

IRS TRANSCRIPT ANALYSIS

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OBJECTIVE

Understanding various IRS transcripts is key to resolving a taxpayer's IRS issues

You will learn how to read and understand various IRS transcripts, the entries made on those transcripts, and how they impact the taxpayer's overall IRS situation

AT COMPLETION OF COURSE

After completing this course you will be able to:

- Describe various ways a representative can obtain IRS transcripts
- Explain what a transaction code on an IRS transcript indicates about actions on the account
- Determine if a taxpayer qualifies for First Time Abate from IRS account transcripts
- Demonstrate the ability to analyze IRS transcripts through the use of case studies

TRANSCRIPTS

INFORMATION STORED IN IRS DATABASES

Taxpayer's information stored in the Internal Revenue Service's (IRS) databases

Individual Master File (IMF)

Business Master File (BMF)

[IRM 21.2.3 Transcripts](#)

TRANSCRIPTS

HISTORY OF TAXPAYER'S ACCOUNT

Helps determine information, such as:

- Estimated Tax Payments
- Extension Filed
- Balances
- Original or Substitute Return Filed
- Return Filed on Time

TRANSCRIPTS HISTORY OF TAXPAYER'S ACCOUNT(CONT'D)

- Important Notices Issued
- Collection Due Process (CDP) Hearing filed?
- Installment Agreements
- Liens Filed/Released
- Payments
- Collection Statute Expiration Date (CSED)

TRANSCRIPTS IMPORTANT ACTIONS

Important actions previously taken include:

- Number of installment agreements (IA)
- If an Offer in Compromise (OIC) had been filed
- Open to collection action
- Identify serial non-filers
- Substitute for return (SFR)
- CSED tolling events

TRANSCRIPTS

OBTAIN TRANSCRIPTS AS A TAX PROFESSIONAL

Two main ways for Tax Professionals to obtain transcripts:

- e-Services
- Practitioner Priority Service (PPS)

e-SERVICES

IRS Web-Based Tools

Includes Transcript Delivery System (TDS)

Must have 2848 Power of Attorney or 8821 Tax Information
Authorization on file with IRS

[IRS e-Services](#)

[e-Services Circular 230 Practitioners](#)

PRACTITIONER PRIORITY SERVICE(PPS)

Examples of times you will call PPS:

- No 2848/8821 and taxpayer is in your office
- 2848/8821 filed recently and is not recorded
- 2848/8821 incorrectly recorded
- Taxpayer is a victim of identity theft

e-SERVICES AND SECURE MAILBOX

POA not on file

PPS can upload transcripts to secure mailbox on your
e-Services account

Requires e-Services User ID

SHARED RESPONSIBILITY PAYMENTS

Transcripts not currently available

Must contact PPS to obtain the balance due amount

Helpful to list separately on Power of Attorney

GET TRANSCRIPT

Taxpayer will need to provide the following information to register and use Get Transcript:

- SSN
- Date of Birth
- Filing Status and Mailing Address
- Access to email account
- Personal account number from a credit card, mortgage, etc.
- Mobile phone linked to their name.

TRANSCRIPTS TYPES

Five types of transcripts available:

- Tax Return
- Tax Account
- Wage and Income
- Record of Account
- Verification of Non-Filing

[IRS Page on Types of Transcripts](#)
[New Tax Transcript](#)

TRANSCRIPTS TYPES (cont'd)

Transcript Type	Years Limited To
Tax Return	Available for the current year and returns processed during the prior three processing years
Tax Account	Any account that is active on the Master File
Wage and Income	Current and nine prior tax years
Record of Account	Current and three prior tax years
Verification of Non-Filing	Current and three prior tax years

TRANSCRIPTS TAX RETURN

Contains a substantial amount of information from the original return

Available for the current year and returns ***processed*** during the prior three processing years

[IRM 21.2.3.2.1 Tax Return Transcript](#)

TRANSCRIPTS

TAX RETURN (CONT'D)

Available for individual tax returns

Limited to following BMF returns:

- Form 1065, U.S. Return of Partnership Income
- Form 1120, U.S. Corporation Income Tax Return
- Form 1120-H, U.S. Income Tax Return for Homeowners Associations
- Form 1120-L, U.S. Life Insurance Company Income Tax Return
- Form 1120-S, U.S. Income Tax Return for an S Corporation

Tax Return Transcript

Request Date: 04-22-2021
Response Date: 04-22-2021
Tracking Number:

SSN Provided: XXX-XX-1234

Tax Period Ending: Dec. 31, 2020

The following items reflect the amount as shown on the return (PR), and the amount as adjusted (PC), if applicable. They do not show subsequent activity on the account.

SSN: XXX-XX-1234

SPOUSE SSN:

NAME(S) SHOWN ON RETURN: GAR M SMIT

ADDRESS: 8119 H

FILING STATUS: Head of Household

FORM NUMBER: 1040

CYCLE POSTED: 20211005

RECEIVED DATE: Apr.15, 2021

REMITTANCE: \$0.00

EXEMPTION NUMBER: 5

DEPENDENT 1 NAME CTRL: SMIT

DEPENDENT 1 SSN: XXX-XX-4444

Income

WAGES, SALARIES, TIPS, ETC:	\$0.00
TAXABLE INTEREST INCOME: SCH B:	\$242.00
TAX-EXEMPT INTEREST:	\$0.00
ORDINARY DIVIDEND INCOME: SCH B:	\$187.00
QUALIFIED DIVIDENDS:	\$0.00
REFUNDS OF STATE/LOCAL TAXES:	\$0.00
ALIMONY RECEIVED:	\$0.00
BUSINESS INCOME OR LOSS (Schedule C):	\$-26,067.00
BUSINESS INCOME OR LOSS: SCH C PER COMPUTER:	\$-26,067.00
CAPITAL GAIN OR LOSS: (Schedule D):	\$0.00
CAPITAL GAINS OR LOSS: SCH D PER COMPUTER:	\$0.00
OTHER GAINS OR LOSSES (Form 4797):	\$0.00
TOTAL IRA DISTRIBUTIONS:	\$0.00
TAXABLE IRA DISTRIBUTIONS:	\$0.00
TOTAL PENSIONS AND ANNUITIES:	\$25,152.00
TAXABLE PENSION/ANNUITY AMOUNT:	\$23,543.00

TAXABLE SOCIAL SECURITY BENEFITS:	\$0.00
TAXABLE SOCIAL SECURITY BENEFITS PER COMPUTER:	\$0.00
OTHER INCOME:	\$-20,940.00
SCHEDULE EIC SE INCOME PER COMPUTER:	\$0.00
SCHEDULE EIC EARNED INCOME PER COMPUTER:	\$-26,067.00
SCH EIC DISQUALIFIED INC COMPUTER:	\$8,588.00
QUALIFIED BUSINESS INCOME DEDUCTION:	\$0.00
F8995 QUALIFIED BUSINESS INCOME DEDUCTION COMPUTER:	\$0.00
PRIMARY ECONOMIC IMPACT PAYMENT:	\$2,200.00
SECONDARY ECONOMIC IMPACT PAYMENT:	\$0.00
SCHOLARSHIP FELLOWSHIP GRANT:	\$0.00
TOTAL INCOME:	\$-14,876.00
TOTAL INCOME PER COMPUTER:	\$-14,876.00

Adjustments to Income

EDUCATOR EXPENSES:	\$0.00
EDUCATOR EXPENSES PER COMPUTER:	\$0.00
RESERVIST AND OTHER BUSINESS EXPENSE:	\$0.00
HEALTH SAVINGS ACCT DEDUCTION:	\$0.00
HEALTH SAVINGS ACCT DEDUCTION PER COMPTR:	\$0.00
MOVING EXPENSES: F3903:	\$0.00
SELF EMPLOYMENT TAX DEDUCTION:	\$0.00
SELF EMPLOYMENT TAX DEDUCTION PER COMPUTER:	\$0.00
SELF EMPLOYMENT TAX DEDUCTION VERIFIED:	\$0.00
TOTAL ADJUSTMENTS:	\$0.00
TOTAL ADJUSTMENTS PER COMPUTER:	\$0.00
ADJUSTED GROSS INCOME:	\$-14,876.00
ADJUSTED GROSS INCOME PER COMPUTER:	\$-14,876.00

Tax and Credits

65-OR-OVER:	NO
BLIND:	NO
SPOUSE 65-OR-OVER:	NO
SPOUSE BLIND:	NO
STANDARD DEDUCTION PER COMPUTER:	\$18,650.00
RECOVERY REBATE CREDIT:	\$0.00
RECOVERY REBATE CREDIT PER COMPUTER:	\$0.00
RECOVERY REBATE CREDIT VERIFIED:	\$0.00
OTHER CREDITS:	\$0.00
TOTAL CREDITS:	\$0.00
TOTAL CREDITS PER COMPUTER:	\$0.00
INCOME TAX AFTER CREDITS PER COMPUTER:	\$0.00

Other Taxes

SE TAX:	\$0.00
SE TAX PER COMPUTER:	\$0.00
SOCIAL SECURITY AND MEDICARE TAX ON UNREPORTED TIPS:	\$0.00
SOCIAL SECURITY AND MEDICARE TAX ON UNREPORTED TIPS PER COMPUTER:	\$0.00
TAX ON QUALIFIED PLANS F5329 (PR):	\$0.00
TAX ON QUALIFIED PLANS F5329 PER COMPUTER:	\$0.00
IRAF TAX PER COMPUTER:	\$0.00
TP TAX FIGURES (REDUCED BY IRAF) PER COMPUTER:	\$0.00
IMF TOTAL TAX (REDUCED BY IRAF) PER COMPUTER:	\$0.00
TOTAL OTHER TAXES PER COMPUTER:	\$0.00
TOTAL ASSESSMENT PER COMPUTER:	\$0.00
TOTAL TAX LIABILITY TP FIGURES:	\$0.00
TOTAL TAX LIABILITY TP FIGURES PER COMPUTER:	\$0.00

Payments

FEDERAL INCOME TAX WITHHELD:	\$895.00
HEALTH CARE: INDIVIDUAL RESPONSIBILITY:	\$0.00
HEALTH CARE FULL-YEAR COVERAGE INDICATOR:	0
ESTIMATED TAX PAYMENTS:	\$0.00
TOTAL PAYMENTS:	\$895.00
TOTAL PAYMENTS PER COMPUTER:	\$895.00

Schedule A--Itemized Deductions

MEDICAL/DENTAL

MEDICAL AND DENTAL EXPENSES:	\$0.00
ADJUSTED GROSS INCOME PERCENTAGE:	\$0.00
ADJUSTED GROSS INCOME PERCENTAGE PER COMPUTER 10 PERCENT:	\$0.00
ADJUSTED GROSS INCOME PERCENTAGE PER COMPUTER 7.5 PERCENT:	\$73,505.00
NET MEDICAL DEDUCTION:	\$0.00
NET MEDICAL DEDUCTION PER COMPUTER:	\$0.00

TAXES PAID

STATE AND LOCAL INCOME OR SALES TAXES:	\$114,593.00
STATE INCOME OR SALES TAX:	0
REAL ESTATE TAXES:	\$0.00
PERSONAL PROPERTY TAXES:	\$0.00
OTHER TAXES AMOUNT:	\$0.00
SCH A TAX DEDUCTIONS:	\$10,000.00
SCH A TAX PER COMPUTER:	\$10,000.00

INTEREST PAID

MORTGAGE INTEREST (FINANCIAL):	\$0.00
MORTGAGE INTEREST (INDIVIDUAL):	\$0.00
DEDUCTIBLE POINTS:	\$0.00
QUALIFIED MORTGAGE INSURANCE PREMIUMS:	\$0.00
DEDUCTIBLE INVESTMENT INTEREST:	\$0.00
TOTAL INTEREST DEDUCTION:	\$0.00
TOTAL INTEREST DEDUCTION PER COMPUTER:	\$0.00

TRANSCRIPTS TAX ACCOUNT

Provides an account history

Available for any account that is active on the Master File

TRANSCRIPTS WAGE AND INCOME

Show earnings reported to the IRS

Available for current and nine prior tax years
(currently 2011 through 2020)

[IRS Update Regarding Transcripts](#)

[IRS FAQs - Unmasked Wage and Income Transcripts](#)

TRANSCRIPTS

WAGE AND INCOME (CONT'D)

Wage and income transcripts are derived from information returns, including, but not limited to:

- W-2 Series Forms
- 1098 Series Forms
- 1099 Series Forms
- Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains
- Form 5498, IRA Contribution Information

SSN Provided: 123-45-1234
Tax Period Requested: December, 2019

Form W-2 Wage and Tax Statement

Employer:

Employer Identification Number (EIN): 222222222
DOCTORS, INC.
1234 PHYSICIANS WAY
NEW YORK, NY 10027-0000

Employee:

Employee's Social Security Number: 123-45-1234
JOHN SMITH
125 SMITH WAY
NEW YORK, NY 10027

Submission Type:

Wages, Tips and Other Compensation:	Original document
Federal Income Tax Withheld:	\$998,110.00
Social Security Wages:	\$329,548.00
Social Security Tax Withheld:	\$132,900.00
Medicare Wages and Tips:	\$8,239.00
Medicare Tax Withheld:	\$1,017,110.00
	\$22,102.00

Form 1099-MISC

Payer:

Payer's Federal Identification Number (FIN): 333333333

HIRE A DOCTOR

123 DOCTOR WAY

NORRISTOWN, PA 19403-0000

Recipient:

Recipient's Identification Number: 123-45-1234

DR JOHN SMITH

125 SMITH WAY

NEW YORK, NY 10023-0000

Submission Type:

Original document

Account Number (Optional):

1093768939

Tax Withheld:

0.00

Non-Employee Compensation:

\$15,750.00

Medical Payments:

0.00

Fishing Income:

0.00

Rents:

0.00

Royalties:

0.00

Other Income:

0.00

Substitute Payments for Dividends:

0.00

Excess Golden Parachute:

0.00

Crop Insurance:

0.00

Attorney Fees:

0.00

Foreign Tax Paid:

0.00

Wage and Income Transcript

Request Date: 09-25-2020
Response Date: 09-25-2020
Tracking Number:

SSN Provided: 123-34-1234
Tax Period Requested: December, 2019

Wage & Income Summary

Federal Tax Withheld:	\$329,548.00
Wages:	\$998,110.00
Allocated Tips:	\$0.00
Interest:	\$171.00
Mortgage Interest Paid:	\$0.00
Points Paid:	\$0.00
Prior Year Refund:	\$5,078.00
Savings Bonds:	\$0.00
Dividends:	\$0.00
Pensions and Annuities:	\$0.00
IRA Contributions:	\$0.00
Non-employee Compensation:	\$28,842.00

TRANSCRIPTS RECORD OF ACCOUNT

--- ANY MINUS SIGN SHOWN BELOW SIGNIFIES A CREDIT AMOUNT ---

ACCOUNT BALANCE:	28,286.88	
ACCRUED INTEREST:	335.06	AS OF: Jun. 13, 2016
ACCRUED PENALTY:	223.56	AS OF: Jun. 13, 2016
 ACCOUNT BALANCE PLUS ACCRUALS (this is not a payoff amount):	 28,845.50	

** INFORMATION FROM THE RETURN OR AS ADJUSTED **

EXEMPTIONS:	02
FILING STATUS:	Single
ADJUSTED GROSS INCOME:	183,491.00
TAXABLE INCOME:	168,865.00
TAX PER RETURN:	21,499.00
SE TAXABLE INCOME TAXPAYER:	0.00
SE TAXABLE INCOME SPOUSE:	0.00
TOTAL SELF EMPLOYMENT TAX:	0.00

RETURN DUE DATE OR RETURN RECEIVED DATE (WHICHEVER IS LATER)
PROCESSING DATE

Apr. 15, 2014
May 26, 2014

TRANSCRIPTS RECORD OF ACCOUNT (CONT'D)

OTHER ADJUSTMENTS:	\$0.00
ARCHER MSA DEDUCTION:	\$0.00
ARCHER MSA DEDUCTION PER COMPUTER:	\$0.00
TOTAL ADJUSTMENTS:	\$0.00
TOTAL ADJUSTMENTS PER COMPUTER:	\$0.00
ADJUSTED GROSS INCOME:	\$103,358.00
ADJUSTED GROSS INCOME PER COMPUTER:	\$103,358.00

TRANSCRIPTS

VERIFICATION OF NON-FILING LETTER

Proves that the IRS does not have a record of an IMF return processed for the requested period

Available for current and three prior tax years

TRANSCRIPTS TRANSACTION CODES (TC)

Three Digit Codes on Account Transcript

[Document 6209](#)

[Section 8A](#)

TRANSCRIPTS

COMMON TRANSACTION CODES

- Code 140 Inquiry for Non-filing of Tax Return
- Code 150 Tax Return Filed and Tax Liability Assessed
- Code 290 Additional Tax Assessment
- Code 420 Examination Indicator
- Code 480 Offer in Compromise Pending
- Code 500 Military Deferment

TRANSCRIPTS

COMMON TRANSACTION CODES (CONT'D)

- Code 520 IRS Litigation Instituted
- Code 530 Currently Not Collectible
- Code 582 Lien Placed on Assets Due to Balance Owed
- Code 583 Removed Lien
- Code 599 Satisfying Transaction

TRANSCRIPTS

COMMON TRANSACTION CODES (CONT'D)

- Code 608 Write-off Balance due
- Code 922 Unreported Income
- Code 960 Appointed Representative
- Code 971 Miscellaneous Transaction

TRANSCRIPTS

SAME CODES WITH DIFFERENT EXPLANATIONS

Same TC may have a different explanation

Complicates reading transcript

Evaluate some codes in the context in which they are used

CODE 150

Tax Return Filed and Tax Liability Assessed

Used by IRS for both original returns and substitute for returns (SFR)

CODE 520

Bankruptcy or Other Legal Action Filed

Legal actions include but are not limited to:

Bankruptcy

Filing a Collection Due Process (CDP) Request

Tax Court Petition

CODE 599

Satisfying Transaction

Indicator for a Substitute for Return

TC 599 followed by “tax return secured”
does not mean that an original return was filed

CODE 971

Miscellaneous Transaction

Catch-all for many different types of transactions

Including:

Notice Issued

Pending Installment Agreement

Etc.

TRANSCRIPTS

BASICS OF READING ACCOUNT TRANSCRIPTS

Lots of Data

Data missing, such as:

Liability with Revenue Officer

Assessment Statute Expiration Date

Account Transcript

Request Date: 09-25-2020
Response Date: 09-25-2020
Tracking Number:

FORM NUMBER: 1040
TAX PERIOD: Dec. 31, 2015

TAXPAYER IDENTIFICATION NUMBER: ~~XXX-XX-2222~~

ROBE SMIT
125 PA

<<<<POWER OF ATTORNEY/TAX INFORMATION AUTHORIZATION (POA/TIA) ON FILE>>>>

-- ANY MINUS SIGN SHOWN BELOW SIGNIFIES A CREDIT AMOUNT --

ACCOUNT BALANCE:	77,438.42	
ACCRUED INTEREST:	9,920.51	AS OF: Oct. 12, 2020
ACCRUED PENALTY:	0.00	AS OF: Oct. 12, 2020

ACCOUNT BALANCE PLUS ACCRUALS
(this is not a payoff amount): 87,358.93

**** INFORMATION FROM THE RETURN OR AS ADJUSTED ****

EXEMPTIONS:	02	
FILING STATUS:	Single	
ADJUSTED GROSS INCOME:	569,764.00	
TAXABLE INCOME:	515,045.00	
TAX PER RETURN:	180,634.00	
SE TAXABLE INCOME TAXPAYER:	19,660.00	
SE TAXABLE INCOME SPOUSE:	0.00	
TOTAL SELF EMPLOYMENT TAX:	16,769.00	
RETURN DUE DATE OR RETURN RECEIVED DATE (WHICHEVER IS LATER)		Aug. 17, 2016
PROCESSING DATE		Sep. 26, 2016

TRANSACTIONS

CODE	EXPLANATION OF TRANSACTION	CYCLE	DATE	AMOUNT
150	Tax return filed	20163405	09-26-2016	\$180,634.00
n/a	xxxxxxxxxx			
806	W-2 or 1099 withholding		04-15-2016	-\$17,717.00
670	Payment		05-03-2016	-\$20,000.00
460	Extension of time to file tax return ext. Date 04-18-2016		05-03-2016	\$0.00
170	Penalty for not pre-paying tax 09-26-2026	20163605	09-26-2016	\$1,985.00
166	Penalty for filing tax return after the due date 09-26-2026	20163605	09-26-2016	\$29,325.06
276	Penalty for late payment of tax	20163605	09-26-2016	\$4,387.50
196	Interest charged for late payment	20163605	09-26-2016	\$3,145.07
971	Notice issued CP 0014		09-26-2016	\$0.00
610	Payment with return		09-26-2016	-\$20,000.00
971	Pending installment agreement		10-20-2016	\$0.00

610	Payment with return		10-28-2016	-\$10,000.00
971	Collection due process Notice of Intent to Levy – issued		05-15-2017	\$0.00
582	Lien placed on assets due to balance owed		05-19-2017	\$0.00
360	Fees and other expenses for collection		06-12-2017	\$90.00
972	Removed installment agreement		10-20-2016	\$0.00
971	Issued notice of lien filing and right to Collection Due Process hearing		05-25-2017	\$0.00
971	Collection due process Notice of Intent to Levy – return receipt signed		05-17-2017	\$0.00
971	First Levy Issued on Module		06-30-2017	\$0.00
960	Appointed representative		07-19-2017	\$0.00
670	Payment Levy		08-10-2017	-\$320.21
670	Payment Miscellaneous Payment		01-02-2018	-\$1,203.00
971	Passport certified seriously delinquent tax debt		05-28-2018	\$0.00
706	Credit transferred in from 1040 201712		04-15-2018	-\$69,326.00
971	Notice issued CP 071D		11-05-2018	\$0.00
196	Interest charged for late payment	20184205	11-05-2018	\$12,362.42
276	Penalty for late payment of tax	20184205	11-05-2018	\$19,870.58

971	Passport certified seriously delinquent tax debt	12-24-2018	\$0.00
971	Installment agreement established	03-27-2019	\$0.00
972	Passport certified seriously delinquent tax debt reversal	05-06-2019	\$0.00
706	Credit transferred in from 1040 201812	04-15-2019	-\$17,291.00
673	Payment	04-08-2020	-\$1,000.00
670	Payment	04-14-2020	-\$1,000.00
672	Removed payment	04-08-2020	\$1,000.00
670	Payment	06-04-2020	-\$1,500.00
670	Payment	07-24-2020	-\$2,000.00
670	Payment	08-24-2020	-\$2,500.00
706	Credit transferred in from 1040 201912	04-15-2020	-\$7,255.00
706	Credit transferred in from 1040 201912	07-14-2020	-\$1,749.00
670	Payment	09-21-2020	-\$2,500.00

SEPARATE ASSESSMENTS

Assessments Against an Individual Taxpayer on a Joint
Module

Indicated with transaction code 971 – balance
transferred out to split liability account

Separate assessment transcripts are available on TDS

[IRM 21.6.8 Split Spousal Assessments](#)

JOINT 1040 ENTRIES FOR SEPARATE ASSESSMENT

150	Tax return filed	20174605	12-18-2017	\$3,822.00
n/a	16221-712-03059-7			
766	Credit to your account		04-15-2017	-\$347.00
166	Penalty for filing tax return after the due date 09-27-2028	20174805	12-18-2017	\$781.87
276	Penalty for late payment of tax	20174805	12-18-2017	\$156.37
196	Interest charged for late payment	20174805	12-18-2017	\$116.79
971	Notice issued CP 0014		12-18-2017	\$0.00
971	Tax period blocked from automated levy program		02-19-2018	\$0.00
520	Bankruptcy or other legal action filed		02-12-2018	\$0.00
971	Bankruptcy notification received		06-15-2018	\$0.00
971	Bankruptcy notification received		06-15-2018	\$0.00
400	Transfer account out		07-23-2018	-\$4,530.03
402	Transfer account in		07-23-2018	\$4,530.03
971	Balance transferred to split liability account		08-06-2018	\$0.00
604	Write-off of balance due		08-06-2018	-\$4,530.03

1040 SEPARATE ASSESSMENT ENTRIES

150	Tax return filed	20174605	12-18-2017	\$3,822.00
n/a	16221-712-03059-7			
766	Credit to your account		04-15-2017	-\$347.00
166	Penalty for filing tax return after the due date 12-18-2027	20174805	12-18-2017	\$781.87
276	Penalty for late payment of tax	20174805	12-18-2017	\$156.37
196	Interest charged for late payment	20174805	12-18-2017	\$116.79
971	Notice issued CP 0014		12-18-2017	\$0.00
971	Tax period blocked from automated levy program		02-19-2018	\$0.00
520	Bankruptcy or other legal action filed		02-12-2018	\$0.00
971	Bankruptcy notification received		06-15-2018	\$0.00
971	Bankruptcy notification received		06-15-2018	\$0.00
400	Transfer account out		07-23-2018	-\$4,530.03
402	Transfer account in		07-23-2018	\$4,530.03
522	Removed bankruptcy or other legal action		05-23-2018	\$0.00

FIRST TIME ABATEMENT (FTA)

Available for penalty relief the first time a taxpayer is subject to one or more of the following penalties:

- Failure to file (FTF)
- Failure to pay (FTP)
- Failure to deposit (FTD)

*Note: IRS will apply FTA criteria before applying reasonable cause criteria

[IRM 20.1.1.3.3.2.1 First Time Abatement](#)

[IRM 20.1.1.3 Criteria for Relief From Penalties](#)

FIRST TIME ABATEMENT (FTA) (CONT'D)

FTA relief does not apply to the following:

- Returns with event-based filing requirement such as Form 706 and Form 709
- Daily delinquency penalty – IRC 6652(c)(2)(A) and IRM 20.1.8 Employee Plans and Exempt Organization Penalties
- Information reporting that is dependent on another filing
- List is not all inclusive

FIRST TIME ABATEMENT (CONT'D)

Requirements:

- Taxpayer has filed, or filed a valid extension for, all required returns currently due, AND
- Taxpayer has paid, or arranged to pay, any tax currently due. Taxpayer is current with this requirement if they have a valid open payment plan and are current with the required installment payments.

EXAMPLE

TAX PERIOD	BALANCE
2015	NO BALANCE/NO PENALTIES
2016	NO BALANCE/NO PENALTIES
2017	NO BALANCE/NO PENALTIES
2018	\$84,050.55/\$11,574 PAYMENT PENALTIES

NO MISSING RETURNS/IA BUT NO PAYMENTS BEING
MADE

DOES 2018 BALANCE QUALIFY FOR A FTA?

BREAKOUT ROOMS

ACCOUNT TRANSCRIPT ANALYZATION

Identify the following on the transcript:

- Assessed Balance
- Amount Currently Owed
- Date Return Was Filed
- Date Tax Was Assessed
- Original Return or Substitute for Return
- Date Collection Due Process Notice of Intent to Levy Issued
- Did the taxpayer file bankruptcy?

FORM NUMBER: 1040
TAX PERIOD: Dec. 31, 2018

TAXPAYER IDENTIFICATION NUMBER: XXX-XX-1111
SPOUSE TAXPAYER IDENTIFICATION NUMBER: XXX-XX-9569

JOHN A & AMAN ROBE
45 KIN

<<<<POWER OF ATTORNEY/TAX INFORMATION AUTHORIZATION (POA/TIA) ON FILE>>>>

--- ANY MINUS SIGN SHOWN BELOW SIGNIFIES A CREDIT AMOUNT ---

ACCOUNT BALANCE:	11,434.83	
ACCRUED INTEREST:	641.69	AS OF: May 10, 2021
ACCRUED PENALTY:	1,703.04	AS OF: May 10, 2021
ACCOUNT BALANCE PLUS ACCRUALS (this is not a payoff amount):	13,779.56	

** INFORMATION FROM THE RETURN OR AS ADJUSTED **

EXEMPTIONS:	04	
FILING STATUS:	Married Filing Joint	
ADJUSTED GROSS INCOME:	108,686.00	
TAXABLE INCOME:	78,675.00	
TAX PER RETURN:	19,736.00	
SE TAXABLE INCOME TAXPAYER:	0.00	
SE TAXABLE INCOME SPOUSE:	0.00	
TOTAL SELF EMPLOYMENT TAX:	0.00	
RETURN DUE DATE OR RETURN RECEIVED DATE (WHICHEVER IS LATER)		Oct. 17, 2019
PROCESSING DATE		Dec. 02, 2019

TRANSACTIONS

CODE	EXPLANATION OF TRANSACTION	CYCLE	DATE	AMOUNT
150	Tax return filed	20194605	12-02-2019	\$19,736.00
n/a	09221-299-18505-9			
806	W-2 or 1099 withholding		04-15-2019	-\$8,756.00
960	Appointed representative		06-04-2018	\$0.00
460	Extension of time to file tax return ext. Date 10-15-2019		04-13-2019	\$0.00
960	Appointed representative		06-24-2019	\$0.00
961	Removed appointed representative		06-27-2019	\$0.00
960	Appointed representative		10-29-2019	\$0.00
766	Credit to your account		04-15-2019	-\$336.00
276	Penalty for late payment of tax	20194605	12-02-2019	\$425.76
196	Interest charged for late payment	20194605	12-02-2019	\$365.07
971	Notice issued CP 0014		12-02-2019	\$0.00
971	Collection due process Notice of Intent to Levy -- issued		01-29-2020	\$0.00
971	Collection due process Notice of Intent to Levy -- issued		01-29-2020	\$0.00
971	Collection due process Notice of Intent to Levy -- return receipt signed		02-02-2020	\$0.00
971	Collection due process Notice of Intent to Levy -- return receipt signed		02-02-2020	\$0.00
582	Lien placed on assets due to balance owed		02-07-2020	\$0.00
971	Issued notice of lien filing and right to Collection Due Process hearing		02-13-2020	\$0.00

971	Collection due process levy (hearing) request or levy and lien (hearing) request received	03-01-2020	\$0.00
971	Collection due process request received timely	03-01-2020	\$0.00
971	Collection due process request received timely	03-01-2020	\$0.00
971	Pending installment agreement	04-17-2020	\$0.00
520	Bankruptcy or other legal action filed	03-01-2020	\$0.00

This Product Contains Sensitive Taxpayer Data

FIRST-TIME ABATEMENT EXAMPLE

All required returns are filed. Analyze the provided transcripts and answer the following:

- Does the taxpayer qualify for a first-time abatement?
- Explain why or why not.

CONCLUSION

Transcripts are a crucial tool in our representation toolbox

Use this information to help direct the course of the case

Proficiency in analyzing transcripts can help prevent further problems in our representation