to balance the case.	and the case has a –O freeze and the taxpayer correspondence is dated before the disaster period	1. Suspend the case on CAP using the suspense code 10. 2. Suspend the case on IDRS notating “FEMA” and the disaster expiration date in the activity field. 3. When the disaster period expires assess and close the case using the appropriate Assessment Needed case processing procedures. See IRM 4.19.4.7.

4.19.4.3.47  
(04-01-2009)  
**Replies Requesting  
Copies of Forms 94X**

(1)

IF	THEN
An employer requests copies of Forms 94X in order to resolve the CAWR discrepancy.	<ol style="list-style-type: none"> <li>1. Send a 2057C closing letter. Including any or all of the following: CC MFTRA definer X CC BRTVU/RTVUE a TDU print after necessary editing has been made.</li> <li>2. Assess and close the case utilizing the appropriate case processing procedures. See IRM 4.19.4.7. <b>Note:</b> The breakdown sheet is found on the Intranet, Wage &amp; Correction web site at <a href="http://wc.web.irs.gov/">http://wc.web.irs.gov/</a></li> </ol>
Copies of the <b>actual original returns</b> are needed.	<ol style="list-style-type: none"> <li>1. Explain to the taxpayer Form 4506, <i>Request for Copy or Transcript of Tax Form</i>, should be submitted along with the required fee.</li> </ol>

4.19.4.3.48  
(04-01-2010)  
**Replies stating  
discrepancies due to  
Group Term Life  
Insurance**

- (1) Group Term Life Insurance is a type of fringe benefit that excludes all or part of the value from the recipients paycheck. Although the amounts should not be included on the Form W-2, they often are in error. When the tax reported on line 7c of the Form 941, equals the tax of the wage discrepancy, close the case out of balance.

4.19.4.4  
(04-01-2010)  
**No Replies**

- (1) When a taxpayer does not respond to the letter originally generated it is referred to as a No Reply. Once the suspense period has expired, assess any additional tax due to the last available quarter of the tax year being worked See IRM 4.19.4.7.1.
- (2) IRS-CAWR No reply batches are available for assigning to tax examiners by the CAWR Coordinator.
- (3) Research IDRS thoroughly to determine if any changes have been made to the module prior to assessing the case.
- a. Occasionally a taxpayer will send in a payment or missing tax return (94X) without sending in any indication as to why they took action. Research CC TXMOD for a new or pending TC 150. Close the case with no assessment if the TC 150 wage and tax amounts balance your case.
  - b. If a **TC 780/788 (unreversed by a TC 781)** is present on any quarter of the tax year that you are working See IRM 4.19.4.2.13.
  - c. When an adjustment or a X-reference is found that balances the case, close the case with a CC 30. Place a remark on the case to explain the action(s) taken. Input a TC 971 with AC 017 if a X-reference is found.
  - d. When an account has a TC 300 or TC 308 on any module of the tax year your working, do not assess, input a 290 for .00 (549 for .00 for SSA Cases) and close the case using closing code 30.

- (4) Review ORS data, if available, re-checking for any missing Forms W-2, Family Employment, etc., for a possible resolution that may have been overlooked.
- (5) When working an IRS-CAWR No Reply batch, all cases will be in status code 37. Once the tax adjustment is made utilizing the No Reply/Undeliverable IAT tool, input closing code 30 on CAP, and close the IDRS control.
- (6) SSA-CAWR No Replies will be in status code 91. Management will provide you with the CAWR No Reply Report from CAP. Review for necessary tax assessments and adjust accordingly using the NO Reply/Undeliverable IAT. Research case to verify the penalties have posted and ensure all case controls are closed on IDRS.
- (7) SSA-CAWR case type 08 (without Compliance Indicator) cases that contain either a Large Corporation Indicator (LCI) or a proposed tax and/or penalty assessment of \$1 million dollars or more must be coordinated with your local Large Corporation Coordinator. See IRM 4.19.4.2.1.1.
- (8) Cases with a potential **tax** assessment of \$100,000 or more, subsequent contact must be made. Call the taxpayer or send a 99C letter using an open paragraph and state that this is the second attempt to contact them. If no response is received, assess using normal processing procedures.

**Note:** For those cases referred to the Large Corp. Technical Unit, second contact is not required.

- (9) Cases showing a debit and credit on the CAP money fields, See Exhibit 4.19.4-4. If a Form 1040, *U. S. Individual Income Tax Return*, with a Schedule H was filed by the taxpayer, the MFT & ADJ Screen will have the corresponding MFT 30 and SSN information. Instructions for working the Schedule H are included in See IRM 4.19.4.2.7.
- (10) If correspondence issued on cases with a PAL indicator and no reply is received from the taxpayer, consider the information on the PAL indicator and work the case according to the appropriate processing procedures.
- (11) If an employment code "S" is present for any SSA-CAWR/SSA Indicator 2 case, a penalty assessment cannot be made to that EIN/TIN on MFT 13. Do the following:
  - a. Research for a parent TIN/EIN and/or a phone number for the entity. This may include contacting the Large Corporation unit for help locating the parent company.
  - b. Contact the taxpayer in an effort to obtain the missing Forms W-2, so that a penalty assessment does not have to be made.
  - c. Be sure to consider the amounts reported under the parent TIN/EIN while working the subsidiary case.
  - d. Follow normal correspondence and reply procedures for the SSA-CAWR/SSA Indicator 2 case worked as a result of this situation.

**Note:** CORRESPONDENCE MUST BE ISSUED TO THE PARENT TIN/EIN BEFORE A PENALTY ASSESSMENT CAN BE MADE AGAINST THE PARENT ENTITY.

- (12) When a disaster indicator is present on CAP on a No Reply case.
  1. See IRM 4.19.4.2.(6) for procedures.
  2. When the disaster expires assess the case. See IRM 4.19.4.7.1.

4.19.4.4.1  
(04-01-2009)

**No Reply Bankruptcy  
(TC 520) and Defunct  
Cases (TC 530 - CC 07  
and 10)**

- (1) Bankruptcy cases are assigned to the Centralized Insolvency Operation (CIO) at the Philadelphia Campus. See IRM 4.19.4.2.6. (1).
- (2) After the No Reply phase for SSA-CAWR cases, input to MFT 13, a TC 290 PRN 549 for \$ .00. These cases are already closed on CAP with a status code 98 so it is not necessary to update the status on CAP.
- (3) After the TC 290 .00 posts for the SSA-CAWR case, BMF will forward status code 40 to CAP to confirm the posting of the TC 290.
- (4) For IRS-CAWR cases with a TC 530 closing code 7 or 10 or a TC 520 closing code 72 or 74 input the TC 290 for \$.00 and close the case on CAP using CAWR closing code 98. Do not assess these cases.
- (5) For IRS-CAWR cases with a TC 530 with any closing code other than 7 or 10 adjust the case following normal processing procedures. Close CAP with CC 98.
- (6) For IRS-CAWR cases with a TC 520 with any closing code other than 72 or 74 contact Insolvency prior to making assessment so they can amend the proof of claim if applicable. Adjust the case following normal processing procedures. Close CAP with CC 98.

4.19.4.4.2  
(04-01-2009)

**Delete Cases - No  
Replies**

- (1) A delete case is one which has been brought into balance at Enterprise Computing Center-Martinsburg (ECC-MTB) through various updates to the module.
- (2) If no response was received to an **IRS-CAWR** case, input a TC 290 for .00 on the last available quarter for the tax year being worked. Consider the case closed.
- (3) If no response was received to an **SSA-CAWR** case, BMF will send a status code 40 to CAP when the 549 penalty posts.

**Reminder:** Do Not Open a No Reply Case once it has been closed.

4.19.4.5  
(04-01-2010)

**Undeliverables**

- (1) This section is to be used for all IRS-CAWR, SSA-CAWR, and penalty notices that are returned undeliverable.
 

**Note:** Undelivered mail clarifications may be found at the following web site: [http://serp.enterprise.irs.gov/databases/who-where.dr/transshipment.dr/campus\\_program\\_locator\\_guide.03.06.2008.doc](http://serp.enterprise.irs.gov/databases/who-where.dr/transshipment.dr/campus_program_locator_guide.03.06.2008.doc)
- (2) If a **TC 780/788 (unreversed by a TC 781)** is present on any module of the tax year that you are working See IRM 4.19.4.2.13.
- (3) When an account has a TC 300 or TC 308 on any module of the tax year your working, do not assess, input the 290 for .00 (549 for .00 for SSA Cases) and close the case using closing code 39 or 46.

- (4) Clerical will research all cases for a new/better address and:

If ...	And ...	Then ...
A new address is found	It is within 30 days of the mail out date	They will re-mail all information, including the original envelope to the new/better address.
	It is after 30 days of the mail out date	<ol style="list-style-type: none"> <li>1. Print the IDRS CC screen containing the new/better address.</li> <li>2. Attach the print to the Undeliverable mail.</li> <li>3. Input Undeliverable date onto CAP and batch the Undeliverable to a T/E.</li> </ol>
A new address is NOT found		Input Undeliverable date and batch for a Tax Examiner to work.

**Exception:** SSA-CAWR Undeliverables received after cycle 33 are not to be worked or updated on CAP. Hand carry to your lead or manager.

4.19.4.5.1  
(04-01-2010)  
**IRS-CAWR/SSA-CAWR  
Undeliverables**

- (1) All letters 98C or 99C undeliverable mail is to be worked within 14 calendar days of the IRS received date.
- (2) Verify Undeliverable and IDRS to ensure a new/better address is not available.

**Note:** Do not change IDRS. Individual and Business addresses can be updated on IDRS only if the taxpayer submits Form 8822 or a written request from the taxpayer is received.

- (3) **The Tax examiners** will research IDRS for a new/better address using command codes ENMOD, INOLES, NAMEE, BMFOL, etc.

**Note:** Use the Research Address IAT when available.

If ...	And ...	Then ...
IRS-CAWR: a new/better address was found		<ol style="list-style-type: none"> <li>1. Ensure the undeliverable date was entered on CAP</li> <li>2. Update CAP with new address.</li> <li>3. Reissue the 99C letter.</li> </ol>

If ...	And ...	Then ...
IRS-CAWR: a new/better address was <b>not</b> found		<ol style="list-style-type: none"> <li>1. Ensure the undeliverable date was entered on CAP</li> <li>2. Assess the additional tax using hold code 3 to prevent the issuance of another letter to the incorrect address. Use the No Reply/Undeliverable IAT when available.</li> <li>3. Close CAP with CC 39.</li> </ol>
SSA-CAWR: a new/better address was found	the date is <b>prior to</b> cycle 33	<ol style="list-style-type: none"> <li>1. Enter the undeliverable date, if not present on CAP</li> <li>2. Update CAP with new address.</li> <li>3. Reissue the 98C .</li> </ol>
SSA-CAWR: a new/better address was <b>not</b> found	the date is <b>prior to</b> cycle 33	<ol style="list-style-type: none"> <li>1. Ensure the undeliverable date was entered on CAP</li> <li>2. Assess the Intentional Disregard Penalty using hold code 3 to prevent the issuance of another notice to the incorrect address. See IRM 4.19.4.7.2.</li> <li>3. Close CAP with CC 46.</li> </ol>
SSA-CAWR: a new/better address was found	the date is <b>after</b> cycle 33	<ol style="list-style-type: none"> <li>1. Re-mail all information including the original envelope to the new/better address.</li> </ol> <p><b>Note: Do Not Input the Undeliverable Date.</b></p>
SSA-CAWR: a new/better address was <b>not</b> found	the date is <b>after</b> cycle 33	<ol style="list-style-type: none"> <li>1. Input undeliverable date on CAP.</li> <li>2. Assess the Intentional Disregard Penalty using hold code 3 to prevent the issuance of another notice to the incorrect address. See IRM 4.19.4.7.2.</li> <li>3. Close CAP with CC 46.</li> </ol>

**Note:** SSA-CAWR case type 08 (without Compliance Indicator) cases that contain either a Large Corporation Indicator (LCI) or a proposed tax and/or penalty assessment of \$1 million dollars or more must be coordinated with your local Large Corporation Coordinator. See IRM 4.19.4.2.1.1.

- (4) For IRS-CAWR if all fields are potential overpayments, close the case. Input a TC 290 for .00 and update the case on CAP using the appropriate undeliverable closing code.
- (5) If the suspense period has expired and the case has been assessed, re-file the undelivered letter (including the envelope) with the previous 55 block for IRS-CAWR cases.
- (6) If the suspense period has expired and the automatic penalty assessment has been made, file the undeliverable by inputting a TC 290 for .00 PRN 549 for .00 on MFT 13 and BS 15.

- (7) Check the MFT & ADJ Screen to determine if Schedule H was filed on the MFT 30. Research that SSN for another address. If a new address **is found** re-mailing the letter. If a new address **is not found** assess the tax on MFT 30 or 05 as appropriate.

4.19.4.5.2  
(05-18-2009)  
**Undeliverable Mail for  
Returned SSA (CP 215  
PRN 549)**

- (1) Process undeliverable letters within 14 calendar days of the IRS received date.
- (2) Research undelivered correspondence with operational errors, incomplete or incorrect name and erroneous or extraneous data. Make corrections and mail the letter.
- (3) Research for a better address. If a better address is found, re-mail all information, including the original envelope to this (new/better) address. **Do not change IDRS.**

**Note: IDRS CAN ONLY BE UPDATED WITH A SIGNED REQUEST FROM THE TAXPAYER.**

- (4) If a better address is not found and the penalty assessment was made, file the undeliverable by inputting a TC 290 for .00 PRN 549 for .00 on MFT 13 and BS 15. If the penalty was manually assessed, attach the undeliverable letter to the penalty case file.

**Note:** Undelivered mail clarifications can be found at the following web site: [http://serp.enterprise.irs.gov/databases/who-where.dr/transshipment.dr/campus\\_program\\_locator\\_guide.03.06.2008.doc](http://serp.enterprise.irs.gov/databases/who-where.dr/transshipment.dr/campus_program_locator_guide.03.06.2008.doc)

4.19.4.5.3  
(04-01-2009)  
**Undeliverable Interim  
Letters Returned**

- (1) When a 2645C or 2644C is returned undeliverable, take the following actions:
- If the case is now closed the letter can be placed in classified waste.
  - If the case is still open, the letter should be associated with the case so the tax examiner can research for a better address before issuing a 2057C explaining actions taken.

4.19.4.6  
(04-01-2010)  
**Processing Late Replies  
and Replies to  
Assessment**

- (1) Late replies occur when taxpayer correspondence is received after the initial case is closed on the CAP System. CAP will now open Late Replies into a SC 47 when the date is entered through the clerical "Replies/Undeliverables Recd" screen. All SC 47 cases will be manually closed on CAP using SC 43 when the late reply is worked. See IRM 21.3.3.4.17.1 (Preparation of Outgoing Correspondence), IRM 21.3.3.4.3 (Quality and Timely Responses - Exception statement), and IRM 21.3.3.4.1 (Case Control and Inventory management) to determine if additional correspondence is required.

**Exception:** Since interim letters are not required on TAS and Form 3870 cases they will not be controlled on CAP by the clerical staff.

- Late reply received and IDRS shows a Collection status . Follow procedures outlined in IRM 4.19.4.6(4), Accounts in Collection Status.
  - Taxpayer's late reply provides information that resolves discrepancy. Follow procedures as outlined in Abatement Procedures.
- (2) Late replies can fall into one of the following categories:
- Responses that affect Form 94X Master File modules
  - Responses that affect SSA files

- Responses that affect both SSA and the Form 94X Master File modules
  - Responses that require no change
- (3) Any Late Reply that is received in an active Compliance status code on IDRS, must be coordinated with the responsible function(s) prior to the CAWR issue being worked.
- (4) Accounts in Collection Status - Any reply that is received in an account with an active Collection status code (22, 24 or 26) on IDRS must be coordinated with the responsible function(s) prior to the CAWR issue being worked. For example:
- a. When you receive a reply for a case in Status 22 notify the ACS staff, using local procedures, that you have a reply so they can update their comments on the ACS system and suspend collection action. The tax examiners should document their attempts and outcome on the appropriate referral form. Work the CAWR issue and close the case. Refer to <http:serp.enterprise.irs.gov/databases/who-where.dr/acsspt-lias.dr/acs-support.htm> for the appropriate ACS contact. Choose SBSE as the BOD and select the appropriate State for your case.
  - b. For all cases in Status 22, 24, or 26, input TC 470 CC 90 to remove the case from collection status while case is in inventory.
  - c. If there are any other Collection issues that need to be addressed, such as a remaining balance due, Installment Agreement request, etc., those functions must work that portion of the reply.
  - d. A TC 29X will ensure any case that has a balance due remaining on the module is put back into collection status. If a TC 29X is not being input a TC 472 with no closing code must be input.
- (5) When an account has a TC 300 or TC 308 on any module of the tax year your working, abate any CAWR tax or penalty assessment and issue a 2057C closing letter explaining all actions taken.
- (6) If the taxpayer is not addressing a CAWR issue, it is to be worked in Accounts Management (AM) regardless of the fact that a CAWR case is or was worked for the tax period of the taxpayer inquiry. AM must address the Action 61 requirements if the taxpayer response is 14 days or older.
- (7) Late Replies may also be Forms 4442/4442C that are referrals from CSRs. Provide taxpayers with interim responses (by telephone or in writing) if Tax Law Referrals of Late Replies cannot be resolved within seven (7) calendar days or Account Referrals of Late Replies cannot be resolved with fifteen (15) calendar days.
- (8) Processing: For CAWR late responses that affect the Form 94X Master File module:
- a. Research IDRS for a TC 29X with Blocking Series 55X on the Form 94X, or TC 240 with Reference number 549 or 550 on MFT 13 and order document if necessary.
  - b. Refer to applicable portion of the Reply section in IRM 4.19.4.3 and follow Late Reply Processing Procedures.
  - c. Attach the correspondence and a copy of the Form 6494 (if needed) with the case file.
  - d. If the taxpayer responds and only provides the SSN used for the Schedule H, research CC IMFOL to obtain the X-Ref TIN/EIN. If present on CC

IMFOL, continue working the case. If not, refer to IRM 21.7 , **Business Tax Return and Non-Master File Accounts**.

- e. Forward any Forms W-3/W-2/W-3C/W-2C (or substitutes) received from the taxpayer to SSA via Form 3210, and either the Form 9338, *Closed Case Transmittal Sheet for Returned SSA Cases*, or Form 6494.
- f. If the adjustment DLN is **not found**, research CAP or the CAWR module (MFT 88) on IDRS using CC BMFOL definer U or Research CC BMFOL definer I to determine to which module the adjustment posted. Then use CC BMFOL definer T for that MFT and period.
- g. If there is no module present on IDRS, use CC MFREQ definer C to obtain the TXMOD.
- h. If the taxpayer responds and pays the penalty amount and the case is under tolerance, close the case with the appropriate closing status code on CAP and make the assessment on MFT 13. Make sure the payment is posted to MFT 13. If it is posted to another module, move it to MFT 13. Failure to do so will issue another notice (balance due) to the taxpayer.
- i. If the taxpayer responds and only provides the SSN used for the Schedule H, research CC IMFOL to obtain the X-Ref TIN/EIN. If present on CC IMFOL, continue working the case. If not, refer to IRM 21.7.4.4.1.11 and IRM 21.6.4.4.8 , **Business Tax Return and Non-Master File Accounts**.

(9) Processing: For late responses — requiring no change (3) above:

- a. Research for a DLN TC 29X Blocking Series 55X.
- b. Issue a 2057C letter explaining actions taken and associate the taxpayer's response with the case file.

(10) Late replies research:

IF	AND	THEN
Late reply research is completed	No CAWR adjustment DLN or unpostable CAWR adjustment DLN is found	Check IDRS to determine if one should have been input.
	If duplicate correspondence is found after the adjustment has been made	Attach the case to the adjustment DLN (except BS 00) and update and close CAP with SC 43.
	W-2 information is needed	Research ERQY or ORS.
	The taxpayer just wants an explanation of why the CP was sent	Issue Letter 2057C explaining reason for letter and/or assessment. Update and close CAP with SC 43.

- a. If the taxpayer responds and only provides the SSN used for the Schedule H, research CC IMFOL to obtain the X-Ref TIN/EIN. If present on CC

IMFOL, continue working the case. If not, refer to IRM 21.7.4.4.1.11, **Business Tax Return and Non-Master File Accounts** and IRM 21.6.4.4.8 .

**Caution:** Always be aware of the statute date.

- (11) If the correspondence is from a POA or other third party make sure that the criteria in IRM 21.3.7, **Processing Third Party Authorizations onto the Centralized Authorization File** is adhered to before any response is sent.
- (12) Cases with Large Corp Indicators (LCI), do not require a referral to Large Corp since the assessment is already on the account. If Large Corp refers one of these cases to us, work with Large Corp to resolve the issues.

4.19.4.6.1  
(04-16-2009)  
**Late Replies Addressing  
SSA-CAWR Penalties**

- (1) Prior to abating a CAWR penalty (Late Filing and/or Intentional Disregard), be aware of the numerous attempts made by both the Service and SSA to solicit the correct information from the employer. Failure to secure and properly credit the missing Forms W-2 will impact an individual's SSA earnings record and ultimately that individual's retirement benefits. Given the history of correspondence sent to the taxpayer by SSA and the CAWR unit, caution should be used in abating the penalty. Careful consideration should be given to all filers claiming that they filed the required Forms W-2 timely.
  - a. A copy of Form W-3 with a timely signature date should not be accepted alone as evidence because a fictitious document can be easily prepared. However, if a taxpayer provides a copy of Form W-3 and copies of Forms W-2 other than copy "A" along with a timely dated return receipt, all penalties should be abated.
  - b. The employer may have submitted returns timely that were returned by SSA for an unprocessed condition, then never resubmitted by the employer. The penalty would be applicable in this situation.
  - c. When a payer claims the forms were filed, abate the penalty if proof of submission is made by contacting the local SSA office or accessing ORS/ERQY to verify that they have received the missing Forms W-2.
- (2) When the employers response states they did not understand why the penalty was assessed, send Letter 2057C with the applicable paragraphs explaining the penalty.
- (3) When Forms W-2c are submitted in response to CAWR correspondence and:
  - a. The Forms W-2C balance the case, abate the penalty.
  - b. The Forms W-2C partially balance the case, abate the portion of the penalty corrected by the Forms W-2C.
- (4) If you receive a Form 941-C/941-X or Form 843 claim adjusting the SS wages, SS tips, medicare, FIT, and/or AEIC, to match the Forms W-2/W-3, adjust the account and remove the appropriate amount of the penalty assessment.
- (5) If Forms W-2/W-2C are received with the late reply, order the original CAWR documents from Files if necessary to ensure the new submission is not duplicating the original reply to our correspondence.
- (6) If Forms W-2 are received after the Service assesses the **Intentional Disregard Penalty** has been assessed, follow the procedures below:

When the postmark date is	Then
within 10 days of the CP 215 notice date (date located in the upper right hand corner under "Notice Number")	Intentional Disregard Penalty (PRN 549) will be abated on the portion of Forms W-2 received <b>AND</b> The Late Filing Penalty (PRN 550) will then be assessed on <b>ONLY</b> those forms W-2 received in the response.
<b>NOT</b> within 10 days of the CP 215 notice date (date located in the upper right hand corner under "Notice Number")	Intentional Disregard Penalty (PRN 549) will remain on the account as originally assessed. <b>Exception:</b> When the taxpayer provides the applicable Forms W-2 but did not timely respond to the CP 215, abate the 549 and apply the 550 for the Forms W-2 submitted when there is an indication that the CAWR letter was returned as undeliverable.

**Exception:** The penalty will be fully abated (ie: no penalty assessed) if the payer responds with acceptable reasonable cause as to why the penalty should be abated. See IRM 20.1.1.3.2 for further information regarding reasonable cause and IRM 20.1.7.9.1 for reasonable cause considerations specific to information return penalties.

- (7) Abate the penalties using TC 290, the negative dollar amount being abated, with Reason Code 062 and the appropriate Penalty Reason Code must be entered in the fourth RC position on CC ADJ 54
- (8) When a taxpayer responds to the penalty assessment **after the Statute** has expired and provides reasonable cause, abate the penalty.
- (9) If the taxpayer responds to any collection notice issued **after** the CP 215, reasonable cause must be provided in order to abate the penalty. If reasonable cause or due diligence is denied take the following actions:
  1. Notify the taxpayer using Letter 854C Include the specific reason the abatement request is being denied in the 854C.
  2. Research TXMOD for a TC 470

If ...	Then ...	Update
TC 470 is found	Release with a TC 472 (SSA-CAWR)	CAP and close with a SC 43
TC 470 is <b>not</b> found	Input STAUP for 6 cycles to delay the notices.	CAP and close with a SC 43

(10)

IF	input with BS	attach	Input TC	Use BS	RC	4th RC Position
Original Assessment was	00	Form 13675 or Form 5706	290 .00/ 549	98	062	Blank
	52 or 53		290 .00/ 549	99	062	Blank

**Reminder:** Check for any freeze codes that would be released by the TC 290 posting. If there are any, re-file the return and associated documents under the original DLN.

(11) If the taxpayer corresponds AFTER a reasonable cause is denied, route all 854C information to the Service Campus Appeals Coordinator.

4.19.4.6.2  
(09-22-2009)  
**Late Replies to Cases with Forms W-2C Filed**

(1) If the taxpayer provides an explanation citing a problem with their RAA (**for TY 2001 only**), check IDRS for the name of their Reporting Agent Authorization (RAA). There should be Forms W-2C processed..

IF	THEN
	<ol style="list-style-type: none"> <li>The Forms W-2 must not be considered in the out of balance condition</li> <li>Prepare Form 6209 to remove the original Form W-2 and W-3 amounts in excess of the Forms W-2C and W-3C amounts.</li> <li>The reply should include the W-2 Federal MAG Tape Detail Report and a statement that addresses the relationship between the Posted, Processed, and Reported totals.</li> <li>Abate the assessment using the following the "IRS-CAWR Abatement" case processing procedures. See IRM 4.19.4.7.1.</li> <li>Update CAP and close with a SC 43.</li> </ol>
There is still an out of balance condition	<ol style="list-style-type: none"> <li>Work the reply using the adjusted dollar amounts.</li> <li>The last page of their electronic filing will show the dollar amounts reported on their Form W-3C.</li> <li>The amounts will correlate to the processed W-2C totals.</li> <li>Partially abate the assessment using the following the " IRS-CAWR Abatement" case processing procedures.</li> <li>Update CAP and close with a SC 43.</li> </ol>

#  
#

4.19.4.6.3  
(04-01-2010)  
**Late Replies received on  
Form 3870 Request for  
Adjustment**

- (1) When a case is being worked by the field, the revenue officer will submit a Form 3870 *Request for Adjustment* to request an adjustment or abatement of the CAWR tax assessment and/or civil penalty. These cases will be worked within 45 days of receipt into the department in a first-in-first-out basis while workload permits.
- (2) Points of Contact (POCs) were established at each campus for the field ROs or managers to seek assistance from. For a list of these contacts see <http://wc.web.irs.gov/CAWR-SSA/Revenue%20Officer%20Contacts.htm>
- (3) A 2644C interim letter is not required on these cases since the RO has already made contact with the taxpayer.
- (4) These cases will be controlled to you only on IDRS and should be in a closed status code. If it is necessary for you to reopen the case to make updates, you will need to update the date by accessing the clerical window to put the case into SC 47, make your updates and then immediately close the case with a SC 43.

**Note:** To ensure an interim letter is not issued on these cases, put the case into SC 47, make your updates and close the case on the same day.

If ...	Then ...
the Form 3870 includes information that will allow for abatement of the tax and/or penalty	<ol style="list-style-type: none"> <li>1. Prepare Form 6209 and/or Form 6494 if applicable.</li> <li>2. Abate or adjust the assessment using the appropriate Late Reply Case Processing Procedures in IRM 4.19.4.7.5</li> </ol> <p><b>Reminder:</b> Do not send a 2057C closing letter as the RO already explained the outcome to the taxpayer.</p>
the Form 3870 does not include sufficient information to resolve the discrepancy	<ol style="list-style-type: none"> <li>1. Contact the preparer of the Form 3870 to request the additional information needed to resolve the discrepancy and suspend the case for 5 business days.</li> </ol> <p><b>Note:</b> If the RO does not contact you after 5 business days have your campus's POC contact the RO group manager to assist in resolving the case.</p>
once you have advised the revenue officer of the documentation you need	<ol style="list-style-type: none"> <li>1. Suspend the case allowing the RO no longer than 30 days to secure the requested information from the taxpayer.</li> <li>2. Once the information is received, process your case using the procedures above.</li> </ol>

If ...	Then ...
the information to resolve the case is not received from the revenue officer or group manager by the agreed upon receipt date (plus 5 business days mail time)	<ol style="list-style-type: none"> <li>1. Reject the case back to the revenue officer.</li> <li>2. Input "rejudoc" in the case closing on IDRS and in the remarks field on CAP.</li> <li>3. Close case on CAP as appropriate.</li> </ol>

4.19.4.7  
(04-01-2010)  
**Case Closing  
Procedures**

- (1) There are certain procedures that are unique to the CAWR program that must be followed when closing cases.
- (2) Adjustments can be made to the Form 94X tax modules (MFT 01, 05, 11, 14, 16), the CAWR module (MFT 88), or the Civil Penalty Module (13). When adjusting MFT 30, follow the guidelines in IRM 21.6, **Individual Tax Returns**. Adjustments to the CAWR module are made via Form 6209, Form 6494 , or TCs input to IDRS. Follow the instructions for the Form 6209 and/or Form 6494 in the Training Material when processing corrections to the CAWR module.
 

**Reminder:** When there is a 10 Million Dollar Assessment, send copies of the case to the CFO in Kansas City, MO. See IRM 4.19.4.3.12 (6)
- (3) When a case is closed, it must be recorded on CAP. This action serves to update:
  - Unit aged inventory
  - Individual aged listings
  - Reports that are sent monthly to Headquarters and used for program tracking
  - Information compiled electronically and provided to SSA to reflect the IRS actions and resolutions obtained by correspondence for SSA-CAWR cases
- (4) When closing a case the following information should be included as part of your case file. All adjustments should be input as a "Y" in the source document field.
  - History Sheet detailing all actions taken on the case
  - attach Money Screen Print, BMFOLU Screen Print, or breakdown of account showing discrepancy
  - Copy of 2057C letter sent to the taxpayer
  - Any taxpayer correspondence received if applicable
- (5) All tax and penalty assessments of \$100,000.00 or more are to be reviewed by management prior to inputting the adjustment on IDRS.

- (6) The data record on CAP is obtained from responses, undeliverable mail, and additional information research provides. The data will be input by the Tax Examiner at the time of the initial closing. Then again updated, as required, for Late Replies.
- (7) Late reply closing information will be entered on CAP for cases updated to SC 47.
- (8) The X-Ref EIN input on the Detail Screen and the responses chosen for the SSA information on CAP provides important information to IRS and SSA.

**Note:** Although it seems there is redundancy between the fields on the Detail Screen, SSA Information, the responses for each item provides more detailed resolution information regarding the case. The apparent repetition of information for the FICA and Medicare “resolution” fields and the “Wages Received” fields become clearer when the values of “Resolution codes” are taken into consideration.

- (9) IRS Resolution Codes (shown separately for social security and medicare) contain values which indicate which of the following apply:
  - a. Code 1 — All missing wages were received from the employer.
  - b. Code 2 — Some wages of the missing wages were received from the employer.
  - c. Code 3 — If the correspondence was undeliverable or cases were closed by direction from the Headquarters, they will be classified as “No IRS Action.”
  - d. Code 4 — Missing wages were located under a Cross-reference EIN.
  - e. Code 5 — Other (i.e. employer cannot explain the difference or states that SSA is correct).
- (10) When the “Resolution” value is a “1”, the “Received” value must be a “F”.
- (11) When the “Resolution” values are either “4” or “5”, the “Received” values can be either “F” or “P”.
- (12) When the “Resolution” value is 3, the “Received” value **CANNOT** be “F” or “P”.
- (13) TAS cases will be controlled to you only on IDRS and should be in a closed status code. If it is necessary for you to reopen the case to make updates, you will need to update the date by accessing the clerical window to put the case into SC 47, make your updates and then immediately close the case with a SC 43.

**Note:** To ensure an interim letter is not issued on these cases, put the case into SC 47, make your updates and close the case on the same day.

4.19.4.7.1  
(04-01-2009)  
**IRS—CAWR— Reply  
Case Processing  
Procedures**

- (1) **IRS-CAWR Assessment Needed Processing Procedures:** When a CAWR case results in a tax assessment on a Form 94X module follow the procedures below:
  - 1. See Exhibit 4.19.4-4.
  - 2. Input a TC 290 for the appropriate money amount with the applicable item adjustment codes; using blocking series 55 on the correct MFT on the last available quarter with a TC 150.
  - 3. Use the correct correspondence and IRS received date.
  - 4. Assess FTD Penalty if necessary. Refer to See IRM 4.19.4.7.3.

5. Send Letter 2057C closing letter explaining actions taken.
6. Input the appropriate adjustment amount you will be assessing and the number of tax modules (quarters) adjusted on the CAP Detail Screen.
7. Close CAP using the appropriate closing code. See Exhibit 4.19.4-2.

(2) **IRS-CAWR No Assessment Needed Processing Procedures:** When an IRS-CAWR case results in **no** assessment needed follow the procedures below:

1. See Exhibit 4.19.4-4.
2. Input a TC 290 for .00 using blocking series 55 with the correct correspondence and IRS received date on the last available quarter.
3. Send a closing Letter 2057C explaining actions taken.
4. Close CAP using the appropriate closing code. See Exhibit 4.19.4-2.

4.19.4.7.2  
(09-25-2008)  
**SSA-CAWR —Reply  
Case Processing  
Procedures**

(1) **SSA-CAWR Intentional Disregard Penalty (PRN 549) Needed Processing Procedures:** When an SSA-CAWR case results in an Intentional Disregard penalty assessment follow the procedures below:

1. See Exhibit 4.19.4-4.
2. Input a TC 290 for .00 and Penalty reference number (PRN) 549 for appropriate money amount using blocking series 52 on MFT 13 with the correct correspondence and IRS received date.

**Note:** Use blocking series 53 for other than first manual assessment.

3. Send 2057C closing letter explaining actions taken.
4. Update SSA info boxes.
5. Close CAP using the appropriate closing code. See Exhibit 4.19.4-2.
6. Attach copies of Forms W-2 to case file.

(2) **SSA-CAWR Late Filing Penalty (PRN 550) Needed Processing Procedures:** If the taxpayer responds filing ALL or PART of the required Forms W-2, use the following procedures to compute the Late Filing penalty (PRN 550):

1. See Exhibit 4.19.4-4.
2. Input TC 290 .00 with PRN 550 with a posting delay code 1 for the appropriate money amount using blocking series 52 on MFT 13 with the correct correspondence and IRS received date.

**Note:** Use blocking series 53 for other than first manual assessment.

3. If applicable, also compute the Intentional Disregard Penalty following the procedures in (1) above.
4. Send 2057C closing letter explaining actions taken.
5. Update SSA info boxes.
6. Close CAP using the appropriate closing code. See Exhibit 4.19.4-2.
7. Attach copies of Forms W-2 to case file.

(3) **SSA-CAWR— No Penalty Needed Processing Procedures:** When as SSA-CAWR reply results in no penalty follow the procedures below:

1. See Exhibit 4.19.4-4.
2. Input a TC 290 for .00 and a reference number 549 for .00 using blocking series 15 with the correct correspondence and IRS received date on MFT 13.
3. Send 2057C closing letter explaining actions taken.
4. Update SSA info boxes.

- 5. Close CAP using the appropriate closing code. See Exhibit 4.19.4-2.
- 6. Attach Forms W-2 to the case folder to allow for PAS review.

4.19.4.7.3  
(04-01-2010)  
**Failure To Deposit  
Penalty (TC 180)**

- (1) The Failure To Deposit (FTD) Penalty may be assessed whether or not the adjustment is interest free. Tiered penalty assessments for CAWR apply only to Forms 941, 943, 944, and 945. The additional penalty is assessed on TC

#  
#  
#

180.00 PRC 010 or 021 See IRM 20.1.4.21.6.1 Then follow the procedures below:

IF	THEN
the FTD penalty should be assessed	1. Input TC 180 with PCC 018 for 10% of the TC 290 amount. 2. Input an IDRS control to monitor and follow-up in 45 days. 3. If the taxpayer does not respond within 45 days, input TC 180 with PCC 018 for an additional 5% of the TC 290 amount. <b>Note:</b> The additional 5% will be a non source document.
If the adjustment was done as interest free and the full payment for the TC 298 tax amount is not received by the interest computation date of the TC 298 adjustment,	1. assess a 10 percent FTD penalty (TC 180) on the amount not remitted timely and input an IDRS control to monitor and follow-up in 45 days. 2. After 45 days, If the taxpayer has not paid the full amount of the TC 298 then assess (TC 180) an amount equal to 5 percent of the unpaid tax (the amount of the tax increase) using PCC 018. 3. See IRM 20.1.4.21.6.1 <b>Note:</b> The additional 5% will be a non source document. <b>Reminder:</b> if the full amount of the TC 298 is received by the interest computation date DO NOT ASSESS an FTD penalty.
If the FTD penalty should not be assessed (i.e., Reasonable Cause - See IRM 20.1.4, Failure To Deposit Penalty)	1. Input a TC 180 for zero to restrict the Master File from computing an incorrect penalty, with appropriate 4th position PRC and, if applicable, RC 062.
If the FTD penalty needs to be abated See IRM 20.1.4, Failure To Deposit Penalty and IRM 20.1.1.3).	1. Input a TC 181 for the appropriate money amount 2. Use PRC 010 in the 4th position except if the case was assessed erroneously, in those instances use PRC 045. See IRM Exhibit 20.1.1-3 See IRM 20.1.1.3 See IRM 21.7.2.4.4

**Exception:** Do not assess a Failure to Deposit penalty (F TD) on accounts that have been subject to wage and tax increases, resulting from information received from various government agencies due to U.S. Department of Labor (USDOL) back wage audits, under Titles 26 USC 3121 and 40 USC 3141, etc. In addition, abate any penalty for any period that was incorrectly assessed penalties as a result of a USDOL back wage reporting, when working other issues on these modules and send the appropriate letter of apology.

**Exception:** Do not assess penalties on Federal Agencies. These cases will have a BOD Code of TEGE and a Client Code F which can be found on IDRS using Command Codes TXMOD or ENMOD.

**Exception:** Do not assess any failure to deposit penalty on state and local government Health and Welfare agencies, acting as agents under IRC Section 3504 with respect to employers for in-home domestic services for recipients of public assistance, as they are not subject to Federal tax deposit requirements. In addition, abate the penalty, on modules (for all years) with an unreversed failure to deposit penalty, when working on other issues on these modules. These types of agencies are marked with an employment code "A" on the Entity Module. See IRM 20.1.4.1.5.2.

**Note:** The only time you will automatically assess the TC 180 for the entire 15% is for IRS-CAWR undeliverables or if the case is statute imminent. If the statute date is imminent for IRS-CAWR cases, write up the adjustment slip including the TC 180 for 15% of the TC 290 amount, if appropriate, and route to Statutes.

- For **only** undeliverable cases, input a hold code 3 to prevent the issuance of another letter to the undeliverable address.
- For all other IRS-CAWR cases, if necessary send the appropriate closing letter to the taxpayer(s) to inform them of the actions taken. If the additional 5% penalty assessment is made, a letter from IDRS will be automatically generated.

4.19.4.7.4  
(02-01-2008)

**Failure to File A Tax  
Return Penalty (TC 160)**

- (1) IRC section 6651(a)(1) imposes a penalty for failure to file a tax return by the date prescribed (including extensions) (see IRM 20.1.2.3.1), unless it is shown that the failure is due to reasonable cause and not due to willful neglect. See IRM 20.1.1.3 for a discussion of penalty relief.

If ...	Then ...
There is a prior TC 166 or TC 167 on the module with no TC 160 or 161	1. Do not input a 16X, the computer will automatically assess the TC 166 on the added tax.
There is a prior TC 16X and a corresponding TC 161 with reasonable cause (RC 062) under the adjustment.	1. Input a TC 160 for a zero.

If ...	Then ...
There is a prior TC 160 and/or TC 161 without RC 062.	<ol style="list-style-type: none"> <li>1. Determine the number of months the tax return was filed late. The maximum is 5 months.</li> <li>2. Calculate the percentage amount by multiplying the number of months by 5% (0.05). This amount will never exceed 25% (0.25)</li> <li>3. Calculate the penalty by multiplying the Calculated Percentage Amount by the TC 290 Tax Increase Amount. For Example:            TC 290 = \$200            Number of months Late = 3 (step a)            3 X 5% = 15% (step b)            \$200 X 15% = \$30 (step c)</li> </ol>
If abating a TC 160 (i.e., for Reasonable Cause )	<ol style="list-style-type: none"> <li>1. Use a TC 161 (credit) with the appropriate PRC in the 4th position.  <b>Note:</b> The computer will not compute the TC 167 automatically.</li> </ol>

**Note:** If a 6020(b) return is present and past due (it has been 5 months or more), and a Failure to File penalty is restricted on the module, increase the penalty to 25% of the TC 290. For returns due after July 30, 1996 (without regard to extensions), IRC Section 6651(g) provides that a 6020(b) return is treated the same as a return filed by a taxpayer for purposes of the Failure to Pay penalty. If not restricted make the assessment and IDRS will automatically make the adjustment to the penalty. See IRM 5.18.2, **Business Returns IRC 6020(b) Processing**.

4.19.4.7.5  
(05-21-2008)  
**Late Reply Case  
Processing Procedures**

- (1) **IRS-CAWR- Late Reply Case Processing Procedures:** When an IRS-CAWR case results in an abatement of tax assessed on a Form 94X module follow the procedures below:
  1. Input a TC 291 for the appropriate money amount with the applicable item adjustment codes; using blocking series 55 on previously assessed module.
  2. Use the correct correspondence and IRS received date.
  3. Abate the FTD Penalty if necessary. See IRM 4.19.4.7.3.
  4. When the adjustment is a partial abatement send 2057C closing letter explaining the reason. When it is a full abatement a 2057C is not necessary. IRM 21.3.3.3.4(3) *Quality and Timely Responses*
  5. Update CAP and close with SC 43 for all cases previously updated to SC 47.
- (2) **SSA-CAWR- Late Reply Case Processing Procedures:** When an SSA-CAWR case results in an abatement of the penalty assessed follow the procedures below:
  1. Input a TC 290 for .00 and the applicable Penalty reference number (PRN 549 or PRN 550) for appropriate negative money amount using blocking series 52 on MFT 13 with the correct correspondence and IRS received date.

**Note:** Use blocking series 53 for other than first manual assessment.

2. Use the correct correspondence and IRS received date.
3. Use Reason Code 062 in the first position and the appropriate Penalty Reason Code in the fourth position.
4. When the adjustment is a partial abatement send 2057C closing letter explaining the reason. When it is a full abatement a 2057C is not necessary. IRM 21.3.3.3.4(3) *Quality and Timely Responses*
5. Update CAP and close with SC 43 for all cases previously updated to SC 47.

**Caution:** Abatement of any SSA-CAWR civil penalty should only be done after adhering to the instructions in See IRM 4.19.4.6.1.

4.19.4.8  
(04-01-2010)

**CAWR IMF Cases (W-2C)**

- (1) See the note below.

**Note:** Until otherwise notified by Headquarters, **this portion of the CAWR program is not being worked.**

This IRM 4.19.4.8 addresses IMF cases that are identified as a result of an employer submitting amended Forms W-2 (W-2C) that increases or decreases their amount of Federal Tax Withheld. Contact must be made to their individual employees to notify them that a change to their 1040 may need to be made.

- (2) When Form W-2C is received from the employer to change wages and withholding information for an individual, the CAWR unit must correspond with the individual employee.

#  
#  
#

**Note:** It is recommended that the IMF portion of CAWR be worked with the reply phase of the CAWR program prior to closing the CAWR issue.

- (4) Annotate in red, "IRS RECON" on any of the Forms W-3 or transmittal forms received and mail them to the following address:

Social Security Administration  
Division of Employer Services  
4-E-16 NB Metro West Building  
300 N. Greene Street  
Baltimore, MD 21290-0300

4.19.4.8.1  
(02-01-2008)  
**IMF Screening**

- (1) Research IDRS using all tools available to determine if the correct withholding has been reported on the original Form 1040 or if an amended Form 1040 was filed to correct the withholding.

- Command Code IRPTR definer "O" will show if more than 1 employer is involved or if a spouse's withholding is included in the total withholding
- If the withholding has been reported correctly then there is no IMF case; do not correspond

**Note:** If during research there is an indication that another area is working with the case forward the Form W-2C to the proper department.

- (2) After all research has been completed and it is determined that the correct withholding has not been used:
  - a. When research identifies an active Automated Underreporter (AUR) case (TC 922 without a process code present in the MFT 30) transfer the W-2C to the AUR section. If there is a process code present, check Document 6209 to determine if the process code indicates that the case is still being worked by AUR or another area. Input TC 290 for .00 and close IDRS control.

**Note:** On the Form 3210 transmittal, notate that the Form W-2C was received as part of the CAWR program and relates to an active AUR case.

If there is no active AUR case:

- b. Issue a 2474C letter **if** the W-2C shows an increase to FIT. Input TC 290 for .00 and close IDRS control.
- c. Issue a Letter 2474C **if** the W-2C shows changes to total computation and an increase or decrease to FIT. Input TC 290 for .00 and close IDRS control.
- d. Issue a Letter 2448C **if** the W-2C shows a decrease to FIT and hold case in suspense until a response is received or 6 weeks.
- e. Issue a 2448C letter **if** the W-2C shows No return filed and hold case in suspense until a response is received or 6 weeks.

**Reminder:** Always attach a copy of the Form W-2C to the letter being issued to the employee.

4.19.4.8.2  
(09-22-2009)  
**IMF Replies**

- (1) If correspondence received raises any other issues (tax computation, deductions, credits, exemptions, etc.), or if a Form 1040X is received (even if no other issue is raised), transfer the cases to the Campus IMF AM area, unless an active Automated Underreporter (AUR) case exists. If a TC 922 without a process code is present in the MFT 30, transfer the reply to the AUR section. If there is a process code present, check Document 6209 to determine if the process code indicates that the case is still being worked by AUR or another area.
- (2) If the taxpayer **disagrees** with the amounts on the Form W-2C, and provides verification that the original withholding amount was correct (this verification may take the form of copies of all pay stubs or copies of the original Form W-2 that may differ in the amount from the **As Previously Reported** figure on the Form W-2C and/or the tax return) input 290 .00 and close the IDRS control.
- (3) If the taxpayer states that they have been in contact with the employer (who maintains that the amounts on the Forms W-2C are correct) and:
  - the employee provides reasonable verification that the amounts claimed on the original return are correct or
  - the taxpayer states they have never worked for the employer shown on the Form W-2C input TC 290 .00 and
  - close the IDRS control.

#  
#

- (5) If the taxpayer sends in a second Form W-2C or a letter from the employer that provides withholding information differing from the Form W-2C that the employer sent to us, the case must be held in suspense for 30 days until the new Form W-2C can be obtained from the employer.
- (6) If taxpayer provides reasonable verification of actual withholding which is in disagreement with the amounts on the Form W-2C and the employer is out of business, input TC 290 .00 and close the IDRS control.
- (7) If the taxpayer indicates that he or she has not contacted the employer and provides no reasonable verification of the original amounts, close the case with TC 290 .00 and item Reference Number 807 for the withholding decrease amount.
- (8) If the taxpayer **agrees** with the amount on the Form W-2C but does not include any payment, close the case with TC 290 .00 and item Reference Number 807 for the withholding decrease amount.
- (9) If the taxpayer states that they have already filed an amended return ( Form 1040X) to correct the error, research again to determine if the amended return has been received (and if the correction to the withholding has been made).
- (10) If the amended return has not posted, suspense the case for 30 days for the amended return to post.
- (11) If after this suspense period there is no indication of an amended return with a pending TC 807, close the case with a TC 290 .00 and item Reference Number 807 for the withholding decrease amount.
- (12) If only a payment is received, close the case with a TC 290 .00 and item Reference Number 807 for the withholding decrease amount.

4.19.4.8.3  
(04-01-2009)  
**IMF Undeliverables/No Replies**

- (1) If the initial correspondence has been returned undeliverable, research for a new address.
  - a. If one is secured reissue the letter to the new address.
  - b. If no new address is obtained, close with TC 290 .00 and Item Reference Number 807 for the withholding decrease amount.
- (2) Close no reply cases, after the suspense period has expired, with TC 290 .00 and item Reference Number 807 for the withholding decrease amount.

4.19.4.8.4  
(02-01-2008)  
**IMF Late Replies**

- (1) Generally, assessment of an overstated withholding credit that has been refunded or credited must be made within three (3) years from the return due date or the date the return was filed, whichever is later (ASED).
- (2) If no refund or credit has been allowed, an overstated withholding credit may be reversed without assessment, and any balance due collected within ten (10) years of the assessment of the tax shown on the return (CSED).

- (3) However, in situations where the taxpayer relied on the employer to furnish correct information and in good faith filed a tax return claiming the credit as indicated on the Form W-2, reversal of the withholding credits must be made prior to the ASED.
- (4) If the taxpayer requested a refund or credit, notice of claim disallowance should be mailed by certified or registered mail to the taxpayer, which will start the running of the 2 year period for the taxpayer to file a refund suit.
- (5) If the withholding credit was not overstated, but was allowed by IRS in error (e.g., \$100 withholding credit per Form W-2 and IRS allowed \$500), the error cannot be assessed. Instead, it must be recovered as an erroneous refund by bringing suit, within two (2) years from the date of the refund.

## 4.19.4.9

(02-01-2008)

**Discovered Remittance**

- (1) Refer to procedures in IRM 3.8.46
- (2) The manager or designee will immediately record the remittance on the daily 3 part Form 4287 log. Route documents with the payment attached per local Campus procedures.

## 4.19.4.10

(04-01-2010)

**Program Codes (OFF)  
and Program****Completion Dates (PCD)**

- (1) For CAWR, all activity is reported under the Program Codes below.
  - a. For IRS-CAWR and SSA-CAWR programs, tax examiners use:

Telephone Function	TE Function	Program	CAWR Program Title	Definition
	710	180X0	IRS	Screening
700	710	182X0	IRS	Replies
	710	183X0	IRS	No Replies and Undeliverables
700	710	184X0	IRS	Late Replies and Prior Years
	710	185X0	SSA	Screening
700	710	187X0	SSA	Replies
	710	188X0	SSA	No Replies and Undeliverables
700	710	189X0	SSA	Late Replies and Prior Years

**Note:** The "X" in each program code, represents the tax year being worked. However, don't use more than 2 years. Put any prior tax year with the oldest tax year for that code. For example, if you are working a late reply for TY 2003 IRS-CAWR and the current "X" represents the tax years on CAP (TY 2006, TY 2005, and TY 2004), use 18440 to report the time for the TY 2003 case.

- (2) The program completion dates and mail-out dates are outlined in IRM 3.30.123, **Processing Timeliness: Cycles, Criteria, and Critical Dates**, in IRM 3.30, **Work Planning and Control**. The major dates for the CAWR program are as follows.

<b>PROGRAM</b>	<b>PROGRAM START-UP (SEE IRM 3.30.123)</b>	<b>PROGRAM COMPLETION DATE (PCD)</b>
IRS-CAWR	WITHIN ONE WEEK OF THE HUB RELEASE DATE. GENERALLY THE FIRST OF APRIL.	THE LAST DAY OF THE FOLLOWING MARCH.
SSA-CAWR	AS THE CASES ARE DOWNLOADED TO CAP, AND/OR WITHIN ONE WEEK OF THE HUB RELEASE DATE. GENERALLY THE FIRST DAY OF APRIL.	THE LAST DAY OF NOVEMBER (95%) AND TWO WEEKS LATER (100%).
W-2C	AS RECEIVED	N/A, BUT PRIOR TO STATUTE EXPIRATION.

- (3) TY 2008 IRS-CAWR and TY 2007 SSA-CAWR programs processing benchmark dates are listed on the chart below.

	<b>IRS-CAWR</b>	
<b>BENCHMARK DATES</b>	<b>DESCRIPTION</b>	<b>ACTION</b>
April 5, 2010	Hub begins for TY 2008 IRS-CAWR begins	Hub site only.
April 12, 2010	The Hub completed and the TY 2008 IRS-CAWR cases released to all sites to work. TY 2006 data base remains on the CAP system.	All sites will begin working the TY 2008 CAWR cases.
December 15th, 2010	All TY 2008 IRS-CAWR cases that are to be worked must have correspondence input to CAP.	All correspondence to taxpayers for TY 2008 CAWR must be input and mailed.
January 2011	Service wide Production of new CAP programs. Continue working the remaining TY 2008 IRS-CAWR cases (PCD 3/31/11) All campuses must be off the CAP system if directed by HQ the weekend after the IDRS dead cycle while the old program year is purged.	Replies and undeliverable mail dates must be entered into the CAP system as received.

	IRS-CAWR	
BENCHMARK DATES	DESCRIPTION	ACTION
March 31st 2011	100% of TY 2008 IRS-CAWR cases must be completed and closed on the CAP system	

	SSA - CAWR	
BENCH-MARK DATES	DESCRIPTION	ACTION
April 5, 2010	Hub begins for TY 2007 SSA-CAWR begins.	Hub site only
April 12, 2010	The Hub completed and the TY 2007 SSA-CAWR cases released to all sites to work. TY 2006 data base remains on the CAP system.	All sites will begin working the TY 2007 SSA-CAWR cases. Weekly mass generation of 98C letter begins.
August 13, 2010	All TY 2006 SSA-CAWR cases (including Case Type 08) must have correspondence input to CAP for issuance by August 27, 2010.	No TY 2006 SSA-CAWR cases should remain in status code 88 (including Case Type 08) and must have had correspondence input or been closed in screening. <b>Reminder:</b> CT 08 must be entered through the Coordinators screen to be issued, except those with Compliance Indicators present. All SSA cases needing ORS research <b>must</b> be worked to ensure correspondence is issued by this date.
November 30, 2010	95% of TY 2007 SSA-CAWR cases must be worked and closed on CAP. No exceptions.	SSA Codes must be entered on CAP for any undeliverable or reply SSA-CAWR cases. No reply cases will systemically have these codes input.

	SSA - CAWR	
December 15, 2010	Remaining 5% of TY 2007 SSA-CAWR cases must be worked and closed on CAP. No exceptions.	100% of all cases SSA-CAWR cases must be closed. SSA codes must be entered on CAP for all undeliverable or reply SSA-CAWR cases.
January 2011	Service wide Production of new CAP programs. Continue working the remaining TY 2007 SSA-CAWR Late Reply cases (PCD 11/30/10) All campuses must be off the CAP system if directed by HQ the weekend after the IDRS dead cycle while the old program year is purged.	Replies and undeliverable mail dates must be entered into the CAP system as received.

4.19.4.10.1  
(04-01-2010)  
**CAWR TE**  
**Responsibilities**

- (1) All tax examiners are responsible to **monitor their CCA 4243 aged listing weekly** to ensure inventory is moved according to first in first out FIFO order. In addition, feedback is to be given to management on discrepancies between your CCA report and your physical inventory. Timely actions should be taken on the following:
- Unpostable conditions
  - PNTIER cases
  - Aged Correspondence
  - STAUPS
  - Statute imminent cases
  - Interim letters
  - Erroneous/ Multiple control bases
  - Perform a physical Inventory quarterly to ensure the unit volumes match the CCA 4243 volumes.

4.19.4.11  
(02-01-2008)  
**IRS-CAWR/SSA-CAWR**  
**— CSR Information**

- (1) The CAWR program has two basic components. The two components are the BMF IRS-CAWR program and the SSA-CAWR Civil Penalty Program.

- a. The IRS-CAWR program compares the employer's data provided to the IRS on Forms 941, 943, 944, 945 or Schedule H to the data provided to SSA on Forms W-2/W-2C and/or to the IRS on Forms 1099-R and W-2G.
  - b. The two sets of figures are sent to Enterprise Computing Center - Martinsburg (ECC-MTB) where they are merged, sorted and compared.
  - c. If any of the information doesn't match an entity on master file or the amounts are out of balance, a CAWR discrepancy case is generated. (This helps ensure employers correctly report all wages and employees receive social security (FICA) coverage.)
- (2) SSA operates a companion program by comparing the same information to determine if a taxpayer has failed to file all Forms W-2.
- a. Correspondence is initiated to employers if there are more wages and taxes reported on the Forms 94X or Schedule H than reflected on the total of Forms W-2 filed.
  - b. SSA begins identification of the cases "missing" some or all of the Forms W-2 prior to IRS beginning work on the IRS-CAWR/SSA-CAWR cases.
  - c. After SSA attempts to contact the taxpayer and is unsuccessful in resolving the discrepancy, SSA refers the unresolved cases to IRS for further action. These cases become SSA-CAWR cases. A penalty for failure to file all information returns could be assessed (MFT 13, PRN 549), if the taxpayer fails to respond to the Letter 99C.
- (3) Some of the reasons for IRS-CAWR/SSA-CAWR mismatches are:
- a. EIN problems — employers or reporting agents using incorrect or more than one EIN (i.e., filed wage statements under one EIN and Form(s) 94X under a different EIN,
  - b. Simple math errors on the tax returns or wage statements,
  - c. Totals on tax returns not matching totals on wage statements,
  - d. Third-party sick pay incorrectly reported,
  - e. Returns or wage statements completed, filed or processed incorrectly in amount or on the wrong tax period,
  - f. A missing tax return,
  - g. Schedule H filed with incorrect or missing EIN to cross reference for the Form W-2 information, and
  - h. Missing Forms W-2/W-3.
- (4) Once the CAWR Unit begins working the cases, correspondence is initiated with employers if the discrepancy cannot be resolved by internal research.

4.19.4.11.1  
(04-01-2009)  
**CSR - Researching  
IRS-CAWR/SSA-CAWR  
Issues**

- (1) **OUT OF BALANCE (OOB) INDICATOR**— If an account is identified as out of balance during the matching phase of the CAWR process, an OOB indicator appears on CC BMFOLU for MFT 88. The indicator appears as OOB CAWR on the second line directly below the name control. The accounts identified as OOB CAWR ARE **NOT ALL** worked. If the indicator is present, review the status code on BMFOLU to determine if correspondence or returns should be routed to CAWR.
- (2) It is important to determine the type of correspondence the taxpayer received.

IF	THEN
Taxpayer states he/she only received any SSA notice. ie: SSA-L-94–SM or SSA-L-96–SM	<ol style="list-style-type: none"> <li>1. The notice was issued by SSA. DO NOT prepare a referral (Form 4442 or Letter 4442C) to the CAWR Unit.</li> <li>2. Provide the taxpayer any information available and advise them to respond to SSA at the address shown on the notice.</li> </ol>
Taxpayer states he/she received a CP 251, CP 253, CP 215 (with PRN of 549/550) or Letters 98C, 99C, 1534C, or 2057C	<ol style="list-style-type: none"> <li>1. It was issued by the CAWR Unit.</li> <li>2. Inform the taxpayer to immediately respond to the CAWR unit at the address on the letter via mail or fax. If this information is not available, determine the campus working the case and refer to the fax numbers found at <a href="http://wc.web.irs.gov/CAWR-SSA/Address%20and%20mail%20stop.htm">http://wc.web.irs.gov/CAWR-SSA/Address%20and%20mail%20stop.htm</a></li> </ol>
Taxpayer states he/she made the same mistake on numerous other information returns for which a letter has not yet been received (i.e. 3rd party payer/agent),	<ol style="list-style-type: none"> <li>1. Inform 3rd party to report the erroneous IRs to the AUR Payer Agent Coordinator. IRM 4.19.3.5</li> </ol>

- (3) The taxpayer may have specific questions the CSR can answer. Research IDRS for tax return information (specific or missing). Research CAWR cases and cross reference EINs using CC BMFOL with definer U and MFT 88. If CC BMFOLU shows the discrepancy is related to Doc Type 98 (1099–R), ask the taxpayer if withholding could have been reported under the plan administrator's EIN.

**Note:** Be aware that CC BMFOLU may show the taxpayer is in balance. This does not mean that there is not an issue. CAWR may have made an assessment which balanced the BMFOLU MFT 88 screen. A **Blocking Series of 55** on the last available quarter with a TC 150 present indicates CAWR made an adjustment to the account.

See the table below.

IF	AND	THEN
Taxpayer states he/she needs copies of his/her Forms W-2	There are amounts in the W-2 column of CC BMFOLU	1. Provide him/her with Form 4506 to order the W-2s.
	All of the amounts are ZERO in the W-2 column of CC BMFOLU	1. Do NOT provide Form 4506. The zeros indicate there is no record of Forms W-2 being filed. 2. Inform the taxpayer to immediately respond to the CAWR unit at the address on the letter via mail or fax. If this information is not available, determine the campus working the case and refer to the fax numbers found at <a href="http://wc.web.irs.gov/CAWR-SSA/Address%20and%20mail%20stop.htm">http://wc.web.irs.gov/CAWR-SSA/Address%20and%20mail%20stop.htm</a> .
Taxpayer states he/she needs a copy of his/her tax return(s)		1. Probe to determine if a tax return transcript or tax account info fulfills the requirements of the taxpayer. (There is no charge for a tax return transcript or tax account information.) 2. If the taxpayer still wants a copy of the return(s), provide Form 4506.

- (4) The taxpayer may state he/she has previously sent information in response to the correspondence from SSA or IRS. If so, verify whether taxpayer has sent information to SSA or IRS. Follow the table below.

IF	AND	THEN
Taxpayer states he/she previously sent info to SSA	It was in response to an SSA notice. (e.g. SSA-L-94-SM or SSA-L-96-SM)	1. Advise taxpayer the IRS has no connection to the processing of that information.
	It was in response to CPs 251 or 253 or Letters 98C, 99C, 1534C, or 2057C	1. Advise taxpayer to send the info to the IRS address shown on the notice or letter or via fax. If this information is not available, determine the campus working the case and refer to the fax numbers found at <a href="http://wc.web.irs.gov/CAWR-SSA/Address%20and%20mail%20stop.htm">http://wc.web.irs.gov/CAWR-SSA/Address%20and%20mail%20stop.htm</a>
Taxpayer states he/she previously sent info to IRS	It was in response to an SSA notice. (e.g. SSA-L-94-SM or SSA-L-96-SM)	1. Research for an open control or completed action on IDRS. Do NOT prepare a referral (Form 4442 or Letter 4442C) to the CAWR Unit.

IF	AND	THEN
	It was in response to CPs 251 or 253 or Letters 98C, 99C, 1534C or 2057C	<ol style="list-style-type: none"> <li>1. Determine when the taxpayer submitted the information.</li> <li>2. If it has been more than 30 days and you cannot resolve the taxpayer's issue the same day, prepare a Form 911 and forward to the local call site Taxpayer Advocate, per IRM 13.1.7.4. <b>Note:</b> The definition of "same day" is within 24 hours. There will be times you cannot completely resolve the issue within 24 hours. There will also be times that although you cannot completely resolve the issue within 24 hours, if you have taken steps within 24 hours to resolve the taxpayer's issue, these cases also meet the definition of "same day." Do not refer these cases to TAS unless the case meets TAS criteria and the taxpayer asks to be transferred to TAS.</li> <li>3. If it has been less than 30 days, explain it takes at least 30 days to process the response.</li> </ol>

- (5) Advise the taxpayer that **failure to respond to the CAWR Unit** or provide the requested information within the time period indicated in the letter/notice he/she received can result in additional tax due and/or a penalty assessment for failure to file Forms W-2.
- (6) The taxpayer must respond immediately to the address shown on the notice/letter with a clear and complete explanation of the reason for the discrepancy and the appropriate correcting documents. **You may provide the fax number of the CAWR unit if the taxpayer wants to fax his reply. Never provide the voice number of the CAWR unit to the taxpayer or transfer the call to the CAWR unit.** See the prior sections of this IRM for specific CAWR information.
- (7) Schedule H CAWR cases have special problems. The notices and letters issued to the taxpayer may only contain the EIN that the SSN on the Schedule H has been associated with. Verify the EIN and SSN (shown on CC BMFOLU) belong to the same taxpayer.
  - a. If they do, the taxpayer needs to return the notice or letter to the CAWR Unit with information to balance the Schedule H with the Forms W-2.
  - b. If they do NOT, the taxpayer needs to contact the CAWR Unit in writing or by fax. (The IRS address and CAWR fax number is printed on the notice/letter the taxpayer received.)
  - c. If the notice does not have a fax number printed on it, the CAWR unit fax numbers are found at <http://wc.web.irs.gov/>. **Never** transfer the call to the CAWR Unit and **NEVER** provide the taxpayer with any CAWR Unit voice telephone numbers. **You may only provide the taxpayer with the Fax number to the appropriate campuses' CAWR unit.**

4.19.4.11.2  
(02-01-2008)  
**CSR CAWR/SSA-CAWR  
Information and  
Procedures**

- (1) Late Reply Responsibilities
  - a. Only taxpayer inquiries identified as addressing solely CAWR issues are to be routed to the CAWR unit for resolution. These are worked in CAWR regardless of which portion of the CAWR program is addressed by the taxpayer (IRS-CAWR/SSA-CAWR).
  - b. An IRS-CAWR issue will also include any tax adjustment (TC 290/291) input with the CAWR Blocking Series 55.

- c. If the taxpayer **is responding** to the CAWR tax assessment or abatement, it **is** a CAWR issue.
  - d. If the late reply involves the abatement of the *Intentional Disregard* Civil Penalty (PRN 549 on MFT 13) or the *Late Filing Penalty* PRN 550 on MFT 13), the information should **always** be discussed with the appropriate campus SB/SE CAWR Unit.
  - e. If necessary route the reply after contacting the appropriate campus SB/SE CAWR Unit to discuss the resolution of the case.
- (2) If the taxpayer **is not addressing** a CAWR issue, it is to be worked in AM regardless of the fact that a CAWR case is or was worked for the tax period of the taxpayer inquiry. If AM receives a CAWR reply, AM must address the Action 61 requirements if the taxpayer response is 14 days or older before forwarding it to the appropriate campuses' CAWR unit.
- (3) Inquiries or replies addressing issues unrelated to the IRS-CAWR/SSA-CAWR issues must be worked in AM.

**Example:** The taxpayer is requesting an abatement of the Failure to File, Failure to Pay, or Failure to Deposit issues (except Reason Codes 549 or 550), and no CAWR issue is being addressed.

- (4) CAWR Interest Free Adjustments
- a. Based on a ruling from Chief Counsel, no interest free adjustment can be made to CAWR cases **after the CAWR assessment has been made.**
  - b. Interest free adjustments may be made prior to the actual CAWR assessment.
  - c. Once the CAWR Unit assesses additional tax under the CAWR program, no interest free adjustment of such tax can be made by filing Form 941-C/941-X or by signing Form 2504 agreeing to the proposed deficiency.
- (5) Manually input an IDRS control, using "TPCI" in the Category Code. Be sure to close the control base after resolving the taxpayer inquiry.

4.19.4.11.3  
(04-01-2009)  
**CSR - CAWR Related  
Forms 941-C/941-X**

- (1) Generally, Form 941-C/941-X is filed to make corrections to CAWR related cases.
- Note:** Effective January 2009, Form 941-X, 943X, 944X, 945X, CT1X will be introduced to replace Form 941-C. Eventually, Form 941-C will become obsolete. The new forms were developed to simplify the correction process for the taxpayer and will better identify the changes being made for the tax examiner.
- Note:** A Form 941-C/941-X is not always necessary to correct the CAWR related case. Missing Forms W-2/W-2C may be needed to balance the case and ensure the taxpayer's employees received their earnings credits with SSA.
- (2) If a Form 941-C/941-X is received and there is no CAWR issue, process using normal Form 941-C/941-X guidelines. (More information on Forms 941-C/941-X can be found in IRM 21.7, **Business Tax Return and Non-Master File Accounts**.)
- a. Math verify taxpayer's computation on Form 941-C/941-X.

**Caution: DO NOT ALLOW THE TAXPAYER TO ADJUST HIS/HER LIABILITY BELOW THE FORMS W-2/W-2C TOTALS.**

- b. Determine correct net adjustment to FICA wages and tax for each calendar year being corrected.
- c. Input appropriate TC 29X and appropriate Item Adjustment codes.

4.19.4.11.4  
(02-01-2008)

**CSR - Employer Files  
Forms W-2/W-2C**

- (1) If an employer files Forms W-2/W-2C, route the Forms W-2/W-2C to the CAWR unit. Indications that the case is CAWR related could be:

- CAWR notice or letter attached
- Statement by taxpayer may indicate a CAWR case
- Previous assessment with Blocking Series 55 or PRN 549 on MFT 13
- OOB indicator present on CC BMFOLU MFT 88

**Note:** Chief Counsel determined IRS cannot hold employers liable for the federal income tax withholding shown on the original Forms W-2 if the amounts on the Forms W-2C are correct, even if employees received credit based on erroneous Forms W-2.

**Exhibit 4.19.4-1 (04-01-2010)**  
**Assigned Case Status Codes**

<b>Status Code</b>	<b>Description</b>
	<b>IRS-CAWR</b>
08	Assigned with SSA Indicator 1
16	Auto generated 99C letter
24	Undeliverables — IRS
26	SC 91 w/o SSA — Indicator 2
28	Manually generated 99C letter
37	No Reply — IRS
44	Reply Received — IRS
	<b>SSA-CAWR</b>
69	Manually generated 98C letter
90	Auto generated 98C letter
92	Reply Received — SSA
93	Undeliverable — SSA
87	SSA Indicator 2 in Balance
	<b>BOTH IRS and SSA- CAWR</b>
10	Research/Suspense
21	Federal Entity w/Correspondence
25	To Compliance — EXAM
27	To Compliance — CI
29	To Compliance — Collection
42	2057C Letter Issued
45	Re-analysis Requested
47	Open Late Reply
55	1534C Letter Issued
67	Reply 2645C issued
68	Late reply 2645C issued
88	Out Of Balance

**Exhibit 4.19.4-2 (04-01-2010)**  
**Closed Case Status Codes**

<b>Status Code</b>	<b>Description</b>
<b>Screening Closures</b>	
11	Total BMF Deletes
36	Closed in Screening — In Balance IRS
98	Closed in Screening — Un-reconciled IRS/SSA or TC 520/530 IRS
99	Closed in Screening — In Balance SSA
31	Closed to EXAM — IRS or SSA
32	Closed to Collections — IRS or SSA
33	Closed to CI — IRS or SSA
38	BMF Merge
<b>No Reply Closures</b>	
91	No Reply SSA
94	No Reply (549 Tolerance) — SSA
30	No Reply Adjustment Made — IRS
40	SSA Adjustment (549)
41	SSA Adjustment Bankruptcy/Defunct
<b>Correspondence Issued Closures</b>	
11	Total BMF Delete
36	Closed/Correspondence Issued — Prior to Reply Received — IRS
38	BMF Merge
39	Undeliverable — IRS
43	Closed Late Reply
46	Undeliverable — SSA
98	Closed/Correspondence Issued — Un-reconciled or TC 520/530
99	Closed/Correspondence Issued — Prior to Reply Received — SSA
<b>Taxpayer Response Closures</b>	
34	TC 290 .00 — IRS
35	TC 290 \$\$ — IRS
95	PRN 549 and PRN 550 .00 — SSA
96	PRN 549 and PRN 550 \$\$ — SSA

## Exhibit 4.19.4-3 (09-22-2009)

## Glossary of Acronyms and of Terms

<b>Glossary of Acronyms and of Terms</b>	
<b>Term</b>	<b>Definition/Explanation</b>
Account	A tax record at the Electronic Computing Center (ECC-MTB) in Martinsburg, West Virginia. Tax Data is identified by social security number (SSA) or by Employer Identification number (EIN).
ACS	Automated Collection System - A paperless inventory system that maintains most delinquent accounts.
ADJ	Adjustment: A change to what was originally input or posted to an account on IDRS. Usually caused by performing additional research of an account, taxpayer contact or receipt of additional correspondence.
Adjustment Transaction	To Input an adjustment transaction use CC REQ54 to request the adjustment format ADJ54.
AEIC	Advanced Earned Income Credit - Part of a Refundable Credit paid in advance to eligible employees who have filed a Form W-5, Earned Income Credit Advance Payment Certificate.
AIMS	Audit Information Management System (AIMS) provides inventory and activity controls of active Examination cases. It uses linkage to Integrated Data Retrieval System (IDRS) to input status changes, adjustments, and case closing actions.
AM	Accounts Management has many responsibilities, including Toll Free and Submission Processing.
AP	Adjustment Pending: Change input onto an account which has not yet posted on IDRS.
ASED	Assessment Statute Expiration Date: three years from the filing of the return, unless the return is filed before the due date (determined without regard to any extension of time to file), in which case the ASED is three years from the due date. See IRM 4.19.4.3.12.
ATFI	Adjustment to social security (FICA) tax as displayed on BMFOL Definer R or TXMOD Definer A.
BMF	Business Master File - Master File processing done at the ECC-MTB.
BMFOL	Business Master File On-Line — An IDRS CC which provides access to the Business Master File. See the definition of CFOL.
BRTVU	Business Return Transaction On-Line — An IDRS CC which provides access to the Line Items transcribed from forms as they are processed at a campus.
BUWH	Back Up Withholding as displayed on PMFOL.
CAF	Central Authorization File (Power of Attorney File): A computerized system of records which houses authorization information from both powers of attorney and tax information authorizations. The CAF system contains several types or records, among them taxpayers, representatives, tax modules, and authorizations.

**Exhibit 4.19.4-3 (Cont. 1) (09-22-2009)**  
**Glossary of Acronyms and of Terms**

<b>Glossary of Acronyms and of Terms</b>	
Calendar Year Filer	Taxpayer whose Fiscal or Filing Year coincides with the Calendar Year ending in December.
CAP	CAWR Automated Program — A program that runs on a stand-alone mini computer system. A compatible tape can be generated on all CAWR output tapes from the ECC-MTB through the Service Center Recirculating Master File (SCRMF). These output tapes are loaded directly onto the stand-alone mini computer system to automate the CAWR Program. Weekly updates are received from the ECC-MTB.
Case File	The examined return, related work paper, correspondence, etc.
Case Type	Distinguishes CAWR Cases according to specific Out-of-Balance Conditions. See IRM 4.19.4.1 for additional information on CAWR Case Types.
CAWR	Combined Annual Wage Reporting which evolved from Public Law 94-202.
CC	Closing Code: CAWR Closing codes are listed in Exhibit 4.19.4-3 and are to be input into CAP which will be reflected on IDRS CC BMFOLU.
	Command Code: A five character code used to tell the IDRS system what function to perform.
CDC	CAWR Discrepancy Case - A computer identified out-of-balance case or a case identified by the SSA as missing any or all Forms W-2. The CDC shows the Form 94X Amounts and the Forms W-3/W-2 Amounts that have posted to the CAWR Module. This information allows you to see where the discrepancy exists.
CFINK	An IDRS CC used to display a list of tax periods the Power of Attorney (POA) is authorized to represent.
CFOL	Corporate Files On-Line - Provides on-line access to current Master File Data for IDRS users through the telecommunications network. The CFOL CCs reduce the suspense time and Unpostable Transactions, decrease return and transcript pulls, result in a better quality product, and reduce taxpayer burden.
Claims	Requests for credit, refund or abatement
CNC	Currently Not Collectable displays if any module in the account has an unreversed TC 530
Credit Transfers	Moving payments or credits to the correct EIN, quarter or tax year.
CSR	Customer Service Representative: Employee who works for Account Management responding to inquiries from taxpayers calling into the Toll Free Customer Service Phone Lines.
Cycle	A seven-day processing period (usually Sunday-Saturday) at a Campus and the ECC-MTB. The cycle is expressed by a 6 digit code; the first four digits, the Processing Year and the second two digits, the Processing Week in that year.

**Exhibit 4.19.4-3 (Cont. 2) (09-22-2009)**  
**Glossary of Acronyms and of Terms**

<b>Glossary of Acronyms and of Terms</b>	
DLN	Document Locator Number - A controlled number assigned to every return or document. The DLN is used to control, identify and locate processed documents. It consists of 14-digits which encompassing the following fields:
	Positions 1 and 2 — File Location Code (or Campus Code) where the return was processed.
	Position 3 — Tax Class: Identifies the type of tax each transaction involves: 0 = Employee Plans Master file (EPMF), EO, and EP Determination 1 = Withholding and Social Security 2 = Individual Income Tax, Fiduciary Income Tax, Partnership return 3 = Corporate Income Tax, 990C, 990T, 838 Series, 8609,8610 4 = Excise Tax 5 = Information Return Processing (IRP), Estate and Gift Tax 6 = NMF 7 = CT-1 8 = FUTA 9 = Mixed-Segregation by tax class not required
	Positions 4 and 5 — Document Code (Doc Code): Identifies the specific type of return or document that was filed or processed.
	Positions 6 through 8 — Julian Date-The numeric day of the year that the return of document was numbered for processing, (for example: January 15+MC= <b>015</b> )  <b>Note:</b> If the DLN is IDRS generated, this date will increment by 400, so January 15 would be shown as 415.
	Positions 9 through 11 — Blocking Series: Returns or documents grouped together for filing purposes. The ninth, tenth, and eleventh digits of the DLN indicate the Blocking Series under which the return is filed.
	Positions 12 and 13 — Serial Number: The maximum number of records within a block is 100 and they are serially numbered from 00 thru 99.
	Position 14 — Year Digit or List Year: The last year digit of the year the DLN was assigned. This digit is computer generated.
DOD	Taxpayer's official/legal Date of Death as issued on Death Certificate.
Dummy Module	A module created on IDRS in order to record case control information when the Tax Module is not present. It contains Name Control, TIN, MFT, and Tax Period information. The Dummy Module will be replaced by the true Tax Module, when a generated TC 902 finds a match on the Master File.
ECC-MTB	Enterprise Computing Center - Located in Martinsburg, WV this center houses the master file records for the entire nation. Previously known as the Martinsburg Computing Center
EIC	Earned Income Credit is a Refundable Credit received on an Employee's Form 1040 or provided on each pay period by the employer. (See AEIC)

**Exhibit 4.19.4-3 (Cont. 3) (09-22-2009)**  
**Glossary of Acronyms and of Terms**

<b>Glossary of Acronyms and of Terms</b>	
EIN	Employer Identification Number. A nine-digit number, also referred to as the EI number, used to identify business taxpayers on the Business Master File. The first two digits represent the Area Office Code.
ENMOD	An IDRS CC that will provide name, address, and any other Entity Information from an input of the Taxpayer Identification Number (TIN).
Entity Module	The portion of the Master File Record which identifies the taxpayer. It contains his/her name, address, social security or employer identification number, Employment Code if applicable, Name Control, Location Codes, Filing Requirement Codes, Tax Period, and date of establishment.
ERQY	The Employer Report/Adjustment Query (ERQY) is used to obtain employer report and adjustment information from the SSA Employer Control Data Base and covers years 1937 to present.
FICA	Federal Insurance Contribution Act provides for a Federal System of old age, survivors, disability, and hospital insurance.
Fiscal Year	A twelve month accounting period.
FIT	Federal Income Tax Withheld: The employer should withhold income tax from employees' pay. Tax also may be withheld from certain other income, including pensions, bonuses, commissions, and gambling winnings. In each case, the amount withheld is paid to the IRS in the employees' name.
FITP	Social security (FICA) Tip Amount as displayed on BMFOL with Definer R or TXMOD with Definer A.
Form 94X Amounts	The amounts accumulated by the IRS from the Employment Tax Returns posted on the BMF. Note: This includes amounts from a filed Schedule H.
Form W-2 Amounts	The amounts accumulated by the SSA for all Forms W-2 filed under a Form W-3.
Form W-3 Amounts	The amounts shown by the employer on Form W-3. These represent the employer's totals of the associated Form W-2 Amounts.
Freeze Code	A Freeze Code places a Taxpayer's Account in a condition which requires additional action before the account can be settled. There can be more than one Freeze Code present on an account.
Freeze Conditions/ Releases	Affect normal refund operations and normal credit offset. Freeze codes conditions should be considered when researching and inputting adjustment transactions.
FTD	Federal Tax Deposit. Under the Federal Tax Deposit System, a taxpayer does not make payments to the Internal Revenue Service. Instead, taxpayers deposit payments with a Federal Reserve Bank (FRB) or an authorized commercial bank. The taxpayer uses an FTD form supplied by IRS in a coupon booklet format. The coupons are forwarded to IRS through the FRB.
Hold Codes	Used with TC 29X or TC 30X when it is desired to prevent or delay the issuance of a refund and/or notice.

## Exhibit 4.19.4-3 (Cont. 4) (09-22-2009)

## Glossary of Acronyms and of Terms

Glossary of Acronyms and of Terms	
IAT	Integrated Automation Technologies (IAT) is a program that can read information from the IDRS screen and automates the initiation of command codes to the IDRS system. It checks the input for accuracy to avoid an unposted transaction and contains convenient links to IRM references and other information for faster research.  <b>Example:</b> The Address Change tool pulls up a menu where the user types in the updated address and the tool it will initiate all the necessary command codes and complete the applicable fields.
IDRS	Integrated Data Retrieval System - A computer system with the capability to instantaneously retrieve or update stored information. IDRS works in harmony with the master file of taxpayer accounts. This system is aimed at quick resolution of problems and queries concerning current taxpayer accounts. It is used to perform case research, case control, data requests, account updates and/or adjustments, and generation of letters and/or notices.
IMF	Individual Master File/ A file containing information about taxpayers who file individual income tax returns (1040 series) and related documents.
IMFOL	Individual Master File On-Line: An IDRS CC which provides access to the Individual Master File. See the definition of CFOL for capabilities.
INOLE	Information National On-Line Entity: An IDRS CC which enables employees to access a nationwide file of selected Master File Entity Data.
IRC	Internal Revenue Code: Federal tax law begins with the Internal Revenue Code (IRC), enacted by Congress in Title 26 of the United States Code (26 U.S.C.).
IRM	Internal Revenue Manual: Outlined procedures to ensure a program is worked correctly, efficiently, and consistently throughout all campuses and with other programs. FOIA allows IRMs to be public documents unless it state OOU (Official Use Only)
IRP	Information Returns Processing: The processing of the tax document, businesses are required to file to report certain business transactions to the Internal Revenue Service (IRS). The requirement to file Information Returns is mandated by the Internal Revenue Service and associated regulations.
IRPTR	Information Returns Processing Transcripts An IDRS CC used to request computer transcripts of an Employer's Information Returns filed with the IRS.
IRS-CAWR	Internal Revenue Service Case - Cases identified by the IRS for not filing any or all required Forms 94X or Schedules H.
Medicare Tax	The tax that finances the hospital insurance portion of FICA (social security).
MFREQ	An IDRS CC used to request an Entity Module or a Tax Module and its related Entity Data from IMF, BMF, IRAF, or EPMF, when case control is not required.
MFT	Master File Tax is a two-digit number code that identifies the type of return filed by the taxpayer.

**Exhibit 4.19.4-3 (Cont. 5) (09-22-2009)**  
**Glossary of Acronyms and of Terms**

<b>Glossary of Acronyms and of Terms</b>	
MFTRA	Master File Transcripts - An IDRS CC used to order computer transcripts for accounts.
Name Control	The first 4 letters of the Taxpayer's Last Name (in the case of individuals) and the first 4 letters of the Business Name (in the case of Partnerships, Corporations etc.). The Name Control is used to check the Master File and assure that the TIN corresponds with the proper taxpayer.
NAMEE	An IDRS CC used to search for EINs for both the Primary and the Doing-Business-As (DBA) Names.
NAMES	An IDRS CC used to search for SSNs for both the Primary and the Secondary Filer.
OIC	An "Offer in Compromise" (OIC) is negotiated with a taxpayer in certain situations. Under an OIC, the IRS is willing to accept a lesser amount on a taxpayer debt to retire the debt and generally reduce collections costs.
ORS	Online Retrieval System: ORS (On Line Retrieval System) The system in which the SSA uses to maintain data. ORS is used to research information from the SSA data base within 7 days of receipt to SSA. In the future, ORS will supply the CAWR tax examiner with an image of what the taxpayer submitted to the SSA.
OUO	Official Use Only (OUO) information not to be viewed or discussed with the public, now imbedded within the IRM shown as information surrounded by ## signs.
PCD	Program Completion Date - The date determined by Headquarters for the completion of a specific program.
PMFOL	Payer Master File On-Line: An IDRS CC used to provide full transcript data on-line for filed Forms 1096. The payer transmittal information includes payments, withholding, number of documents filed by the payer, and the document type.
PN	A Pending Transaction input to IDRS but not yet effective at the Master File Account.
POA	Power of Attorney: Section 6103 of the Internal Revenue Code, prohibits IRS employees from disclosing federal tax returns and return information unless there is a legal exception that permits the disclosure. Form 2848 is commonly used when a taxpayer wishes to appoint an individual to serve as a POA and act on the taxpayer's behalf before the IRS.
Posting Delay code	Used when multiple transactions are required to adjust an account and some must post in a later cycle than others. A posting delay code may be input with the adjustment transaction to be cycled.
PRC	Penalty Reason Code: are entered to indicate why a penalty was abated. For a complete listing of PRCs see Document 6209.
Priority Codes	Used in order to post adjustments (Doc. Code 47 and 54) to the Master File when certain module conditions exist.

## Exhibit 4.19.4-3 (Cont. 6) (09-22-2009)

## Glossary of Acronyms and of Terms

<b>Glossary of Acronyms and of Terms</b>	
RC	Reason Code - A three-digit code used when adjusting an account to denote which item on the tax return is affected by the adjustment. It can also stand for Reference Code.
Recon	Reconciliation - The program designed to reconcile Forms W-2 and W-3 Amounts filed with the SSA to the information filed on Form 94X, Schedule H, Form 1096, Form 1099-R, or Form W-2G with the IRS.
Refund	Money returned to the taxpayer as a result of overpayment of a tax liability.
REL	Reference Employer Listing - The REL is a tape file that contains additional information, which can verify the information sent for case processing. The REL will show the Tax Year, the EIN, and (in one column) the medicare wages, social security wages, and social security tips. It will also give an indicator as to which type of wages the amount is and the RLN.
RFINK	An IDRS CC used to research the Reporting Agent File.
RLN	Report Locator Number is assigned by SSA and is used to request AWR microfilm replacement document stored in ORS (Online Retrieval System). It is a 14 position number replacement for the 11 position microfilm reference number (MSN). The RLN is derived as follows:
	Positions 1-4: Year Assigned: CCYY
	Positions 5-7: Day Assigned: Julian Date
	Positions 8-9: Camera Number: AA-ZZ (electronic) or 01-99 (paper)
	Positions 10-14: Sequence # : 00001-99999
	Positions 1-7 are the year and day the RLN was assigned. Positions 8-9 (camera #) are numeric for paper reports, or alphabetic for electronic reports. For electronic W-3/W-2 reports the camera number sequence is AA, AB, AC, etc. For electronic W-3c/W-2c reports the camera number sequence is ZZ, ZY, ZX, etc.
RMF	Recirculating Master File - This Master File contains the Discrepant Case Records.
RN	Reference Number/ Item Adjustment Code. The code used on the REQ 54 to adjust wage and tax fields. See Document 6209
RSED	Refund Statute Expiration Date: A claim for credit or refund must be filed 3 years from the time the return was filed or two years from the time the tax was paid, whichever is later. See IRM 4.19.4.3.12.

**Exhibit 4.19.4-3 (Cont. 7) (09-22-2009)**  
**Glossary of Acronyms and of Terms**

<b>Glossary of Acronyms and of Terms</b>	
RTVUE	Return View - An IDRS CC used to access the Return Transaction File (RTF). Provides on-line access to Forms 1040, 1040A and 1040EZ and their accompanying schedules and forms for three processing years. (Current Year and Two Prior Years) Provides only the Line Items transcribed from these returns during initial campus processing.  <b>Note:</b> It does not provide information on Amended or on Duplicate Return Data.
Social Security Tax	The tax that finances the old age, the survivors, and the disability part of FICA. (social security)
Source Document	Backup documentation used by Service Personnel to explain an adjustment to a Taxpayer's Account; for example, taxpayer correspondence.
SSA	The Social Security Administration is the nation's primary income security agency. It pays retirement, disability and survivors benefits to workers and their families, administers the Supplemental Security Income program, and issues Social Security numbers.
SSA-CAWR	Social Security Administration Case - Cases identified by the SSA and referred to the IRS to obtain any Forms W-2 not filed from the taxpayer.
SSN	Social Security Number- nine digit number used to identify an Individual Taxpayer Account in NNN-NN-NNNN format issued by the SSA.
Status Code (SC)	Two digit number code indicating the Master File and/or IDRS Status on a Tax Module.
Status Code Date (SCD)	The date the last status code was updated on CAP
STAUP	Used to interrupt normal notice routine by delaying accelerating or skipping notices.
TAS	Taxpayer Advocate Service: An independent organization within the IRS whose employees assist taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should.
Tax Module	Part of a taxpayer's account which reflects tax data for one tax class (MFT) and one tax period. For example: A taxpayer has filed 12 Forms 941 and 3 Forms 940 within a three year period. He has only one account on the Master File, but 15 modules.
Tax Period	The period of time for which a return is filed. The IRS 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 month.
TC	Transaction Code - A three digit code used to identify actions being taken to a taxpayer's Account on IDRS.

**Exhibit 4.19.4-3 (Cont. 8) (09-22-2009)**  
**Glossary of Acronyms and of Terms**

<b>Glossary of Acronyms and of Terms</b>	
TC470	Used to delay issuance of a TDA notice and to stop offsets into an account because of a pending claim or adjustment.
TDA	Taxpayer Delinquent Account: A computer generated printout indicating that the taxpayer's account has reached a delinquent status. TDAs are sent to the respective districts for collection action.
TDI	Taxpayer Delinquency Investigation: A computer generated printout indicating that a taxpayer is delinquent filing a return. TDIs are sent to the District Areas for collection.
TIN	Taxpayer Identification Number: Every taxpayer on the master file has a permanent number for identification of the tax account. The employer identification number (EIN) is used to identify a taxpayer's business account. The social security number (SSN) is used as the account number for an individual taxpayer.
TY	A tax year is an annual accounting period, usually made up of 12 consecutive months.
UPC	Unpostable Code:) A three digit numeric number. with a 1 position Reason Code (RC) separate from the unpostable code. These codes identify transactions and why they failed to meet validity checks.
URI	An abbreviation the SSA uses internally to indicate the only change on a Form W-3/W-2 is an EIN or an SSN. The SSA has asked the IRS to notate this on forms it identifies and forwards to them.

