



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
Washington, D.C. 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

August 28, 2008

Control Number: SBSE 04-0808-025  
Expiration Date: August 28, 2009  
Impacted IRM: 4.10.2.8.6, *Taxpayer  
Identity Stolen*

MEMORANDUM FOR EXAM AREA DIRECTORS

FROM: Alain Dubois /s/ *Alain Dubois*  
Director, Examination Policy

SUBJECT: Implementation of Identity Theft Tracking – TC 971, AC 501

This memorandum conveys new procedures that must be followed to identify and track taxpayer accounts whose identity has been stolen and the theft impacts tax administration. Procedures outlined in this memorandum will be incorporated into IRM 4.10.2, *Pre-contact Responsibilities*, by August 28, 2009.

Once a taxpayer has submitted documentation to establish he/she is a victim of identity theft, the examiner must complete Form 3177, *Notice of Action for Entry on Masterfile*, and fax it to Centralized Case Processing (CCP) for input of Transaction Code (TC) 971 with an Action Code (AC) 501 on the IDRS Master File. Examiners can refer to IRM 4.10.2.8.6, *Taxpayer Identity Stolen*, to determine verification required from the taxpayer to establish identity theft has occurred.

It is very important that examiners timely input TC 971, AC 501. The procedures for establishing the TC 971, AC 501 are attached. The input of TC 971, AC 501 notifies all Service personnel who may access the taxpayer account that his/her identity was stolen. This will eliminate the need for the taxpayer to provide repeated verification to different Service personnel.

If examiners have any questions about the Identity Theft Tracking Code – TC 971, AC 501, they should consult the IRM section referenced above, their respective manager, or have their manager contact Georges Carpentier, Senior Examination Policy Analyst.

Attachment

Cc: [www.irs.gov](http://www.irs.gov)

# Attachment 1

## Instructions for Input of TC 971 AC 501

1. Examiners must complete the following boxes on Form 3177:
  - **Initiator** (Enter initiator's name, telephone number, and employee ID)
  - **Date** (Enter the date Form 3177 is prepared )
  - **Taxpayer name**
  - **EIN or SSN** (EIN format XX-XXXXXXX or SSN format XXX-XX-XXXX)
  - **Other** (Enter TC 971 in the empty box and on the line enter "AC 501, the BOD/Function, the Program Name, the Tax Administration Source, and the Tax Period impacted.)
    - **BOD/Function** (Enter SBSE)
    - **Program Name** (Enter FLDEXAM - This is for both office and field audit.)
    - **Tax Administration Source** – Enter one of the following:
      - INCOME**
      - MULTFL** (Multi-filer is used when two or more tax returns have been filed for one SSN for a given tax period)
      - BOTH** (Use BOTH when the source is INCOME and MULTFL)
      - OTHER** (Use OTHER when the source is neither INCOME nor MULTFL)
    - **Tax Period Impacted** (Enter the tax period impacted in MMDDYYYY format).  
For each Tax Period impacted a separate Form 3177 is required.
  - **MFT Code** (Enter "00" instead of the normal MFT codes because the transaction code is being input on the entity)
  - **Taxable Period** (Enter "000000" in this column because the transaction code is being input on the entity.)
  
2. Fax the completed Form 3177 to Centralized Case Processing for IDRS input. Visit <http://sbse.web.irs.gov/CCP/Exam/Exam.htm> to determine the fax number for Form 3177.
  
3. Examiners must document on Form 9984, *Examiner's Activity Record*, actions taken on the case to input the TC 971 AC 501.

### Sample

<b>Notice of Action for Entry on Master File</b>					
Initiator (Name, phone no., employee no.) Revenue Agent, (111) 111-1111, 5233	Date (mmdd/yyyy) 1/1/08	Taxpayer name John Doe	EIN or SSN 000-00-0000		
			EP/TEB Plan/ Report		
TRC	Explanation		Section	MFT Code	Taxable Period
130	Account frozen from refunding (See IRM 5.1.15.9.7 or 5.19.7.9 for document preparation.)				
460	Extension of time for filing granted to (enter date) _____				
470	Taxpayer claim pending	Closing code (if applicable) <input style="width: 50px;" type="text"/>			
480	Offer in Compromise pending				
481	Offer in Compromise rejected				
482	Offer in Compromise withdrawn				
520	Account in suit	Closing code <input style="width: 50px;" type="text"/>			
530	TDAs changed to "Uncollectible Status"	Closing code <input style="width: 50px;" type="text"/> Responsibility unit code <input style="width: 50px;" type="text"/>			
531	Uncollectible account changed to "TDA Status"				
550	Collection expiration date extended to (enter date) _____				
560	Assessment expiration date extended to (enter date) _____				
570	Additional liability pending				
<input style="width: 30px;" type="text" value="971"/>	Other (specify) Action Code 501 - SBSE - FLDEXAM - INCOME - 12/31/2005			00	000000