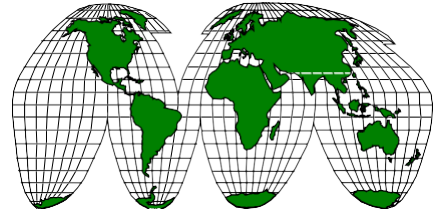


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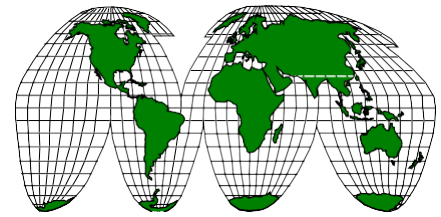
Certified Public Accountants



Internal Revenue Manual

Selected Topics Related to Disaster Matters

June 21, 2024



Selected Topics Related to Disaster Topics

Introduction

Natural disasters are occurring more frequently and CPA offices are having to deal with the consequences in personal, business, and client matters.

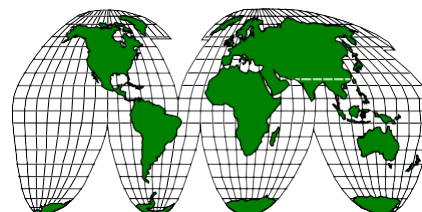
This is a compilation of information accumulated from the Internal Revenue Manual and is intended to provide assistance for CPAs in working thru the maze of disaster related matters with the IRS that will be affecting their personal and professional lives.

The information included herein has been compiled from the Internal Revenue Manual. CPAs should review the most edition of the IRM to determine how it impact their individual circumstances.

Special thanks to my colleague and good friend, Elizabeth Brennan, CPA for her assistance in accumulating the information contained herein.

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21.3.10.4.2 (06-06-2019)

PPS Telephone Calls

1. The procedures and authorities for PPS calls are the same as for all other toll-free calls unless otherwise addressed in this IRM.

Note:

This includes the use of all mandated Integrated Automated Technologies (IAT) tools for IMF/BMF Account Phones. See IRM 21.2.2-2, Accounts Management Mandated IAT Tools.

2. Follow the steps below when answering a PPS telephone call:

Step	Action
1	<ul style="list-style-type: none">• Provide your title (e.g., Mr., Mrs., Ms., Miss), last name, and ID/badge number, OR your first name or first initial, last name, and ID/badge number or, if the IRS HSPD-12 (Smart ID card) is issued, use your ten-digit PID. <p>Example:</p> <p>"Thank you for calling. This is [first name/initial and last name] or [Ms./Miss/Mr./Mrs. last name]. My ID/badge number or HSPD-12 (Smart ID Card) is XXXXXXXX. How may I help you?"</p>
2	<p>Verify the tax practitioner:</p> <ul style="list-style-type: none">• Meets criteria in <i>IRM 21.3.10.2</i> Practitioner Priority Service (PPS) Overview and <i>IRM 21.3.10.2.1</i> PPS Scope of Service• Is calling in regard to an account-related issue• Has authority for the tax form and period in question <p>See <i>IRM 21.3.10.3</i>, Authentication and Disclosure Guidelines, for more information on third party authorization.</p>
3	<p>If the inquiry does not involve an account-related issue, refer the caller to the appropriate toll-free number stated in <i>IRM 21.3.10.2.1(5)</i>, PPS Scope of Service, or refer the caller to one of the other resources available for customers.</p>
4	<p>If necessary, refer calls per <i>IRM 21.3.5.4.1</i>, When to Prepare a Referral.</p>
5	<p>To close the call:</p> <ul style="list-style-type: none">• Ensure that all issues have been addressed and that the practitioner has an understanding of the actions taken or being taken.• Provide any educational information (e.g., forms or publications) requested by the practitioner either by ordering or providing the Internet address of where they can be obtained.

Step	Action
	<ul style="list-style-type: none"> • Conclude the call courteously and appropriately. Refer to IRM 21.1.1.4(11)(b), Communication Skills. <p>Note:</p> <p>Follow PPS history items procedures and address STAUP, if necessary. See <i>IRM 21.3.10.5(14)</i>, Transfers and/or Referrals.</p> <p>Reminder:</p> <p>Always provide the practitioner with appropriate time frames, when applicable.</p>

3. Additional references:
- IRM 21.5.2, Adjustment Guidelines
 - IRM 21.1.1.4, Communication Skills
 - IRM 21.1.3.20, Oral Statement Authority
 - IRM 21.5.2.4.2, Adjustments with Oral Statement
 - IRM 20.1.1.3.6.3, Increase in Oral Statement Ceiling
 - IRM 20.1.1.3.6.4, Oral Statement Ceiling Exceeded
 - IRM 21.6.1.5.10, Registered Domestic Partners and Community Property Procedures
 - IRM 21.10.4.3, W&I Accounts Management and ACS Telephone Customer Satisfaction Survey

Telephone Procedures and Employee Identification

1. Per the Internal Revenue Service Restructuring and Reform Act of 1998, Section 3705, IRS employees are required to provide their:
 - Name and unique identification (ID) (badge) number or, if the IRS Homeland Security Presidential Directive-12 (HSPD-12) (Smart ID card) is issued, the ten-digit personal identification (PID) during contact by telephone, in person, or in writing, and,
 - Telephone number on all correspondence

Note:

You must notify the practitioner if a case must be transferred outside Practitioner Priority Service (PPS) for resolution, except when there is a hold on the account. See *IRM 21.3.10.4.3, Inquiries, Responses and Time Frames*.

2. Refer to *IRM 21.2.3.7, Call Closure Requirements*, after assisting the practitioner.



- 4.2.2 Disaster Assistance Relief

- 4.2.2.1 Program Scope and Objectives
 - 4.2.2.1.1 Background
 - 4.2.2.1.2 Authority
 - 4.2.2.1.3 Responsibilities
 - 4.2.2.1.4 Terms
 - 4.2.2.1.5 Acronyms
 - 4.2.2.1.6 Related Resources

- 4.2.2.2 General Information

- 4.2.2.3 Examiner Responsibilities

- 4.2.2.4 Compliance Relief

- 4.2.2.4.1 Compliance Activity During the

Part 4. Examining Process

Chapter 2. General Examining Procedures

Section 2. Disaster Assistance Relief

4.2.2 Disaster Assistance Relief

Manual Transmittal

February 12, 2020

Purpose

(1) This transmits revised IRM 4.2.2, General Examining Procedures, Disaster Assistance Relief.

Material Changes

(1) Reviewed and updated the IRM where necessary for the following types of editorial changes: letter names, web addresses, legal citations, published forms, and IRM references.

Effect on Other Documents

This IRM supersedes IRM 4.2.2 dated May 29, 2019.

Audience

SB/SE Field Examination, Specialty Examination, and LB&I Employees.

Effective Date

(02-12-2020)

Maha H. Williams

Director, Examination Field and Campus Policy
Small Business/Self-Employed Division

Postponement 4.2.2.1 (05-29-2019)

Period Program Scope and Objectives

- 4.2.2.4.1.1
Compliance Activity Postponed During the Postponement Period
 - (1) *Purpose.* This IRM section describes employee responsibilities when taxpayers are affected by a federally declared disaster during compliance activity.
 - (2) *Audience:* These procedures apply to employees in Small Business and Self-Employed (SB/SE) Field Examination, SB/SE Specialty Examination, and Large Business and International (LB&I) employees.
 - 4.2.2.4.1.1.1(3)
Agreements Received from Affected Taxpayers
 - (4) *Policy Owner:* The Director, Examination – Field and Campus Policy who is under the Director, Headquarters Examination, owns the policy in this IRM.
 - (5) *Program Owner:* The Disaster Assistance and Emergency Relief Program Office (DPO), which is under the Director, SB/SE Human Capital Office (HCO) in SB/SE Operations Support.
 - (5) *Contact Information.* To recommend changes or make any other suggestions related to this IRM section, see IRM 1.11.6.6, Providing Feedback About an IRM Section - Outside of Clearance.

During the Postponement Period 4.2.2.1.1 (05-29-2019)

Background

- (1) This IRM provides guidance for making, communicating, and documenting compliance relief determinations when a taxpayer has been affected by a federally declared disaster and may qualify for relief from compliance activity.
- 4.2.2.4.1.3
Summons
- 4.2.2.4.2
Taxpayers

4.2.2.1.2 (05-29-2019)

Opting Out of the Postponement Period Authority

- (1) IRC 7508A, Authority to postpone certain deadlines by reason of Presidentially declared disaster or terroristic or military actions
- (2) 26 CFR 301.7508A-1, Postponement of certain tax-related deadlines by reasons of a federally declared disaster or terroristic or military action
- 4.2.2.5
Affected Taxpayers
 - (3) Rev. Proc. 2018-58 provides a list of time-sensitive acts, the performance of which may be postponed under IRC 7508A.

Account 4.2.2.1.3 (02-12-2020)

Identifiers on Master File (MF)

- 4.2.2.5.2 Inventory Tracking - Examination Return Control System (ERCS)
- 4.2.2.6 Compliance Relief Determination
 - 4.2.2.6.1 Taxpayer with a –O Freeze
 - 4.2.2.6.2 Taxpayer with a –S Freeze Who Self-Identifies
 - 4.2.2.6.3 Taxpayer Without a –O or –S Freeze Who Self-Identifies
 - 4.2.2.6.4 Cases Not Subject to Postponement of Compliance Activity

Responsibilities

- (1) SB/SE, HCO, has primary responsibility for the management of the Disaster Assistance Program.
- (2) The Director, Headquarters Examination, is the executive responsible for providing policy and guidance for Field, Specialty, and Campus exam operations and ensuring consistent application of policy, procedures and tax law to effect tax administration while protecting taxpayers’ rights. See IRM 1.1.16.3.5, Headquarters Examination, for additional information.
- (3) The Director, Examination – Field and Campus Policy, reports to the Director, Headquarters Examination, and is responsible for the delivery of policy and guidance that impacts the field examination process. See IRM 1.1.16.3.5.1, Field and Campus Policy, for additional information.
- (4) Field Examination General Processes, which is under the Director, Examination - Field and Campus Policy, is the group responsible for providing policy and procedural guidance on standard examination processes to field employees. See IRM 1.1.16.3.5.1.1, Field Exam General Processes, for additional information.
- (5) All examiners must perform their professional responsibilities in a way that supports [The IRS Mission](#). This requires examiners to provide top quality service and to apply the law with integrity and fairness to all.
- (6) Examiners and their managers should thoroughly acquaint themselves with the examination procedures and information contained in this IRM, as well as other resources, such as those listed in, *IRM 4.2.2.1.6*, Related Resources, below.

4.2.2.1.4 (05-29-2019)

Terms

- (1) The following table contains a list of terms used throughout this IRM.

- 4.2.2.6.4.1
Exigent
Circumstances
- 4.2.2.7
Protection of
Statute of
Limitations
 - 4.2.2.7.1
Statutes
Expiring
During
Postponement
Period
 - 4.2.2.7.2
Statutes
with Less
Than 180
Days
Remaining
During
Postponement
Period
- 4.2.2.8
Contacting
Affected
Taxpayers
 - 4.2.2.8.1
Soft
Contact
Procedures
 - 4.2.2.8.2
Contacting
Taxpayers
to
Postpone
Compliance
Activity
(No 30-Day
Letter)

Term	Definition
Affected Taxpayer	A taxpayer who may be eligible for disaster tax relief, including certain tax-related deadlines and/or relief from compliance activity. See IRM 25.16.1.3(3), Identification of Covered Disaster Area, Postponement Period and Affected Taxpayers, for a complete list of affected taxpayers.
Affirmative Request	An unequivocal verbal or written request from the taxpayer to opt out of the postponement of compliance activity.
Compliance Activity	An examination, compliance check, or compliance review conducted by the IRS. Examination: A systematic inspection of the books and records of a taxpayer for the purpose of making a determination of the correct tax liability. Compliance Check: A review conducted to determine whether a taxpayer is adhering to recordkeeping and information reporting requirements. It is neither an inspection nor an audit. Compliance Review: A review conducted to ensure a taxpayer is satisfying the commitments contained in a voluntary agreement (e.g., closing agreement). See Pub 3114, Compliance Checks, for more information.
Compliance Relief	A temporary delay of compliance activity.
Disaster Freeze Codes	Freeze codes (–O and –S) posted on IDRS that ensure systemic relief is provided to affected taxpayers within identified zip codes in an IRS designated disaster area. See <i>IRM 4.2.2.5.1</i> .

- 4.2.2.8.3
Contacting
Taxpayers
to
Postpone
Compliance
Activity
(Withdraw
30-Day
Letter)
- 4.2.2.9 Status
10 Inventory
- 4.2.2.10
Expiration of
Postponement
Period
 - 4.2.2.10.1
Resumption
of
Compliance
Activity
After
Postponement
Period
Expires
 - 4.2.2.10.2
Reconstructed
Records
and Oral
Testimony
- 4.2.2.11
Technical
Services
 - 4.2.2.11.1
Technical
Services -
Inventory
Tracking -
ERCS

Term	Definition
Disaster Relief Memorandum	Internal use only memorandum issued by the Director, SB/SE HCO, or the designee, for Servicewide distribution after a disaster is declared. The memorandum includes the postponement period and level of relief, identification of who is an affected taxpayer, notice information, and instructions regarding postponements of due dates for filing and payments.
Federally Declared Disaster	Any disaster subsequently determined by the president of the United States to warrant assistance by the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.
FEMA Declaration Number	A unique 4-digit number assigned by the Federal Emergency Management Agency (FEMA) for each specific disaster and state.
Individual Assistance	Assistance provided by FEMA to individuals and families who have sustained losses due to a disaster.
IRS Designated Disaster Area	A geographic location impacted by the disaster. Generally, the area provided Individual Assistance by FEMA will be the designated disaster area recognized by the IRS.
IRS Disaster Declaration Notice	An internal notice prepared and issued by the IRS to identify the areas within a US state or territory impacted by a specific disaster. The notice includes the 4-digit FEMA Declaration Number, the date, a brief description of the disaster, the duration of the disaster event (known as the incident period) and the IRS designated disaster area.
Manager Approval	Managerial involvement resulting in concurrence with a proposed action. The involvement must be documented in the case file, but a manager's signature is not required unless explicitly stated.
Opt Out	The act of a taxpayer declining temporary relief from compliance activity.

- ♦ 4.2.2.11.2
Technical
Services -
Statutory
Notices of
Deficiency
 - 4.2.2.11.2.1
Technical
Services
-
Statutory
Notices
of
Deficiency
 - ♦ 4.2.2.11.2.2
Technical
Services
-
Statutory
Notices
of
Deficiency
Issued
During
Postponement
Period
 - ♦ 4.2.2.11.2.3
Technical
Services
-
Statutory
Notices
of
Deficiency

Term	Definition
Postponement Period	The period of time determined by the IRS for administrative tax relief provided to taxpayers who have been affected by a major disaster or emergency.
Public Assistance	Assistance provided by FEMA to fund the repair, restoration, reconstruction or replacement of a public facility or infrastructure damaged or destroyed by a disaster.
Self-Identify	The act of a taxpayer initiating contact with the IRS to report personal circumstances not captured systemically.

4.2.2.1.5 (05-29-2019)

Acronyms

Before
Postponement (1)

The following table lists commonly used acronyms and their definitions used throughout this IRM:

Acronym	Definition
AC	Action Code
AIMS	Audit Information Management System
ARC	Aging Reason Code
ASED	Assessment Statute Expiration Date
AUR	Automated Underreporter
CC	Command Code
CCP	Centralized Case Processing
CFR	Code of Federal Regulations
CI	Criminal Investigation
DPO	Disaster (Assistance and Emergency Relief) Program Office
ERCS	Examination Return Control System
FEMA	Federal Emergency Management Agency
FPAA	Final Partnership Administrative Adjustment
ICCE	Integrated Customer Communications Environment
IDRS	Integrated Data Retrieval System
IRC	Internal Revenue Code
IT	Information Technology
MF	Master File
OVDI	Offshore Voluntary Disclosure Initiative

Defaulted
During
Postponement
Period

- 4.2.2.11.2.4
Technical
Services
-
Taxpayer
Petitions
the
Tax
Court

Acronym	Definition
PCS	Partnership Control System
PSP	Planning and Special Programs
RA	Revenue Agent
SB/SE	Small Business/Self-Employed
SME	Subject Matter Expert
SNOD	Statutory Notice of Deficiency
TC	Transaction Code
TCO	Tax Compliance Officer
TMP	Tax Matters Partner

4.2.2.1.6 (05-29-2019)

Related Resources

- 4.2.2.11.3
Technical
Services -
Unagreed
Appeals
Cases
Received

- (1) IRM 25.16.1, Disaster Assistance and Emergency Relief, Program Guidelines, provides Servicewide guidance when the IRS responds to tax-related issues due to federally declared disasters.
- (2) Helpful information related to administrative tax relief as a result of a federally declared disaster can be found on various websites, including, but not limited to the following:

- 4.2.2.11.4
Technical
Services -
Correspondence
Received
During
Postponement
Period

- MySB/SE Disasters website:
<http://mysbse.web.irs.gov/examination/tip/Disasters/default.aspx>
- IRS Disaster Assistance Program website:
<http://www.icce.irs.gov/fema>
- IRS Disaster Assistance and Emergency Relief for Individuals and Businesses website:
<https://www.irs.gov/businesses/small-businesses-self-employed/disaster-assistance-and-emergency-relief-for-individuals-and-businesses>

- 4.2.2.11.5
Technical
Services -
Agreements
Received

4.2.2.2 (02-12-2020)

General Information

- 4.2.2.11.6
Technical
Services -

- (1) When a federally declared disaster occurs, FEMA will designate certain geographic areas for Individual Assistance and/or Public Assistance. The DPO assumes primary responsibility for determining and/or coordinating disaster tax relief for the IRS and will take the

- Cases in Bankruptcy Suspendance
 - 4.2.2.11.7 Technical Services - Cases in Fraud Suspendance
 - 4.2.2.11.8 Technical Services - OVDI Cases
 - 4.2.2.11.9 Technical Services - TEFRA
 - 4.2.2.11.10 Technical Services - Expiration of Postponement Period
 - 4.2.2.11.10.1 Technical Services -
- 4.2.2.3 (05-29-2019)**
- Examiner Responsibilities**
- Postponement Period Expired
 - 4.2.2.11.10.2 Technical Services -
 - Postponement Period Extended
- actions listed in IRM 25.16.1.10(1), IRS Disaster Assistance and Emergency Relief Program Office (DPO).
- Note:** FEMA provides two main types of assistance following natural disasters, Individual Assistance and Public Assistance. Individual Assistance is generally provided to individuals and families who have sustained losses due to a disaster. Public Assistance can fund the repair, restoration, reconstruction or replacement of a public facility or infrastructure damaged or destroyed by a disaster. Generally, the IRS only provides disaster relief to those areas designated for Individual Assistance.
- (2) The following resources are available to assist in identifying federally declared disasters that may impact taxpayers:
- The Disaster Relief Memorandum and IRS Disaster Declaration are distributed internally via IRS e-mail.
 - IRS News Releases posted on the IRS.gov [Tax Relief in Disaster Situations](#) website.
 - Upon receipt from the DPO, Information Technology (IT) will post the Disaster Relief Memorandum, IRS Disaster Declaration, and a listing of counties (or other geographic subdivisions) and zip codes to the Integrated Customer Communications Environment (ICCE) IRS Disaster Assistance Program website.
 - A taxpayer's zip code can be entered on the ICCE IRS Disaster Assistance Program website to determine if there is a current disaster freeze present. The zip code search tool may provide more timely results than waiting for the IT systemic programming to reflect on an affected taxpayer's account.
- (1) A brief summary of actions examiners must take when considering compliance relief for affected taxpayers is provided below. Detailed guidance for each action can be found in the referenced IRM sections.
- a. Provide compliance relief to eligible affected taxpayers who do not opt out of the postponement period. See *IRM 4.2.2.4*.
 - b. Identify "affected taxpayers." See *IRM 4.2.2.5*.

- Exhibit 4.2.2-1 Form 3177 Preparation - Manual Input of a –O or –S Freeze
 - Exhibit 4.2.2-2 Examples of Disaster Account Identifiers
- c. Complete and document compliance relief determinations for affected taxpayers. See *IRM 4.2.2.6*.
 - d. Protect the statute of limitations. See *IRM 4.2.2.7*.
 - e. Use soft contact procedures to communicate with affected taxpayers. See *IRM 4.2.2.8*.
 - f. Review status 10 inventory for cases with a –O freeze. See *IRM 4.2.2.9*.
 - g. Resume compliance activity after the postponement period expires. See *IRM 4.2.2.10*.

4.2.2.4 (02-12-2020)

Compliance Relief

- (1) When a federal disaster is declared, the IRS has authority to postpone certain tax-related deadlines and provide relief from compliance activity. The IRS uses disaster freeze codes (–O and –S) to provide systemic filing and payment relief to taxpayers with a filing or payment due date or extended due date within the disaster postponement period. The –O freeze is generally applied in only the most catastrophic disaster areas designated by FEMA for Individual Assistance. In addition to systemic filing and payment relief, the –O freeze also:
 - Suspends mailing of notices with the exception of assessment notices required by IRC 6303 and all letters and notices pertaining to the Release of Levy/Release of Property from Levy, and
 - Suspends a number of collection and examination activities, including DIF ordering through Audit Information Management System (AIMS), Underreporter activity, and TDA/TDI processing.

For additional information regarding the –O freeze, see *IRM 25.16.1.8.2, –O Freeze*. For additional information regarding the –S freeze, see *IRM 25.16.1.8.1, –S freeze*.

- (2) Generally, an affected taxpayer (see *IRM 4.2.2.5*) is eligible for compliance relief unless certain conditions necessitate the continuation of compliance activity (e.g., an imminent statute). See *IRM 4.2.2.6.4*.

Note: Relief from compliance activity is not a tax-related act identified in 26 CFR 301.7508A-1.

- (3) If the taxpayer is eligible for compliance relief, the examiner will postpone compliance activity and issue one of the following letters:
- Letter 6016, Withdraw 30-Day Letter - Disaster, if a 30-day letter is scheduled to default during the postponement period and the taxpayer is eligible for a disaster freeze (see *IRM 4.2.2.8.3*).
 - Letter 6029, Postponement Period Notification - Disaster, if a 30-day letter is not scheduled to default during the postponement period and the taxpayer is eligible for a disaster freeze (see *IRM 4.2.2.8.2*).
 - Letter 6102, Confirmation of Compliance Activity Postponement - Disaster, if the self-identified taxpayer (see *IRM 4.2.2.6.3*) is not eligible for a disaster freeze (see *IRM 4.2.2.8.2* and *IRM 4.2.2.8.3*).

All three letters provide the taxpayer an opportunity to opt out of the postponement period if they prefer to resume compliance activity earlier than the postponement period end date. If the taxpayer does not opt out, compliance activity is postponed until the postponement period end date.

4.2.2.4.1 (05-29-2019)

Compliance Activity During the Postponement Period

- (1) If an eligible affected taxpayer (see *IRM 4.2.2.5*) does not opt out of the postponement period (see *IRM 4.2.2.4.2*), compliance activity involving interaction with the taxpayer, representative, or third parties is postponed until the postponement period expires (see *IRM 4.2.2.4.1.1*).
- (2) Compliance activity transparent to the taxpayer is generally allowed during the postponement period (see *IRM 4.2.2.4.1.2*).

4.2.2.4.1.1 (05-29-2019)

Compliance Activity Postponed During the Postponement Period

- (1) Compliance activity not allowed during the postponement period includes:

- Holding an appointment with the taxpayer or representative to inspect books and records or conduct other audit-related activities
- Contacting the taxpayer or representative to schedule an appointment for an audit or compliance visit
- Initiating or continuing an examination of an employee return unless the work being performed is transparent to the taxpayer
- Initiating or continuing an examination of a taxpayer resulting from a whistleblower claim unless the work being performed is transparent to the taxpayer
- Requesting records and information from the taxpayer or third parties
- Issuing a Form 4564, Information Document Request.
- Contacting third parties
- Issuing a summons to the taxpayer or third parties (see *IRM 4.2.2.4.1.3*)
- Requiring compliance with a previously issued third-party summons when the quash date or appearance date falls within the postponement period (see *IRM 4.2.2.4.1.3*)
- Requiring compliance with a previously issued summons for the taxpayer's records and testimony when the appearance date falls within the postponement period (see *IRM 4.2.2.4.1.3*)
- Issuing an examination report, (e.g., Form 4549, Report of Income Tax Examination Changes)
- Issuing a 30-day letter (e.g., Letter 915, Examination Report Transmittal, or Letter 950, 30 Day Letter-Straight Deficiency)
- Offering or participating in fast track settlement
- Processing a taxpayer's request to go to Appeals received before or during the postponement period if they have not opted out of the postponement period
- Processing agreements (see *IRM 4.2.2.4.1.1.1*), including partial assessments
- Issuing a statutory notice of deficiency (90-day letter) or statutory notice of claim disallowance unless the case has an exigent circumstance (see *IRM 4.2.2.6.4.1*)
- Conducting compliance activity for Offshore Voluntary Disclosure Initiative (OVDI) and treaty cases

- Conducting compliance activity for Return Preparer Cases and Promoter Penalty Investigations
Note: These investigations are not controlled on AIMS, therefore a systemic –O freeze will not be present.
- Conducting fuel compliance inspections within the IRS designated disaster area during the waiver period for dyed fuel penalties
Note: The waiver period, which may differ from the postponement period, is generally stated in an IRS news release issued subsequent to the disaster
- Conducting Title 31 compliance examinations
- Issuing any report or notice of Foreign Bank and Financial Accounts (FBAR) violations
Note: Imminent or pending FBAR statutes should be addressed with Examination-Specialty Policy for additional guidance on a case-by-case basis.
- Issuing a Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business, penalty notice by BSA Exam CTR Operations
Note: Examination-Specialty Policy will provide guidance to resolve pending cases for which the penalty amounts are de minimis.

4.2.2.4.1.1.1 (02-12-2020)

Agreements Received from Affected Taxpayers

- (1) Agreements received from affected taxpayers **who do not qualify for compliance relief (e.g., exigent circumstances) or opted out of the postponement period** can be processed. Procedures for processing these agreements vary depending on the presence of a disaster freeze.
 - a. **–O Freeze:** Prepare Letter 987-D, Agreed Income Tax Change - Disaster, in lieu of Letter 987, Agreed Income Tax Change. Also, notate Form 3198, Special Handling Notice for Examination Case Processing, in the Special Features, Other Instructions section: "–O Freeze Present, Case Not Subject to Postponement of Examination Activity–Exigent Circumstances" or "–O Freeze Present, Case Not Subject to Postponement of Examination

Activity–Taxpayer Opted Out," depending on the specific scenario.

Note: A –O freeze will suspend the mailing of notices with the exception of assessment notices required by IRC 6303. Letter 987-D includes a notification that interest and penalties will accrue on any unpaid deficiency during the postponement period.

b. **–S Freeze or No Freeze:** Follow normal closing procedures in IRM 4.10.8.4.7, Closing Letters for Agreed Cases.

(2) Agreements received from affected taxpayers **who qualify for compliance relief and do not opt out of the postponement period** should not be processed until after the postponement period expires. Agreements received before the postponement period start date should not be processed during the postponement period.

Example: A taxpayer’s signed agreement is received by the group on August 26, 2019. The disaster postponement period start date is August 28, 2019. The examiner retrieves the agreement on August 29, 2019. The taxpayer qualifies for compliance relief and does not opt out of the postponement period. Therefore, the agreement should not be processed until after the postponement period expires.

Note: Under IRC 6601(c), interest is suspended if notice and demand for payment is not issued to the taxpayer within 30 days of the IRS receiving a signed waiver. Therefore, postponing the processing of an agreement will provide some taxpayers with a suspension of interest under IRC 6601(c).

(3) Payments received should be processed according to normal procedures (see *IRM 4.2.2.4.1.2*).

4.2.2.4.1.2 (05-29-2019)

Compliance Activity Allowed During the Postponement Period

(1) Compliance activity allowed during the postponement period includes:

- Requiring compliance with a previously issued third-party summons when the quash date or appearance date occurs before the postponement period (see *IRM 4.2.2.4.1.3 (1)*)
- Processing payments from affected taxpayers received before or during the postponement period

- Processing a taxpayer's request to go to Appeals received prior to the postponement period after confirming the taxpayer is ready for Appeals' consideration
- Processing a taxpayer's request to go to Appeals after they have opted out of the postponement period
- Completing work transparent to the taxpayer (e.g., reviewing records obtained prior to the postponement period, conducting tax law research, and preparing reports and document requests that will be issued after the postponement period expires)
- Processing no change and overassessment cases agreed to by the taxpayer prior to or during the postponement period.
Note: A "case" is defined as all examined returns with the same type of tax for the same taxpayer. So, if a multi-year examination results in an overassessment for one year(s) and a deficiency for the other(s), an agreement can be processed if the aggregate result is an overassessment.
- Forwarding an unagreed case to Technical Services when the 30-day letter defaulted before the postponement period (see *IRM 4.2.2.8.3*)
- Completing taint reviews by Whistleblower Subject Matter Experts (SME) and reviewing whistleblower information to determine if a debriefing is warranted
Note: SMEs can initiate a soft contact (see *IRM 4.2.2.8.1*) to determine if the whistleblower would like to conduct the debriefing during the postponement period or wait until it expires. Contact with any whistleblower should only be made by the assigned Whistleblower SME.
- Reviewing the initial Form 637, Application for Registration (For Certain Excise Tax Activities)
Note: If contact is made with the applicant, the examiner must offer to postpone action unless the applicant agrees to opt out of the postponement period (see *IRM 4.2.2.4.2*)

4.2.2.4.1.3 (05-29-2019)

Summons

- (1) When a third-party summons was issued prior to the postponement period, the expiration of the quash period will determine what action

the examiner can take.

a. **Period to Quash Expired Prior to Beginning of Postponement Period:** Proceed with summons enforcement as necessary if the bank or third party does not comply.

b. **Period to Quash Expired During Postponement Period:** Proceed with summons enforcement after the postponement period expires if the bank or third party does not comply. If the third party complies with the summons, consult Counsel before reviewing the records.

(2) In the case of a previously issued summons for the taxpayer's records and testimony, if the appearance date falls within the postponement period, do not enforce the summons if the taxpayer fails to appear. Follow the guidance below based on the applicable scenario:

a. **Taxpayer Initiates Contact to Comply with the Summons:**

Explain compliance activity has been postponed. The taxpayer must opt out of the postponement period to resume compliance activity (see *IRM 4.2.2.4.2*).

b. **Taxpayer Initiates Contact to Express Inability to Comply**

with the Summons: Attempt to reach an agreement on a new appearance date that occurs after the postponement period. Confirm the taxpayer's address and reissue the summons after the postponement period expires for the agreed upon date, allowing for the requisite time to lapse between service date and the summons appearance date.

c. **Taxpayer Does Not Initiate Contact:** Reissue the summons after the postponement period expires allowing for the requisite time to lapse between service date and the summons appearance date.

(3) In the case of a previously issued summons for the taxpayer's records and testimony, if the appearance date fell before the postponement period, a referral to Counsel can be made during the postponement period for noncompliance. See *IRM 25.5.10.4.1.1, Referral*.

Note: Counsel will not send a last chance letter during the postponement period, but may refer the summons for enforcement to the Department of Justice during the postponement period.

(4) In the case of a designated summons under IRC 6503(j), the statute of limitations is suspended for the period beginning when a lawsuit

is filed in a court of law to either enforce or quash the summons. Examiners will discuss the proper enforcement action with the manager and Counsel or other appropriate personnel.

4.2.2.4.2 (05-29-2019)

Taxpayers Opting Out of the Postponement Period

- (1) Postponed compliance activity can resume at the taxpayer's request.
Note: Taxpayers who self-identify and are granted compliance relief can subsequently ask to resume compliance activity prior to the end of the postponement period. In these situations, the taxpayer's affirmative request should be clearly documented in the case file and Letter 6106, Confirmation of Opt Out - Disaster, should be issued.
- (2) Taxpayers must make an affirmative request to resume compliance activity. This request can be verbal or written. An affirmative request can also be made by a taxpayer's authorized representative.
- (3) The taxpayer's affirmative request should be clearly documented in the case file or on the optional Disaster Job Aid referenced in *IRM 4.2.2.6 (3)*.
- (4) If a taxpayer has a –O freeze and opts out of the postponement period, the disaster tracking code and/or aging reason code (ARC) must be updated. See *IRM 4.2.2.5.2 (3)*.
Reminder: To eliminate the risk of denying the taxpayer certain administrative tax relief (e.g., relief measures that may be provided by Collection), a –O freeze, if present, should **not** be removed from the taxpayer's account or replaced with a –S freeze if the taxpayer opts out of the postponement period related to their audit or compliance check. When compliance activity resumes and a –O freeze is on the taxpayer's account, examiners must use Letter 987-D to close agreed cases and include specific language on Form 3198 (see *IRM 4.2.2.4.1.1.1*, *IRM 4.2.2.7.1 (4)*, and *IRM 4.2.2.7.2 (4)*) to indicate the resumption of activity while a –O freeze is present.
- (5) The examiner must issue Letter 6106, which confirms the taxpayer opted out of the postponement period prior to resuming compliance activity.
Note: Opting out has no effect on the filing and payment relief provided to taxpayers with a disaster freeze (–O or –S) (see *IRM 4.2.2.4 (1)*).

4.2.2.5 (05-29-2019)

Affected Taxpayers

- (1) The IRS identifies "affected taxpayers" as those who may be eligible for disaster tax relief. Affected taxpayers primarily include taxpayers whose principal residence or principal place of business is located in the IRS designated disaster area. See IRM 25.16.1.3(3), Identification of Covered Disaster Area, Postponement Period and Affected Taxpayers, for a complete list of affected taxpayers.
- (2) Affected taxpayers can be identified by various identifiers posted on AMDISA, ENMOD, BMFOLE, and IMFOLE, via IT systemic programming (see *IRM 4.2.2.5.1*).
Caution: An affected taxpayer will not always have an identifier posted on Integrated Data Retrieval System (IDRS).

4.2.2.5.1 (02-12-2020)

Systemic Disaster Account Identifiers on Master File (MF)

- (1) IT **systemically** posts disaster account identifiers to MF using zip codes of taxpayers within the IRS designated disaster area after DPO provides the postponement period start and end dates.
Example: The IRS designated disaster area includes County X. Within County X are zip codes 11111 and 22222. IT identifies all taxpayers with these zip codes and posts the corresponding disaster account identifiers on MF.
Caution: Records not controlled on AIMS will not receive a systemic –O or –S freeze. Examiners must use the zip code for the address of record to determine if a disaster freeze is applicable by using the zip code search tool on the ICCE IRS Disaster Assistance Program website.
- (2) An identifier posted to MF **manually** is the result of an action taken by an IRS employee for a specific taxpayer.
Example: A taxpayer contacts the IRS and self-identifies for disaster relief. The IRS determines the taxpayer is eligible for a –O freeze. Form 3177, Notice of Action for Entry on Master File, must be submitted to request input of the appropriate disaster account identifier.
- (3) Disaster account identifiers consist of:
 - Freeze Codes (–O and –S)

- Transaction Code (TC) 971 with Action Code (AC) 087 or 688
 - Disaster Indicator 1, 2, 3, or 4
- (4) The –O and –S freeze are present on Command Code (CC) BMFOLE and CC IMFOLE.
- Note:** If a taxpayer resides in an IRS designated disaster area, but has an address of record on MF that is not in the IRS designated disaster area, a systemic freeze will not be posted to MF. This applies even if the taxpayer formally changes their address of record after IT has completed the systemic updates to MF. Nevertheless, these taxpayers are eligible for the appropriate disaster freeze and should call the Disaster Assistance Hotline at 866-562-5227, to self-identify for disaster relief.
- (5) TC 971 transactions are present on CC ENMOD, CC BMFOLE, and CC IMFOLE. AC 087 indicates a –O freeze while AC 688 indicates a –S freeze.
- (6) Disaster Indicators 1, 2, 3, and 4 are posted on CC AMDISA, CC ENMOD, CC BMFOLE, and CC IMFOLE. The Disaster Indicators are defined below:
- 1 = –S freeze active
 - 2 = –O freeze active
 - 3 = both –O and –S freeze are active
 - 4 = historical indicator reflecting a –O and/or –S freeze was active at some time in the past but is not currently active
- (7) The Disaster Indicator and TC 971 transactions post to Section 3–POSTED ENTITY TRANSACTION SECTION of CC ENMOD (see IRM 2.3.15.4, ENMOD Responses). See *Exhibit 4.2.2-2* for examples of where to locate the various disaster account identifiers on CC AMDISA, CC BMFOLE, and CC IMFOLE.

4.2.2.5.2 (02-12-2020)

Inventory Tracking - Examination Return Control System (ERCS)

- (1) Unique national ARCs and tracking codes are established by Headquarters Examination – Exam Case Selection (ECS) for each disaster where a –O freeze is applied. These codes are posted to the AIMS/ERCS Codes/Procedures website.
- Note:** When a disaster does not generate a –O freeze, unique ARCs and tracking codes are not established and inventory tracking

procedures are not applicable.

- (2) Planning and Special Programs (PSP) will update the ARC and/or tracking code for all cases with a –O freeze that are controlled on ERCS in status 00 through 59. If an ARC or tracking code is already present on a module, only the vacant code will be updated. If a case already has both an ARC and tracking code, PSP will make a priority determination and there is a potential that neither code will be updated with the disaster ARC or tracking code.
Reminder: Examiners must complete Form 5348, AIMS/ERCS Update (Examination Update), to update the ARC and/or tracking code on cases where a taxpayer self-identifies for and receives compliance relief even when the taxpayer is not eligible for a disaster freeze.
- (3) If during the postponement period, compliance activity resumes for a case that received a –O freeze (e.g., exigent circumstances, or the taxpayer opts out of the postponement period), the disaster ARC should be updated to 111 and the disaster tracking code should be updated to 9269. If a non-disaster ARC or tracking code is present on the module, do not override the existing code(s).
Reminder: If compliance activity resumes when a –O freeze is present, the –O freeze should **not** be removed from the taxpayer’s account or replaced with a –S freeze.
Note: ARC 111 and tracking code 9269 are fixed and do not change for each disaster.
- (4) The disaster-related ARC and tracking code should remain on the case after the postponement period expires.
- (5) If the ERCS system is used to request AIMS controls for related return pick-ups, the disaster-related ARC and tracking code should be added when the records are established. This applies even after the postponement period expires.
- (6) ERCS tracking procedures are not applicable for non-ERCS cases.

4.2.2.6 (02-12-2020)

Compliance Relief Determination

- (1) Once examiners have identified affected taxpayers in their inventory, they must determine if compliance relief will be provided. There are three groups of taxpayers that may qualify for compliance relief:
 - Taxpayers with a –O freeze (see *IRM 4.2.2.6.1*)

- Taxpayers with a –S freeze who self-identify (see *IRM 4.2.2.6.2*)
- Taxpayers without a –O or –S freeze who self-identify (see *IRM 4.2.2.6.3*)

The procedures for determining compliance relief vary for each group of taxpayers.

Note: Examiners will not start cases in AIMS Status 10, Assigned–No Time Applied, during the postponement period if a –O freeze is present on the taxpayer’s module (see *IRM 4.2.2.9*).

- (2) The compliance relief determination should be documented as a separate issue indexed to Form 4318, Examination Workpapers Index. See Creating Form 4318-600 Items for instructions to add the disaster issue to the Report Generation Software case file using a 6XX reference number.
- (3) Examiners can use the optional Disaster Job Aid to determine if the affected taxpayer qualifies for compliance relief.

4.2.2.6.1 (05-29-2019)

Taxpayer with a –O Freeze

- (1) The optional job aid referenced in *IRM 4.2.2.6 (3)* can be used to make and document the compliance relief determination. If the optional job aid is not used, examiners should follow the guidance in the table below and ensure all required items are documented on a supporting workpaper filed under the 6XX reference number created in *IRM 4.2.2.6 (2)*:

If...	Then...
The taxpayer has a –O freeze	Document the following: <ul style="list-style-type: none"> • The taxpayer has a –O freeze • The proper ARC and tracking code were updated for all open years in ERCS (see <i>IRM 4.2.2.5.2</i>) • The case is not included on the list at <i>IRM 4.2.2.6.4</i> • A statute review was completed and an extension secured, if applicable (see <i>IRM 4.2.2.7</i>) • The final determination regarding compliance relief
The taxpayer is not eligible for compliance relief	Document the reason why the taxpayer was not provided relief and continue with compliance activity
The taxpayer is eligible for compliance relief	Document the following: <ul style="list-style-type: none"> • A previously scheduled appointment was canceled, if applicable • Letter 6016 or Letter 6029 was issued providing the taxpayer an opportunity to opt out of the postponement period
The taxpayer opts out of the postponement period	Document the following: <ul style="list-style-type: none"> • The taxpayer made an affirmative request to opt out of the postponement period • The ARC and/or tracking code were updated for all open years in ERCS (see <i>IRM 4.2.2.5.2</i>) to indicate the taxpayer opted out of the postponement period, when applicable • Letter 6106, was issued to the taxpayer.

If...	Then...
The taxpayer does not opt out of the postponement period	Document the following: <ul style="list-style-type: none"> • The FEMA Declaration Number, postponement period start date, and postponement period end date • Brief summary of the case status and resolved issues when compliance activity was postponed • Actions that will be completed during the postponement period, if any (see <i>IRM 4.2.2.4.1.2</i>) • Next planned actions after the postponement period expires

4.2.2.6.2 (05-29-2019)

Taxpayer with a –S Freeze Who Self-Identifies

- (1) A taxpayer with a systemic –S freeze can request relief from compliance activity by self-identifying. To self-identify, the taxpayer must contact the examiner and make the request. The presence of a –S freeze and the taxpayer’s request are the only two elements required to begin the compliance relief determination. The optional job aid referenced in *IRM 4.2.2.6 (3)* can be used to make and document the compliance relief determination. If the optional job aid is not used, examiners should follow the guidance in the table below and ensure all required items are documented on a supporting workpaper filed under the 6XX reference number created in *IRM 4.2.2.6 (2)*:

If...	Then...
The taxpayer has a –S freeze	Document the following: <ul style="list-style-type: none"> • The taxpayer has a –S freeze • The taxpayer self-identified for compliance relief • The case is not included on the list at <i>IRM 4.2.2.6.4</i> • A statute review was completed and an extension secured, if applicable (see <i>IRM 4.2.2.7</i>) • The final determination regarding compliance relief
The taxpayer is eligible for compliance relief	Document the following: <ul style="list-style-type: none"> • A previously scheduled appointment was canceled, if applicable • Letter 6016 or Letter 6029 was issued providing the taxpayer an opportunity to opt out of the postponement period • The proper ARC and tracking code were updated for all open years in ERCS (see <i>IRM 4.2.2.5.2</i>) • The FEMA Declaration Number, postponement period start date, and postponement period end date • Brief summary of the case status and resolved issues when compliance activity was postponed • Actions that will be completed during the postponement period, if any (see <i>IRM 4.2.2.4.1.2</i>) • Next planned actions after the postponement period expires
The taxpayer is not eligible for compliance relief	Document the reason why the taxpayer was not provided relief and continue with compliance activity

4.2.2.6.3 (02-12-2020)

Taxpayer Without a –O or –S Freeze Who Self-Identifies

- (1) A taxpayer without a disaster freeze can self-identify for disaster relief. The optional job aid referenced in *IRM 4.2.2.6 (3)* can be used to make and document a disaster freeze determination and compliance relief determination. If the optional job aid is not used, examiners must follow and document the procedures below. The disaster freeze and compliance relief determinations must be documented on the job aid or a supporting workpaper filed under the 6XX reference number created in *IRM 4.2.2.6 (2)*.
- (2) Examiners must confirm and document that a –O or –S freeze is not present on the taxpayer’s account. If the taxpayer has a –O freeze, follow the procedures in *IRM 4.2.2.6.1*. If the taxpayer has a –S freeze, follow the procedures in *IRM 4.2.2.6.2*. When taxpayers contact the IRS to self-identify, they must provide the reason(s) they meet the criteria to qualify for disaster relief. If a disaster freeze is not present and a taxpayer self-identifies for disaster relief, they must be assigned to one of the following groups:
- **Group A:** Affected taxpayers as defined in 26 CFR 301.7508A-1(d) not previously identified by the IRS.
Caution: Taxpayers included in 26 CFR 301.7508A-1(d)(ix) are identified on a Servicewide basis. If the taxpayer does not fall into one of the eight categories in 26 CFR 301.7508A-1(d)(i) through 26 CFR 301.7508A-1(d)(viii), the taxpayer should only be considered for assignment to Group B.
 - **Group B:** All other taxpayers who self-identify.
Example: A taxpayer caring for extended family members who are affected taxpayers may qualify for assignment to Group B.
- (3) If a taxpayer is assigned to Group A in *IRM 4.2.2.6.3 (1)*, they are eligible for a manual –O or –S freeze depending on the specific zip code of the taxpayer’s principal residence or business location. Use the "Search for a ZIP Code" feature on the ICCE IRS Disaster Assistance Program website to determine if the –O or –S freeze is applicable. To manually request the input of a disaster freeze, follow the procedures in *Exhibit 4.2.2-1*.
Example: Example 1: A taxpayer’s principal residence is outside the IRS designated disaster area, but their tax records are maintained in the IRS designated disaster area that was provided a –O freeze. The taxpayer qualifies for a manual –S freeze.

Example: Example 2: A taxpayer’s principal residence is outside the IRS designated disaster area, but was visiting family when he was injured by a disaster. The IRS designated disaster area is eligible for a –O freeze. The taxpayer qualifies for a manual –S freeze.

Caution: The only scenario where a taxpayer qualifies for a manual –O freeze is when their principal residence or business location is located in an IRS designated disaster area eligible for a –O freeze.

- (4) If the taxpayer was assigned to Group B in *IRM 4.2.2.6.3 (1)*, the taxpayer is not eligible for a disaster freeze.
- (5) The following table can be used to make a compliance relief determination for taxpayers without a disaster freeze who self-identify:

Reminder: The result of the freeze determination has no impact on the compliance relief determination.

If...	Then...
The taxpayer is assigned to Group A	<p>Document the following:</p> <ul style="list-style-type: none"> • The case is not included on the list at <i>IRM 4.2.2.6.4</i> • A statute review was completed and an extension secured, if applicable (see <i>IRM 4.2.2.7</i>) • The final determination regarding compliance relief <p>If the taxpayer is eligible for compliance relief, proceed to <i>IRM 4.2.2.6.3 (6)</i>. If the taxpayer is not eligible for relief, document the reason why and continue with compliance activity.</p>

If...	Then...
The taxpayer is assigned to Group B	<p>The decision to postpone compliance activity must be made on a case-by-case basis. Examples of factors to consider include:</p> <ul style="list-style-type: none"> • Access to records needed to proceed with compliance activity, • Personal impact causing stress and/or fatigue (e.g., loss of personal belongings, damage to property, etc.), and/or • Impact to associates and/or relatives of the taxpayer (e.g., a taxpayer caring for a relative who was impacted by the disaster) <p>The above list is not all-inclusive. The examiner should use sound judgement and, if warranted, obtain managerial input. If the factors do not warrant consideration of compliance relief, document the determination and continue with compliance activity. If the factors warrant consideration of compliance relief, then document the following:</p> <ul style="list-style-type: none"> • The case is not included on the list at <i>IRM 4.2.2.6.4</i>) • A statute review was completed and an extension secured, if applicable (see <i>IRM 4.2.2.7</i>) • The final determination regarding compliance relief <p>If the taxpayer is eligible for compliance relief, proceed to <i>IRM 4.2.2.6.3 (6)</i>. If the taxpayer is not eligible for compliance relief, document the reason why and continue with compliance activity</p>

(6) If the taxpayer is eligible for compliance relief, document the following:

- A previously scheduled appointment was canceled, if applicable.
- For taxpayers assigned to Group A, Letter 6016 was issued if a 30-day letter was scheduled to default during the

postponement period. Otherwise, Letter 6029 was issued. For taxpayers assigned to Group B, Letter 6102 was issued.

Note: Letter 6102 has selectable paragraphs. If a 30-day letter will default during the postponement period, choose Selectable Paragraph 1 to withdraw the 30-day letter. Otherwise, choose Selectable Paragraph 2.

- The proper ARC and tracking code has been updated for all open years in ERCS (see *IRM 4.2.2.5.2*).
- The FEMA Declaration Number, postponement period start date, and postponement period end date.
- Brief summary of the case status and resolved issues when compliance activity was postponed.
- Actions that will be completed during the postponement period, if any (see *IRM 4.2.2.4.1.2*).
- Next planned actions after the postponement period expires.

4.2.2.6.4 (05-29-2019)

Cases Not Subject to Postponement of Compliance Activity

- (1) Compliance activity will not be postponed for the following:
 - Cases involving jeopardy/termination assessments
 - Cases in AIMS status 18, Acceptance by Criminal Investigation (see *IRM 4.2.2.6.4 (2)*)
 - Grand jury cases
 - Cases with exigent circumstances (see *IRM 4.2.2.6.4.1*), including certain short statute cases (see *IRM 4.2.2.7*).
 - Cases where the taxpayer has opted out of the postponement period (see *IRM 4.2.2.4.2*).
- (2) Criminal enforcement activity includes, but is not limited to, cases in AIMS status 18, Acceptance by Criminal Investigation (CI). In general, criminal enforcement activity, including grand jury and trial preparation assistance, will not be postponed. Disaster relief will be determined by the controlling jurisdiction (e.g., IRS, Department of Justice, etc.) on a case-by-case basis. For cases where Examination is providing cooperating agent assistance to CI, the examiner and group manager will contact the assigned Special Agent to reach a determination on relief. Where needed, Counsel should be contacted and relief discussed prior to finalizing a determination.

- (3) If a case is not subject to postponement of compliance activity when a –O freeze is present, the –O freeze should **not** be removed from the taxpayer’s account or replaced with a –S freeze.

4.2.2.6.4.1 (05-29-2019)

Exigent Circumstances

- (1) An exigent circumstance is one involving the loss of opportunity for the government to assess or collect taxes due, such as the expiration of the statute of limitations (see *IRM 4.2.2.7*), assets being placed beyond the reach of the government, or expiration of the 24-month mandatory acceptance Offer in Compromise period.
Note: As a general rule, an affected taxpayer’s indication that he/she may file for bankruptcy is not an exigent circumstance.
- (2) Group managers and examiners must exercise good judgment and consider all relevant factors including the amount of the liability, the time remaining on the statute of limitations (see *IRM 4.2.2.7*), the taxpayer’s individual circumstances and other matters to determine if exigent circumstances exist.
- (3) If an exigent circumstance exists regarding an affected taxpayer, compliance activity may be pursued with group manager approval.
Note: Group manager approval is not required if the exigent circumstance is the expiration of the statute of limitations during the postponement period (see *IRM 4.2.2.7*).

4.2.2.7 (05-29-2019)

Protection of Statute of Limitations

- (1) Statutes must be controlled and protected under all circumstances. Generally, the –O freeze **does not** suspend the running of the statute. Examiners have the primary responsibility for identifying and protecting the statutes of limitations for returns in their custody. Prior to providing compliance relief, the examiner must review the current statute dates for all years under examination. If the earliest Assessment Statute Expiration Date (ASED) will have at least 180 days remaining after the postponement period end date, no action related to the statute is required during the postponement period. If the earliest ASED will expire during the postponement period, see

IRM 4.2.2.7.1. If the earliest ASED will have less than 180 days remaining during the postponement period, see *IRM 4.2.2.7.2.*

4.2.2.7.1 (02-12-2020)

Statutes Expiring During Postponement Period

- (1) If the statute will expire during the postponement period, the examiner should call the taxpayer using soft contact procedures (see *IRM 4.2.2.8.1*) to explain the statute needs to be protected to postpone compliance activity. RAs will **not** make a field visit.
Note: In instances where the postponement period is extended (see *IRM 4.2.2.10 (2)*), examiners should advise the taxpayer of the new postponement period end date.
- (2) Regardless of whether the examiner can reach the taxpayer by phone, a statute extension should be solicited following the procedures contained in *IRM 25.6.22, Statute of Limitations, Extension of Assessment Statute of Limitations By Consent.*
- (3) If the taxpayer agrees to extend the statute, follow the procedures in *IRM 25.6.22.5.12, Examiner's Responsibility after Receipt of Consent.*
Note: If the postponement period was extended (see *IRM 4.2.2.10 (2)*), after securing the statute extension issue Letter 6107, Extension of Postponement Period - Disaster, to advise the taxpayer of the extended postponement period end date and continue postponement of compliance activity.
- (4) If the taxpayer does not extend the statute, prepare and issue an agreed examination report with the appropriate Letter 5153 (based on the type of examination) to notify the taxpayer they must agree to extend the period for assessment for Appeals to consider their case if it is unagreed. Allow 10 days for the taxpayer to respond. If the taxpayer refuses to extend the statute or does not respond, close the case using the appropriate unagreed case closing procedures.
Note: If the taxpayer has a –O freeze, notate Form 3198 in the Forward to Technical Services, Other section: "–O Freeze Present - Statute Expires During Postponement Period."

4.2.2.7.2 (05-29-2019)

Statutes with Less Than 180 Days Remaining During Postponement Period

- (1) In instances where the earliest ASED will have less than 180 days remaining during the postponement period, allow a minimum of 60 days after the postponement period start date before contacting the taxpayer to solicit a statute extension. This will allow the taxpayer time to recover from the immediate effects of the disaster. The examiner should use soft contact procedures (see *IRM 4.2.2.8.1*) and explain the statute needs to be protected to postpone compliance activity. RAs will **not** make a field visit.

Exception: If the taxpayer self-identifies for compliance relief and the statute will have less than 180 days remaining during the postponement period, do not wait 60 days. A statute extension should be solicited when the taxpayer requests relief.

Exception: The requirement to allow a minimum of 60 days before soliciting a statute extension does not apply during an extended postponement period (see *IRM 4.2.2.10 (2)*).

- (2) When soliciting a statute extension, the procedures contained in *IRM 25.6.22, Extension of Assessment Statute of Limitations By Consent*, apply.
- (3) If the taxpayer agrees to extend the statute, follow the procedures in *IRM 25.6.22.5.12, Examiner's Responsibility after Receipt of Consent*, and postpone compliance activity.

Note: If the postponement period was extended (see *IRM 4.2.2.10 (2)*), after securing the statute extension issue Letter 6107, to advise the taxpayer of the extended postponement period end date and continue postponement of compliance activity.

- (4) If the taxpayer does not extend the statute, prepare and issue an agreed examination report with the appropriate Letter 5153 (based on the type of examination) to notify the taxpayer they must agree to extend the period for assessment for Appeals to consider their case if it is unagreed. Allow 10 days for the taxpayer to respond. If the taxpayer refuses to extend the statute or does not respond, close the case using the appropriate unagreed case closing procedures.

Note: If the taxpayer has a –O freeze, notate Form 3198 in the Forward to Technical Services, Other section: "–O Freeze Present - Statute Reaches < 180 Days During Postponement Period" if the case is closed during the postponement period.

4.2.2.8 (05-29-2019)

Contacting Affected Taxpayers

- (1) The impact on taxpayers located in an IRS designated disaster area can be wide ranging. While one taxpayer may experience little to no impact, another may suffer catastrophic losses. Therefore, examiners should exercise extreme sensitivity when communicating with any taxpayer who may have been impacted by a recent disaster and use soft contact procedures (see *IRM 4.2.2.8.1*). Contact should begin with an assessment of the impact of the disaster on the taxpayer.
- (2) The manner in which a taxpayer is contacted varies depending on the severity of the disaster, as well as the facts and circumstances of the case. The following will apply when taxpayers have a systemic disaster freeze (–O or –S):
 - Cases with a –O freeze should receive Notice 1155, Disaster Relief from the IRS, with all written correspondence and soft contact should be used when initiating verbal communication with the taxpayer to cancel a previously scheduled appointment. In addition, Letter 6016 is issued to withdraw a 30-day letter and postpone compliance activity (see *IRM 4.2.2.8.3*) or Letter 6029 is issued to postpone compliance activity when a 30-day letter was not scheduled to default during the postponement period (see *IRM 4.2.2.8.2*). Letter 6016 and Letter 6029 explain available filing and payment relief and provide an opportunity for the taxpayer to opt out of the postponement period.
 - Cases with a –S disaster freeze should receive Notice 1155 with all written correspondence and soft contact should be used when initiating verbal communication with the taxpayer. Taxpayers with a –S freeze may initiate contact to self-identify for compliance relief (see *IRM 4.2.2.8 (3)*).
- (3) Generally, contact is initiated by a taxpayer who self-identifies for disaster relief. Taxpayers who self-identify will have a –S freeze or no freeze present (see *IRM 4.2.2.6.2* and *IRM 4.2.2.6.3*). Examiners should exercise extreme sensitivity and use soft contact procedures when communicating with these taxpayers. For cases where no disaster freeze is present, examiners should use soft contact procedures until

a determination is made regarding whether the taxpayer is an affected taxpayer (see *IRM 4.2.2.5*).

4.2.2.8.1 (05-29-2019)

Soft Contact Procedures

- (1) Soft contact entails approaching the taxpayer with caution and extreme sensitivity to their personal circumstances. Stress and fatigue are factors to consider even in instances where the taxpayer did not experience any personal, monetary, or physical damage from the disaster.
- (2) Soft contact must be used when initiating contact with a taxpayer who has a –O freeze. In addition, soft contact is required for the following situations:
 - Taxpayer is situated in an area where a disaster has occurred, but did not receive a –O freeze (e.g., taxpayer received a –S freeze).
 - Taxpayer self-identified even when the taxpayer is located outside the geographic area where the disaster occurred.
 - Taxpayer received a –O freeze, but the postponement period has expired.
 - A follow-up to a prior soft contact where it was determined the taxpayer was affected by a disaster.
 - A taxpayer-initiated contact when a –O freeze is present.

4.2.2.8.2 (05-29-2019)

Contacting Taxpayers to Postpone Compliance Activity (No 30-Day Letter)

- (1) If compliance activity is postponed for an in-process examination (i.e., prior contact has been made by the examiner) and a 30-day letter is not scheduled to default during the postponement period, call the taxpayer to cancel a previously scheduled appointment. Explain the postponement is being provided to allow the taxpayer an opportunity to recover in light of the disaster. Advise the taxpayer a letter will be issued confirming the postponement of activity. If an appointment was not previously scheduled, do not call the taxpayer.
- (2) Issue Letter 6029 or Letter 6102, depending on whether the taxpayer is eligible for a disaster freeze.

- **Taxpayer is eligible for a disaster freeze:** A taxpayer with a manual or systemic disaster freeze (–O or –S) will be issued Letter 6029. This letter explains compliance activity has been postponed and the filing and payment relief available to the taxpayer. The letter also provides an opportunity for the taxpayer to opt out of the postponement period.

Note: A taxpayer with a –S freeze should only receive Letter 6029 if the taxpayer self-identifies and is provided compliance relief (see *IRM 4.2.2.6.2*).
- **Taxpayer is not eligible for a disaster freeze:** A taxpayer not eligible for a disaster freeze, but who self-identifies and is granted relief from compliance activity (see *IRM 4.2.2.6.3*) will be issued Letter 6102. This letter will explain that compliance activity has been postponed and filing and payment relief is not available.

Note: Letter 6102, has selectable paragraphs. If a 30-day letter is not scheduled to default during the postponement period, choose Selectable Paragraph 2.

4.2.2.8.3 (05-29-2019)

Contacting Taxpayers to Postpone Compliance Activity (Withdraw 30-Day Letter)

- (1) If compliance activity is postponed and a 30-day letter (e.g., Letter 569, Full/Partial Preliminary Claim Disallowance; Letter 915; or Letter 950) will default during the postponement period, the letter must be withdrawn and reissued at the end of the postponement period, unless exigent circumstances exist. To withdraw the 30-day letter, issue Letter 6016 or Letter 6102, depending on whether the taxpayer is eligible for a disaster freeze.

 - **Taxpayer is eligible for a disaster freeze:** A taxpayer with a manual or systemic disaster freeze (–O or –S) will be issued Letter 6016. This letter will explain the 30-day letter is being withdrawn and the filing and payment relief available to the taxpayer. The letter will also provide an opportunity for the taxpayer to opt out of the postponement period.

Note: Letter 6016 will only be issued to a taxpayer with a –S freeze if the taxpayer self-identifies and is provided compliance relief (see *IRM 4.2.2.6.2*).

- **Taxpayer is not eligible for a disaster freeze:** A taxpayer not eligible for a disaster freeze, but who self-identifies and is granted relief from compliance activity (see *IRM 4.2.2.6.3*) will be issued Letter 6102. This letter explains the 30-day letter is being withdrawn and compliance activity is postponed. The letter also explains that filing and payment relief is not available.

Note: Letter 6102, has selectable paragraphs. If a 30-day letter is scheduled to default during the postponement period, choose Selectable Paragraph 1.

- (2) RA cases will remain in Status 13 (30-Day). Tax Compliance Officer (TCO) cases will remain in Status 12 (Started) and the AC will be updated to 08 (FOLLOW-UP ACT).
- (3) If the response due date for a 30-day letter occurred before the postponement period start date, but the case has not yet been forwarded to Technical Services, notate Form 3198 in the Forward to Technical Services, Other section: "Examination Activity Postponed – 30-Day Letter Defaulted Before Postponement Period Start Date" and forward to Technical Services.

4.2.2.9 (02-12-2020)

Status 10 Inventory

- (1) When a federally declared disaster impacts the Examination group's geographic coverage area, Status 10, Assigned–No Time Applied, inventory at the group and examiner level must be reviewed for the presence of a –O freeze. If a –O freeze is present, consider surveying the return based on the facts and circumstances of the case. The following factors should be considered in making survey determinations:
 - Potential non-availability of books and records,
 - Materiality of the issues, and
 - Postponement period end date in relation to the ASED and *IRM 4.10.2.2.2, 26/27 Month Examination Cycles*.

Note: Some types of cases should not be surveyed due to the nature of the examination (e.g., CI referral).

- (2) When surveying cases:

- Managers must follow the procedures in IRM 1.4.40.4.6.2, Surveying Cases, to close returns survey before assignment (SBA).
- Examiners must follow the procedures in IRM 4.10.2.5, Decision to Survey a Return, to close returns survey after assignment (SAA).

Note: If an employee return is in status 10 and the employee is an affected taxpayer, the guidance in IRM 4.2.6.6, Survey of Employee Returns, should be considered.

- (3) When a status 10 return with a –O freeze is not surveyed, document the disaster postponement period in the case file and do not contact the taxpayer until after the postponement period has expired unless exigent circumstances exist.

Note: Cases with a –S freeze can be started, but Notice 1155 must be sent with the initial contact letter and all subsequent correspondence.

4.2.2.10 (02-12-2020)

Expiration of Postponement Period

- (1) Prior to resuming compliance activity, the examiner must confirm the postponement period has not been extended.
- (2) **Postponement Period Extended:** The postponement period can be extended for all or part of an IRS designated disaster area (see IRM 25.16.1.5.2(1), Determining the Appropriate Level of IRS Disaster Tax Relief Under IRC 7508A). When a postponement period is extended, a supplemental Disaster Assistance Memorandum is issued. The supplemental memorandum can be accessed through the ICCE IRS Disaster Assistance Program website. It identifies the areas eligible for the extension and provides the extended postponement period end date.

Caution: Examiners should not rely on the presence of a –O freeze to determine if the postponement period has been extended. Due to IT programming limitations, it is possible the postponement period is extended even when the disaster freeze was removed from the module. It may take several weeks for the –O freeze to reappear on the module when an extension has been provided.

When the postponement period is extended, examiners must verify statutes on all impacted cases and take the following appropriate action:

- a. **Statute will have at least 180 days remaining when the extended postponement period expires:** Issue Letter 6107 advising the taxpayer of the extended postponement period end date and continue postponement of compliance activity.
 - b. **Statute expires during extended postponement period:** Follow the procedures in *IRM 4.2.2.7.1*.
 - c. **Statute will have less than 180 days during the extended postponement period:** Follow the procedures in *IRM 4.2.2.7.2*.
- (3) **Postponement Period not Extended:** Resume compliance activity (see *IRM 4.2.2.10.1*).

4.2.2.10.1 (05-29-2019)

Resumption of Compliance Activity After Postponement Period Expires

- (1) Compliance activity may resume after the postponement period expires and the examiner confirms it was not extended.
Example: The postponement period end date is Thursday, January 31, 2019 and the period was not extended. Therefore, compliance activity may resume on Friday, February 1, 2019.
- (2) Adherence to the statute procedures in *IRM 4.2.2.7* should ensure there are no disaster cases with less than 180 days on the statute when the postponement period expires. However, examiners must still conduct a statute review for all cases when the postponement period expires. If cases are identified with statutes expiring in less than 180 days, the examiner must take the following actions:
 - a. Contact the taxpayer by phone using soft contact procedures (see *IRM 4.2.2.8.1*). The purpose of the contact is to advise the taxpayer the postponement period has expired, compliance activity is resuming, and the statute needs to be protected. If the examiner is unable to reach the taxpayer, the examiner should leave a message requesting the call be returned. If the contact number is no longer in service and new contact information can't be secured, or the taxpayer does not return the call within a reasonable period, examiners should solicit a consent by mail

following the procedures in (b) below. Revenue agents may attempt a field visit.

- b. Regardless of whether the examiner can personally reach the taxpayer, a consent should be solicited following procedures in IRM 25.6.22, Statute of Limitations, Extension of Assessment Statute of Limitations by Consent. Generally, at least 10 calendar days from the date the letter is issued should be allowed for the taxpayer to respond.
 - c. If the taxpayer extends the statute, continue with the appropriate compliance activity. If the 30-day letter was previously withdrawn, TCOs should reissue the 30-day letter while RAs should only reissue the 30-day letter when it is determined the case is unagreed.
 - d. If the taxpayer does not extend the statute, prepare and issue an agreed examination report with the appropriate Letter 5153 (based on the type of examination) to notify the taxpayer they must extend the period for assessment for Appeals to consider their case if it is unagreed. Allow 10 days for the taxpayer to respond. If the taxpayer refuses to extend the statute or does not respond, close the case using the appropriate unagreed case closing procedures.
- (3) To assist with the resumption of compliance activity, refer to the "next planned actions after the postponement period expires" (see *IRM 4.2.2.6.1 (1)*, *IRM 4.2.2.6.2 (1)*, *IRM 4.2.2.6.3 (6)*, or the optional Disaster Job Aid, if used) that were documented when compliance activity was postponed.
 - (4) When resuming compliance activity, the examiner should use soft contact procedures (see *IRM 4.2.2.8.1*). The impact of the disaster on the taxpayer should be assessed. Based on the taxpayer's circumstances, compliance activity may be deferred beyond the postponement period end date for a reasonable period, if the statute is protected and group manager approval is secured.

4.2.2.10.2 (05-29-2019)

Reconstructed Records and Oral Testimony

- (1) Examiners must exercise flexibility and sound judgment when evaluating alternative records provided in lieu of records that may have been destroyed during the disaster. Taxpayers can refer to Pub

2194, Disaster Resource Guide for Individuals and Businesses, for assistance with reconstructing records after a disaster.

- (2) In some circumstances, a taxpayer's oral testimony may be the only evidence available. If so, examiners should follow the guidance in IRM 4.10.7.3.2, Oral Testimony.

4.2.2.11 (05-29-2019)

Technical Services

- (1) Generally, Technical Services employees will rely on the presence of a –O freeze to make compliance relief determinations. Relief from compliance activity for a case in Technical Services will primarily consist of postponing one of the following actions:
 - Issuing a statutory notice of deficiency or statutory notice of claim disallowance,
 - Defaulting a statutory notice of deficiency, or
 - Closing a case when an agreement is received.

4.2.2.11.1 (05-29-2019)

Technical Services - Inventory Tracking - ERCS

- (1) For cases in Status 25 (Pre 90 Day) without exigent circumstances (see *IRM 4.2.2.6.4.1*), the statutory notice can be prepared, but not issued. Once the notice has been prepared, update all tax years to Suspense Type 508, Review Type 29. The Action Date should be adjusted to reflect the postponement period end date plus one day. Do not issue the statutory notice until after the postponement period expires.
- (2) For cases in Status 24 (90 Day Suspense) with a default date during the postponement period, the Action Date should be adjusted to reflect the postponement period end date plus one day.
- (3) For cases in Status 21 (In-Transit), update ERCS to the appropriate 2X/3X Status Code, Suspense Type 508, Review Type 29. The Action Date should be adjusted to reflect the postponement period end date plus one day. Notice of deficiency and notice of claim disallowance cases can be assigned and reviewed during the postponement period. However, the prepared notice should not be issued until after the postponement period expires unless exigent circumstances exist (see *IRM 4.2.2.6.4.1*).

4.2.2.11.2 (05-29-2019)

Technical Services - Statutory Notices of Deficiency

- (1) Actions that must be taken related to statutory notices of deficiency for affected taxpayers granted compliance relief depend on when a notice was issued or defaults (i.e., before or during the postponement period), or when the taxpayer petitions the Tax Court.
 - a. Statutory notices of deficiency defaulted before postponement period began. See *IRM 4.2.2.11.2.1*.
 - b. Statutory notices of deficiency issued during postponement period. See *IRM 4.2.2.11.2.2*.
 - c. Statutory notices of deficiency defaulted during postponement period. See *IRM 4.2.2.11.2.3*.
 - d. Taxpayer petitions the Tax Court. See *IRM 4.2.2.11.2.4*.

4.2.2.11.2.1 (05-29-2019)

Technical Services - Statutory Notices of Deficiency Defaulted Before Postponement Period Began

- (1) Statutory notices of deficiency issued to affected taxpayers that defaulted before the postponement period can be assessed during the postponement period.
- (2) The –O freeze should not be removed from the taxpayer’s module. Before closing the case to Centralized Case Processing (CCP) for assessment, notate Form 3198 in the Special Features, Other Instructions section: "–O Freeze on Taxpayer’s Module. SNOD Defaulted Prior to Postponement Period."

4.2.2.11.2.2 (02-12-2020)

Technical Services - Statutory Notices of Deficiency Issued During Postponement Period

- (1) When issuing statutory notices of deficiency during a postponement period, IDRS should be researched to determine if a disaster freeze is present. Since notices can be issued to multiple addresses, all zip codes reflected on the statutory notices that are within geographic proximity to the IRS designated disaster area should be entered in the ICCE IRS Disaster Assistance Program website to determine if a disaster freeze is present. If any zip code where the notice will be

sent has a –O freeze, the notice should not be issued during the postponement period unless exigent circumstances exist (see *IRM 4.2.2.6.4.1*).

- (2) The most common exigent circumstance for a case received in Technical Services is an imminent statute (90 days or less). For these cases, the group manager will obtain territory manager approval to issue the notice during the postponement period. This approval must be clearly documented in the case file.

4.2.2.11.2.3 (02-12-2020)

Technical Services - Statutory Notices of Deficiency Defaulted During Postponement Period

- (1) A statute review must be conducted when a statutory notice of deficiency defaults during the postponement period. The actions to be taken depend on how many days remain on the recomputed statute (see *IRM 4.8.9.20.1, Updating the Assessment Statute Expiration Date*) when the postponement period expires.

If...	Then...
There will be more than 60 days remaining on the statute when the postponement period expires.	Hold the case in Technical Services until the postponement period expires. Once the postponement period expires, close the case to CCP for assessment (see <i>IRM 4.8.9.26, Defaulted Notices</i>).

If...	Then...
<p>There will be 60 days or less remaining on the statute when the postponement period expires.</p>	<p>Determine if the taxpayer has filed a petition with the Tax Court and take one of the following actions:</p> <ul style="list-style-type: none"> • Taxpayer has filed a petition: Follow the procedures in IRM 4.8.9.25.4, Processing Petitioned Cases. • Taxpayer has not filed a petition: Request a quick assessment (see IRM 4.4.25.4, Statute of Limitations Less Than 60 Days (Special Processing), Area Office Group and CCP Procedures), when the statute reaches 60 days or less. Quick assessment procedures can be found in the Quick/Prompt and Partial Assessments article. Verify the assessment has posted and hold the case until the postponement period expires. After the postponement period expires, close the case to CCP if the taxpayer has not filed a petition. If the taxpayer has filed a petition, see the “Note” below. <p>Reminder: Ensure Form 5344 is updated prior to final closing of the case to CCP so the quick assessment amount is captured (see IRM 4.4.12.2.7, Examination Results).</p> <p>Note: Pursuant to 26 CFR 301.7508A-1(c)(1)(iv), taxpayers with a –O or –S freeze have until the postponement period end date to file a timely Tax Court petition. This only applies if the statutory notice was issued with a default date within the postponement period. In this scenario, if a quick assessment was made but the taxpayer petitions the Tax Court before the postponement period expires, the</p>

If...	Then...
	premature assessment must be abated prior to closing to Appeals.

4.2.2.11.2.4 (05-29-2019)

Technical Services - Taxpayer Petitions the Tax Court

- (1) Processing timeframes for docketed cases are established by the Tax Court (see IRM 4.8.9.25.3, Identifying Petitioned Cases). Therefore, the postponement period does not impact the timely processing of docketed cases. Petitions filed by affected taxpayers granted compliance relief should be forwarded to Appeals, using normal closing procedures, but Form 3198 must reflect the following in the Forward to Technical Services, Other section: "Taxpayer is Subject to the Disaster Postponement Period."
- (2) Pursuant to 26 CFR 301.7508A-1(c)(1)(iv), taxpayers with a –O or –S freeze have until the postponement period end date to file a timely Tax Court petition. This only applies if the statutory notice was issued with a default date within the postponement period. See *IRM 4.2.2.11.2.3*.

4.2.2.11.3 (05-29-2019)

Technical Services - Unagreed Appeals Cases Received

- (1) If the affected taxpayer's request to appeal occurred before the designated disaster, a Technical Services reviewer must contact the taxpayer or representative to confirm that the taxpayer is still ready for Appeals consideration. This contact must be documented in the case activity record.
- (2) If the affected taxpayer is ready for Appeals consideration, the case may close to Appeals following regular case processing procedures. If applicable, a statute extension is required and must be solicited if the statute will have less than 365 days when the case is received in Appeals.
- (3) If the affected taxpayer is not ready for Appeals consideration, they should be advised their case will not be forwarded until the postponement period expires. At the end of the postponement period, the statute date will be reviewed to determine whether a statute extension needs to be secured to allow for normal case

closure to Appeals. Do not solicit a statute extension during the postponement period unless an exigent circumstance exists.

4.2.2.11.4 (05-29-2019)

Technical Services - Correspondence Received During Postponement Period

- (1) When correspondence is received from taxpayers during the postponement period, Technical Services employees should proceed with caution.
- (2) If the case file or correspondence contains telephone contact information, the taxpayer should be contacted using soft contact procedures (see *IRM 4.2.2.8.1*). Explain to the taxpayer that correspondence was received and the IRS is aware they may have been impacted by the recent disaster. If a statutory notice of deficiency was previously issued and the default date is within the postponement period, explain that the date to petition the Tax Court is extended until the end of the postponement period. The taxpayer must opt out of the postponement period before their case can be processed as a notice of deficiency reconsideration case (see *IRM 4.8.9.23.2.1, Notice of Deficiency Reconsideration Cases*). If the taxpayer wants to opt out of the postponement period, follow the procedures in *IRM 4.2.2.4.2* and proceed. If the taxpayer does not opt out, they generally should be advised to petition if they disagree, otherwise the tax will be assessed.

Note: Sufficient time prior to the expiration of the 90 days (or 150 days) must remain after the postponement period expires to reconsider the case.

Note: Do not issue Letter 556, Acknowledgement of Protests, Correspondence and Requests for Interviews, to taxpayers who have a –O freeze unless the taxpayer opts out of the postponement period

4.2.2.11.5 (05-29-2019)

Technical Services - Agreements Received During Postponement Period

- (1) Agreements received by Technical Services from taxpayers with a –O freeze present on their module should not be closed to CCP until after the postponement period expires (see *IRM 4.2.2.4.1.1.1 (2)*), unless an exigent circumstance (see *IRM 4.2.2.6.4.1*) exists. If an

exigent circumstance exists, follow the case closing procedures in *IRM 4.2.2.4.1.1.1 (1)*.

- (2) Payments received should be processed according to normal procedures (see *IRM 4.2.2.4.1.2*).

4.2.2.11.6 (05-29-2019)

Technical Services - Cases in Bankruptcy Suspense

- (1) Disaster cases should remain in bankruptcy suspense and normal bankruptcy procedures will be followed. Updates to ERCS Suspense Type and Review Type are not immediately required. If an action needs to be taken (e.g., bankruptcy discharged/dismissed) during the postponement period, the case should be updated on ERCS to Suspense Type 508 - Action Date [postponement period end date], Review Type 29. If an exigent circumstance exists, see *IRM 4.2.2.6.4.1*.

4.2.2.11.7 (05-29-2019)

Technical Services - Cases in Fraud Suspense

- (1) Disaster cases should remain in fraud suspense and normal fraud suspense procedures will be followed. Updates to ERCS Suspense Type and Review Type are not immediately required. If an action needs to be taken (e.g., closing report received on a fraud suspense case) during the postponement period, the case should be updated on ERCS to Suspense Type 508 - Action Date [postponement period end date], Review Type 29. If an exigent circumstance exists see *IRM 4.2.2.6.4.1*.

4.2.2.11.8 (05-29-2019)

Technical Services - OVDI Cases

- (1) Case actions to be completed within Technical Services can occur since the case review does not require taxpayer contact.
- (2) A copy of the signed Form 906, Closing Agreement on Final Determination Covering Specific Matters, may be issued to the taxpayer using Letter 1595-G, Exam Executed Closing Agreement Transmittal Related to Disaster Relief. Notice 1155, should be included.
- (3) The case should not be closed to CCP since Form 906 is an agreement and the guidance outlined in *IRM 4.2.2.4.1.1.1* applies.

4.2.2.11.9 (05-29-2019)

Technical Services - TEFRA

- (1) For tax years beginning before January 1, 2018, TEFRA statutes are controlled at the partnership level. If the partnership has a –O freeze, notices should not be issued to the Tax Matters Partner (TMP) during the postponement period unless exigent circumstances exist (see *IRM 4.2.2.6.4.1*). If a partnership does not have a –O freeze, it is possible that one or more of the partners have a –O freeze. If an agent sends notices to the TMP, we are required to send notices to the notice partners within certain time frames. The Partnership Control System (PCS) will suppress all partner notices generated by PCS when there is a –O freeze, except the Notice of Final Partnership Administrative Adjustment (FPAA). When notices are suppressed, it gives the user the ability to override the suppression and have the notice generated if necessary. When a notice is suppressed, the campus will hold the notice as long as the statute allows or until the postponement period has ended.

4.2.2.11.10 (05-29-2019)

Technical Services - Expiration of Postponement Period

- (1) Once the postponement period has expired, determine if an extension to some or all of the IRS designated disaster area was provided. See *IRM 4.2.2.10 (2)* for more information regarding an extension of the postponement period.

4.2.2.11.10.1 (02-12-2020)

Technical Services - Postponement Period Expired

- (1) If the postponement period has expired and no extension was provided, activity may resume on the following business day.
Example: The postponement period end date is Thursday, January 31, 2019. Therefore, activity may resume on Friday, February 1, 2019.

When resuming activity, Technical Services employees should generally complete actions in the following order:

- (2) Prepared statutory notices of deficiency should be issued immediately for those cases in Status 25, Suspense Type 508, Review

Type 29. Cases with the most imminent statutes should be issued first.

- (3) Notices of deficiency with a default date that occurred during the postponement period and were not assessed (see *IRM 4.2.2.11.2.3*) should be defaulted. Cases with the most imminent statutes should be defaulted first.
- (4) Agreements (including Form 906) received during the postponement period should be processed and the cases closed to CCP.
- (5) If a taxpayer submitted an appeals request, but indicated they were not ready for Appeals consideration during the postponement period, the statute should be reviewed to determine if sufficient time remains.
 - If there will be less than 365 days remaining on the statute when the case is received in Appeals, the taxpayer should be contacted and a statute extension solicited. If the taxpayer refuses to sign a consent, the case should not be forwarded to Appeals and a statutory notice of deficiency should be issued.
 - If there will be more than 365 days remaining on the statute when the case is received in Appeals, the case should be forwarded to Appeals.
- (6) Review and take action on all correspondence received from affected taxpayers during the postponement period.

4.2.2.11.10.2 (05-29-2019)

Technical Services - Postponement Period Extended

- (1) If the postponement period was extended, activity may not resume except for the following:
- (2) For cases in Status 24 (90 Day Notice Of Deficiency) with an original default date during the postponement period, the Action Date should be adjusted to reflect the extended postponement period end date plus one day.
- (3) Statutory notices of deficiency and statutory notices of claim disallowance will not be issued to affected taxpayers during the extended postponement period unless exigent circumstances exist (see *IRM 4.2.2.6.4.1*). The Technical Services group should review all inventory and identify those cases with an imminent statute (90 days or less). For these cases, the group manager will obtain territory

manager approval to issue the notice during the postponement period. This approval must be clearly documented in the case file.

Exhibit 4.2.2-1

Form 3177 Preparation - Manual Input of a –O or –S Freeze

Examiners use Form 3177 to request the input of TC 971, which manually sets the –O or –S freeze depending on the AC. To prepare the form, examiners must first obtain the following information by conducting a zip code search on the ICCE IRS Disaster Assistance Program website:

- a. The 4-digit FEMA Declaration Number assigned to each specific disaster and state (column titled "Declaration Number").
- b. The start date and end date of the postponement period (columns titled "Start Date" and "End Date").

On Form 3177, complete the following information:

- Initiator name
- Initiator telephone number
- Initiator employee number
- Date
- Taxpayer name
- EIN or SSN
- In the last block of the "TRC" column, enter "971"
- In the Explanation column, include the following language under Other (specify):

"ACTION CODE NNN["087" to set the –O freeze or "688" to set the –S freeze]

FEMA-NNNN [4-digit FEMA Declaration Number] TRANS DATE:

MM/DD/YYYY [postponement period start date] SECONDARY DATE:

MM/DD/YYYY [postponement period end date] The following graphic shows an example of a completed Form 3177"

[Please click here for the text description of the image.](#)

Exhibit 4.2.2-2

Examples of Disaster Account Identifiers

CC AMDISA, CC BMFOLE, and CC IMFOLE can be used to locate various disaster account identifiers. A response screen for each CC is shown in the corresponding graphics along with the location of the various disaster account identifiers.

AMDISA

[Please click here for the text description of the image.](#)

BMFOLE

[Please click here for the text description of the image.](#)

IMFOLE

[Please click here for the text description of the image.](#)

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Internal Revenue Manual Section 20.1.1.3.2.2.2 (11-21-2017)

Fire, Casualty, Natural Disaster, or Other Disturbance-Reasonable Cause

1. Determine if the taxpayer could not comply timely because the taxpayer was an "affected person" eligible for disaster relief as provided for in IRM 25.16.1.2, *Identification of Covered Disaster Area and Affected Taxpayers*. Also see IRM 20.1.1.3.3.6, *Official Disaster Area*.
2. For taxpayers not considered an "affected person," reasonable cause relief from a penalty may be requested if there was a failure to timely comply with a requirement to file a return or pay a tax as the result of a fire, casualty, natural disaster, or other disturbance. However, one of these circumstances by itself does not necessarily provide penalty relief.
3. Penalty relief may be appropriate if the taxpayer exercised ordinary business care and prudence, but due to circumstances beyond the taxpayer's control, he or she was unable to comply with the law.
4. Factors to consider include the following:
 - Timing
 - Effect on the taxpayer's business
 - Steps taken to attempt to comply
 - If the taxpayer complied when it became possible
5. The determination to grant relief from each penalty must be based on the facts and circumstances surrounding each individual case. Determine if the event resulted in a circumstance for which other penalty relief criteria may apply. For example, if the taxpayer was unable to access his or her records as the result of a fire. See IRM 20.1.1.3.2.2.3, *Unable to Obtain Records*. If the taxpayer, or responsible party, was unable to comply because he or she was hospitalized as the result of an accident. See IRM 20.1.1.3.2.2.1, *Death, Serious Illness, or Unavoidable Absence*.

- 25.16.1 Program

- Guidelines

- 25.16.1.1

- Program

- Scope and

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- Background

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- Roles and

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- Program

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- Acronyms,

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- Related

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- Identification

- of "Covered

Part 25. Special Topics

Chapter 16. Disaster Assistance and Emergency Relief

Section 1. Program Guidelines

25.16.1 Program Guidelines

Manual Transmittal

October 08, 2021

Purpose

(1) This transmits revised IRM 25.16.1, Disaster Assistance and Emergency Relief, Program Guidelines.

Material Changes

(1) *IRM 25.16.1.1* - Updated Program Scope and Objectives to clarify Purpose, Audience, Policy Owner, Program Owner, Primary Stakeholder, and Contact Information.

(2) *IRM 25.16.1.1.2* - Added minimum days for Postponement Period.

(3) *IRM 25.16.1.1.6* - Updated Treasury Directive.

(4) *IRM 25.16.1.2* - Subsection retitled and reorganized for clarity. Immaterial content was deleted.

(5) *IRM 25.16.1.3* - Updated Code of Federal Regulation (CFR) reference. Noted FEMA's process for disaster relief. Rewrote paragraph three for clarity.

(6) *IRM 25.16.1.4* - Outdated guidance was removed and changes made for clarity.

(7) *IRM 25.16.1.5* - Subsection renamed and the content was updated for currency and clarity.

- Disaster Area" (8) *IRM 25.16.1.5.1* - Renumbered from *IRM 25.16.1.5.2*. Verbiage changed for clarity.
 - , "Postponement Period", and (9) *IRM 25.16.1.5.1* - Change reflects legislation enacted to grant Public Assistance minimum number of days.
 - "Affected Taxpayers" (10) *IRM 25.16.1.5.1 (6)* - Updated to include guidance for H.R. 1865, Further Consolidated Appropriations Act.
 - 25.16.1.4 Tribal Nation Authority Under the Sandy Recovery Improvement Act (11) *IRM 25.16.1.5.2* - Corrected to remove allowance of "designee" .
 - (12) *IRM 25.16.1.5* - Moved from subsection 25.16.1.6.
 - (13) *IRM 25.16.1.7* - Updated content for clarity.
 - (14) *IRM 25.16.1.7* - Moved from subsection 25.16.1.7.1 (11).
 - (15) *IRM 25.16.1.7.1* - Verbiage changed for clarity.
 - 25.16.1.5 Disaster Program Office Actions (16) *IRM 25.16.1.7.1*- Updated content for clarity.
 - (17) *IRM 25.16.1.7.2* - Verbiage changed for clarity.
 - 25.16.1.5.1 Determining the Appropriate Level of IRS Administrative Tax Relief Under IRC 7508A (18) *IRM 25.16.1.9* - Previously *IRM 25.16.1.14*, shift due to section renumbering. Verbiage changed for clarity.
 - (19) *IRM 25.16.1.10* - Subsection was retitled and reorganized for clarity.
 - (20) *IRM 25.16.1.11* - Previously *IRM 25.16.1.15*, subsection shift due to section renumbering. Verbiage changed for clarity.
 - (21) *IRM 25.16.1.12* - Subsection was retitled and reorganized for clarity.
 - (22) *IRM 25.16.1.13* - Previously *IRM 25.16.1.17*, subsection shift due to section renumbering.
 - 25.16.1.5.2 Individual and/or Public Assistance (23) *IRM 25.16.1.14* - Subsection is a result of the reorganization of previous subsections.
 - (24) *Exhibit 25.16.1-2* - Revised to provide language clarification.
 - (25) Editorial and grammatical updates made throughout the IRM. In addition, existing subsections were rearranged, and language changes made throughout for clarity.
 - 25.16.1.5.3 Internal and External Notification Process
- Effect on Other Documents**
- IRM 25.16.1*, Disaster Assistance and Emergency Relief dated June 26, 2018 is superseded.

- ♦ 25.16.1.6 Disaster ZIP Code Communication
 - ♦ **Audience**
All Operating Divisions and Functional Divisions.
 - ♦ **Effective Date**
(10-08-2021)
 - ♦ Rashaunda B. Simmons
Director, Human Capital Office, SB/SE
 - ♦ 25.16.1.7 Disaster Systemic Account Indicators
 - ♦ **25.16.1.1 (10-08-2021)**
Program Scope and Objectives
 - ♦ 25.16.1.7.1 -S Freeze
 - ♦ 25.16.1.7.2 -O Freeze
 - ♦ 25.16.1.8 The State Disaster Assistance Coordinator (SDAC)
 - ♦ **(1) Purpose:** This IRM section describes how the IRS administers administrative tax relief when responding to tax related issues after federally declared disasters, and other significant emergencies, under the Robert T. Stafford Act. The IRS Disaster Program Office (DPO) administers IRS Administrative Disaster Tax Relief by:
 - a. Ensuring eligible taxpayers, impacted by a federally declared disaster, receive the appropriate level of federal administrative tax relief.
 - b. Coordinating with Information Technology to input proper –O or –S disaster freeze codes on affected taxpayer accounts.
 - c. Communicating timely and effectively the IRS disaster relief decisions to external and internal stakeholders.
 - ♦ **Audience:** These procedures apply to IRS employees responsible for developing and improving disaster relief, and those responding to disaster policy questions. This includes, but is not limited to:
 - All IRS business operating divisions (BODs) compliance employees
 - Communications and Liaison (CL) - Media and Stakeholder Liaison (SL)
 - Information Technology (IT)
 - Governmental Liaison (GL)
 - Disaster Program Office (DPO)
 - ♦ 25.16.1.9 The Field Governmental Liaison (GL)
 - ♦ **(2) Policy Owner:** Director, SB/SE Human Capital Office.
 - ♦ 25.16.1.10 DRC Volunteers
 - ♦ **(3) Program Owner:** Organizational Support and Continuity of Operations, an organization within the SB/SE Human Capital Office.
 - ♦ 25.16.1.11 Disclosure Provisions When Providing Emergency Relief
 - ♦ **(2) Policy Owner:** Director, SB/SE Human Capital Office.
 - ♦ 25.16.1.12 Communications and Liaison (CL)
 - ♦ **(3) Program Owner:** Organizational Support and Continuity of Operations, an organization within the SB/SE Human Capital Office.
 - ♦ 25.16.1.13 Legislative Affairs
 - ♦ **(2) Policy Owner:** Director, SB/SE Human Capital Office.

- 25.16.1.14 [Functional Resources](#) (4) **Primary Stakeholder:** All organizations and business units that interact with taxpayers receiving IRS administrative disaster tax relief.

- Exhibit 25.16.1-1 [Glossary of Commonly Used Disaster Acronyms and Terms With Definitions](#)

25.16.1.1.1 (06-26-2018)

Background

- (1) The Robert T. Stafford Disaster Relief and Emergency Assistance Act (the Stafford Act) is a United States federal law designed to bring an orderly and systemic means of federal disaster assistance for state and local governments, in carrying out their responsibilities to alleviate the suffering and damage resulting from a federally declared disaster.
- (2) The Disaster Assistance and Emergency Relief Program, a service-wide program administered by the DPO under the stewardship of SB/SE Human Capital Office (HCO) Continuity of Operations Office, provides guidance and support to headquarters and field personnel to ensure disaster relief activities are timely and appropriately initiated for taxpayers who are adversely affected by a federally declared disaster when the IRS chooses to provide administrative tax relief.

- Exhibit 25.16.1-2 [Sample Pre-Disaster Awareness Message](#)
- Exhibit 25.16.1-3 [SDAC Site Visit Checklist for DRCs](#)

25.16.1.1.2 (10-08-2021)

Authority

- (1) The authorities for this IRM include:
 - Internal Revenue Code [Rev. Proc. IRC 7508A](#)
 - Treasury Regulations [CFR 301.7508A-1](#)
 - Rev. Proc. 2018-58 (IRB 2018-50, page 990)
 - Delegation Order 25-11 IRM 1.2.2.14.11
- (2) For federally declared disasters, the IRS may choose to postpone certain federal tax filing and payment deadlines when the Federal Emergency Management Agency (FEMA) identifies at least one area as qualifying for Assistance Program. The postponement period must be for a minimum of sixty days, cannot exceed one year, and runs concurrently with relief provided under any other code section. Please see IRM 1.2.2.14.11, Delegation Order 25–11 (Rev. 3) Granting Relief to Taxpayers Affected by Disasters, Terroristic or Military

- Exhibit 25.16.1-4 [Template to Request Tax Transcript Information](#)

Actions, or its successor, for disaster postponement period beyond 180 days.

25.16.1.1.3 (10-08-2021)

Roles and Responsibilities

- (1) **Program Management and Support** is a collective effort among many IRS functions. While all operating divisions are impacted by federally declared disasters to some extent, others work very closely with the DPO to ensure specific actions are initiated after the declaration of a federal disaster.
- (2) Specific support functions and responsibilities include:
 - Information Technology (IT) - Maintains current and historical disaster declarations and/or disaster memorandums on the Integrated Customer Communication Environment (ICCE) website. IT prepares a listing on ICCE for all impacted zip codes within a declared disaster which will be utilized to systemically set the -O or -S freeze to master file. IT will perform the identical actions on amended declarations to ensure additional counties, within the same FEMA incident, are provided with disaster relief for the time period stipulated; IT advises the DPO when the systemic actions have been initiated and expected cycle posting for the -S or -O freeze.
 - Communications and Liaison - Three functions within CL are responsible for activities during a disaster postponement period. They include providing support for internal/external communications and news releases (Media Relations), handling congressional inquiries related to disasters (Legislative Affairs) and, performing customer faced outreach to individual and practitioners through FEMA Disaster Recovery Centers (Stakeholder Liaison).
 - Privacy, Governmental Liaison and Disclosure - The field GL function in PGLD acts as a bridge between state and local government agencies and the IRS during disasters. They hold responsibility for ensuring local partners are apprised of the IRS disaster relief and coordinates efforts between the state and regional disaster assistance coordinators.

- (3) Organizational Support and Continuity of Operations Office, a function within the Small Business/Self Employed (SB/SE), Operations Support, Human Capital Office has responsibility for the oversight and execution of the Disaster Assistance and Emergency Relief Program. The supervisory management and program analyst for the DPO manages operations and staff assignments. This position reports any unusual issues arising during a disaster to senior leadership and may coordinate disaster related resolutions with management officials in other business operating divisions as appropriate.
- (4) The DPO has overall responsibility for coordinating disaster relief efforts with IRS internal partners.
- (5) Specific DPO support functions and responsibilities after a federally declared disaster include:
 - a. Prepare and distribute IRS Disaster Declaration Notices. See *IRM 25.16.1.5.2(1)a*,
 - b. Implement the length of administrative tax relief (up to 180 days)
 - c. See Delegation Order 25-11 or *IRM 1.2.2.14.11* for relief periods authority beyond 180 days.
 - d. Refer administrative tax relief for Public Assistance only declarations to the SB/SE Commissioner for approval.
 - e. Prepare and distribute the IRS Disaster Relief Memorandum, as appropriate. See *IRM 25.16.1.5.2(1)b*
 - f. Ensure that the Declaration Notice, Disaster Relief Memorandum, and any additional notifications are posted to the ICCE web page at <http://www.icce.irs.gov/fema/>.
 - g. Coordinate with Communications and Liaison to ensure issuance of press releases.
 - h. Support coordination with other governmental agencies at the local, state, or federal levels as appropriate.
 - i. Develop and submit work requests for systemic improvements of disaster processing, maintain the Disaster *IRM 25.16.1*, and all disaster-related publications and web pages.
- (6) The DPO staff is also responsible for facets of internal and external stakeholder relationship management, master file systemic programming of disaster freeze codes, web-based functions containing reports, historical program data and disaster information available to the public.

25.16.1.1.4 (10-08-2021)

Program Management and Review

- (1) Several tools are available for management and staff to evaluate DPO actions. These may include reviewing:
- The accuracy and timeliness of issuing disaster declarations and memorandums,
 - The accuracy and timeliness of posting to the Integrated Customer Communication Environment (ICCE) disaster declarations and memorandums, disaster ZIP code listings, and stuffer listings,
 - The Master File affected taxpayer accounts extracts to determine the timely posting and release of systemically applied disaster freeze codes.

25.16.1.1.5 (06-26-2018)

Acronyms, Terms and Definitions

- (1) A list of commonly used acronyms, terms, and associated definitions, for the Disaster Assistance and Emergency Relief program may be found in *Exhibit 25.16.1-1*.

25.16.1.1.6 (10-08-2021)

Related Resources

- (1) In addition to this Internal Revenue Manual, the DPO uses provisions from the following sources in the administration of the Disaster Assistance and Emergency Relief program:
- [IRC Title 26 Internal Revenue Code Section IRC 7508A](#) □
 - IRC Title 26 Internal Revenue Code Section IRC 1033 (h)
 - Code of Federal Regulations CFR Title 26 CFR 301.7508A-1
 - Rev. Proc. 2018-58 IRB 2018-50, page 990
 - IRM 1.2.2.14.11, Delegation Order 25-11, Granting Relief to Taxpayers Affected by Disasters, Terroristic or Military Actions.

25.16.1.2 (10-08-2021)

Federal Disaster Declaration Process

- (1) The initiation of federal disaster relief efforts originates with the authorities of the impacted state, municipality, territory, or tribal government. When a disaster occurs, the authority of the impacted area may request that the President declare the area a federal disaster area under the provisions of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. When the President declares a federal disaster or emergency, immediate notification is made to the authority of the impacted area, appropriate members of Congress, and federal agencies.
- (2) The Director of the Federal Emergency Management Agency (FEMA) appoints a Federal Coordinating Officer (FCO) to coordinate FEMA's disaster assistance efforts and work with other federal agencies on relief issues.
- (3) FEMA assigns a designation of **Individual Assistance** and/or **Public Assistance** to define the type of relief offered to a specific disaster area. These designations will be utilized by the DPO when applying administrative tax relief to taxpayers affected by a federally declared disaster.

25.16.1.3 (10-08-2021)

Identification of "Covered Disaster Area" , "Postponement Period" , and "Affected Taxpayers"

- (1) A "covered disaster area" means an area of a federally declared disaster, within the meaning of IRC 1033(h)(3), in which the IRS has determined certain deadlines for certain acts may be postponed. See Code of Federal Regulations (CFR) Title 26 CFR 301.7508A-1(d)(2). The IRS may grant relief to the areas identified by FEMA for its Individual Assistance and/or Public Assistance Programs.
Note: FEMA provides assistance to disaster victims through its "Individual Assistance" or "Public Assistance" programs. FEMA's "Individual Assistance" program allows individuals and households to receive money and services directly from FEMA. FEMA's "Public Assistance" program allows a partial reimbursement to a government entity and certain types of private nonprofit organizations for expenses incurred as a result of a disaster.

- (2) When the IRS applies a postponement period to a federally declared disaster the postponement period will stipulate a beginning and ending date where the IRS will postpone certain deadlines and certain acts listed in Title 26 CFR 301.7508A-1(c)(1).
- (3) The IRS identifies "affected taxpayers" eligible for administrative tax relief under Title 26 CFR 301.7508A-1(d)(1). "Affected taxpayers" include:
- Any individual whose principal residence, for purposes of IRC 1033(h)(4), is in a covered disaster area;
 - Any business entity or sole proprietor whose principal place of business is located in a covered disaster area;
 - Any individual who is a relief worker affiliated with a recognized government or philanthropic organization and is assisting in a covered disaster area;
 - Any individual whose principal residence, for purposes of IRC 1033(h)(4), or any business entity or sole proprietor whose principal place of business is **not** located in a covered disaster area but, whose records necessary to meet a tax deadline due within the disaster postponement period are maintained in a covered disaster area;
 - Any estate or trust that has tax records that are necessary to meet a tax deadline for an act due within the disaster postponement period, and that are maintained in a covered disaster area;
 - The spouse of an affected taxpayer, solely regarding a joint return of the husband and wife;
 - Any individual visiting the covered disaster area who was killed or injured as a result of the disaster; or
 - Any other person determined by the IRS to be affected by a federally declared disaster, within the meaning of IRC 1033(h) (3).

25.16.1.4 (10-08-2021)

Tribal Nation Authority Under the Sandy Recovery Improvement Act

- (1) Legislation, passed on January 29, 2013, allows federally recognized Indian tribal governments to request federal assistance under The Stafford Act independently or under a state's declaration request.

Note: The tribal government can still be considered part of a state's request for a declaration if they reside in counties identified for relief.

- (2) The tribal government may seek assistance for one or more programs through its own declaration request and then seek assistance for another program through a state request. For example, the tribal government can be considered part of a state's request for Public Assistance and then request Individual Assistance on its own.
- (3) Tribal Nations, seeking federal disaster declarations independently of a state are afforded the same federal administrative tax relief as authorized under a declaration approved for a state and its affected counties.

25.16.1.5 (10-08-2021)

Disaster Program Office Actions

- (1) The DPO will gather damage assessment information to ensure the administrative tax relief provided is consistent and fair.
- (2) The DPO may:
 - a. Review media reports on the disaster generated at the national, state, or local level:
 - b. Review any available damage assessment reports generated by FEMA or by any state or local emergency management agency:
 - c. Review any other reliable information.

25.16.1.5.1 (10-08-2021)

Determining the Appropriate Level of IRS Administrative Tax Relief Under IRC 7508A

- (1) Administrative tax relief impacts IRS resources, overall tax administration, and potentially state and local taxing authorities. The DPO will monitor disasters to ensure an adequate and reasonable level of relief is provided. The IRS will issue a supplemental memorandum if additional information indicates a need for extended relief after issuance of the disaster relief memorandum.
- (2) Generally, the IRS will provide administrative tax relief when FEMA issues a disaster declaration listing at least one area qualifying for FEMA's Individual Assistance program to all areas identified for

Individual and/or Public Assistance on the same declaration.

Generally, for disaster declarations without Individual Assistance (Public Assistance only) the IRS will not provide administrative tax relief.

Note: Taxpayers who do not qualify for IRS administrative tax relief, but experienced a disaster related hardship, may qualify for penalty abatement. See IRM 20.1.1.3, Criteria for Relief From Penalties.

- (3) Generally, the postponement period for administrative tax relief will last approximately 120 days from the incident start date, ending on the 15th or the last day of a month. The postponement period ending date should, generally, not end on a weekend or holiday, but on the next business day.
- (4) The severity of a disaster may warrant extending relief beyond 120 days.
 - The postponement period will generally last a minimum of 60 days from the incident end date listed in the FEMA declaration, exclusive of payroll and excise tax deposits.
 - Payroll and excise tax deposits will generally receive a 15-day postponement period. The postponement period ending date should not end on a weekend or holiday, but on the next business day.
- (5) The specific period of relief may not exceed one year, for acts postponed under IRC 7508A. The postponement period under IRC 7508A runs concurrently with any other extensions of time to file and pay under other sections of the Internal Revenue Code.
- (6) Due to the passage of [House Resolution \(H.R.\)1865](#) , Further Consolidated Appropriations Act, signed into law on December 20, 2019, when the IRS chooses to provide administrative tax relief the IRS will generally provide administrative tax relief to all areas receiving Individual and/or Public Assistance on the same declaration. Generally, administrative tax relief will begin on the earliest incident start date and end a minimum of 60 days after the latest incident end date identified by FEMA.

25.16.1.5.2 (10-08-2021)

Individual and/or Public Assistance

(1) When FEMA issues a disaster declaration designating at least one area as qualifying for their Individual Assistance program and the IRS chooses to provide administrative tax relief, the DPO will take the following actions:

a. Prepare an IRS Declaration Notice to identify the areas/counties within a state impacted by the disaster. The notice will include: The four-digit Federal Declaration Number assigned by FEMA, the date, a brief description of the disaster, the duration of the disaster event (known as the incident period) and the covered disaster areas/counties.

Note: As disasters can become ongoing events, FEMA may identify new areas qualifying for their Individual/Public Assistance program. The DPO will update the IRS Declaration Notice and ensure the new areas receive administrative tax relief as appropriate.

b. Prepare a disaster relief memorandum for distribution, signed by the Chief, Organizational Support and Continuity of Operations, Human Capital Office, for distribution.

Note: Do not forward or use the disaster relief memorandum, an internal memorandum, as notification to taxpayers or other federal/state agencies. The IRS notifies external stakeholders via a news release prepared by the office of CL.

(2) The memorandum will include all the information in (1) a) above, along with time periods, level of relief, notice information, and instructions regarding extensions of due dates for filing and payments.

(3) The specific period of relief may not exceed one year, for acts postponed under IRC 7508A. The postponement period under IRC 7508A runs concurrently with any other extensions of time to file and pay under other sections of the Internal Revenue Code.

(4) The systemic freeze code (-S or -O) applied to affected taxpayer accounts.

(5) A definition of "affected taxpayers."

(6) The insert, Notice 1155, Disaster Relief from the IRS, accompanies computer generated correspondence systemically issued to taxpayers in the covered disaster ZIP codes within the postponement period. The notice provides instructions and IRS contact information

for taxpayers who believe they may need tax assistance during the relief period.

- (7) The internal memorandum will advise IRS employees of the dates the disaster freeze code will apply, any postponement of enforcement activities, instructions on how taxpayer can request free expedited copies of tax returns, extension of due dates for filing refund claims, and time frames for making certain payments.
- (8) For disaster declarations where FEMA only designates areas qualifying for Public Assistance, the IRS Declaration Notice, as detailed in (1) a) above, will be issued to applicable internal functional contacts.

25.16.1.5.3 (10-08-2021)

Internal and External Notification Process

- (1) Each IRS operating and functional division will provide the DPO with at least one point of contact (POC) to receive e-mail notification of federally declared disasters. The POC will distribute disaster-related communications to the appropriate employees within their functions.
- (2) When the DPO issues an IRS Disaster Declaration for Public Assistance only, an e-mail notification is sent to all members of the DPO, the SDAC, the Governmental Liaison Disaster Assistance Coordinator (GDAC), and the POC in the following functions:
 - Information Technology (IT)
 - Communications and Liaison (CL)
 - Legislative Affairs (LA)
- (3) When the IRS chooses to provide administrative tax relief the DPO will issue an IRS Disaster Declaration and Memorandum for Distribution via e-mail to the POC for the:
 - Regional Disaster Assistance Coordinator (RDAC)
 - State Disaster Assistance Coordinator (SDAC)
 - Communications, Media Relations for coordination of the public news release, and
 - Operating and functional divisions within the IRS
- (4) CL informs external stakeholders of relief by issuing a news release to the local media outlets of the impacted states and posted relief

information to www.irs.gov.

25.16.1.6 (06-26-2018)

Disaster ZIP Code Communication

- (1) The Information Technology (IT) organization supports the Disaster Assistance and Emergency Relief program through the systemic identification of ZIP codes for covered disaster areas using the United States Postal Service software.
- (2) IT receives the disaster postponement period beginning and ending dates from the DPO. The DPO requests IT initiate systemic programming of Masterfile to code affected taxpayer accounts within the identified ZIP codes for disaster relief on the Integrated Data Retrieval System (IDRS).
- (3) Upon receipt from the DPO, IT posts the IRS Disaster Declaration and Memorandum for Distribution to <http://www.icce.irs.gov/fema/>.
- (4) Notice 1155, Disaster Relief from the IRS, accompanies certain Master File notices sent to taxpayers with an address of record within the impacted ZIP codes. Notice 1155 provides impacted taxpayers with the IRS Disaster Hotline to address any questions or concerns related to disaster relief.
- (5) Notice 1155 will only be requested through Correspondence Production Services when administrative tax relief is provided. When Notice 1155 is used, IT will prepare and post an Excel spreadsheet containing the county name(s) and ZIP codes eligible for notice suppression.

25.16.1.7 (06-25-2012)

Disaster Systemic Account Indicators

- (1) The Disaster Assistance program uses IDRS to ensure affected taxpayers within identified ZIP codes in a covered disaster area receive systemic relief.
- (2) Indicators are posted on IDRS, via IT systemic programming, using computer transaction code (TC) 971. TC 971, action code 087 will post a corresponding -O freeze on the tax account of an affected taxpayer. TC 971, action code 688, will post a corresponding -S freeze on the tax account of an affected taxpayer.

Note: Generally, disaster freeze codes take 5-10 days to post to IDRS.

- (3) The Disaster Victim Code posts on the entity portion of IDRS. It is a value indicator that is defined as follows:
- 1 = -S freeze active
 - 2 = -O freeze active
 - 3 = both -S and -O freeze active
 - 4 = historical indicator reflecting -S or -O freeze was active at some time in the past but is not currently active
- (4) [Disasterassistance.gov](https://www.disasterassistance.gov) describes relief disaster victims may be provided by the federal government. Advising taxpayers of its existence may assist them in their recovery efforts.

25.16.1.7.1 (10-08-2021)

-S Freeze

- (1) The -S freeze, a systemic disaster indicator, gives the IRS the flexibility to grant filing and payment relief without suspending compliance activities. It is appropriate when the disaster declaration impact and scope does not warrant use of the -O freeze. The -S freeze posts systemically for all affected taxpayers located within the covered disaster areas' ZIP codes.
- (2) The DPO will determine the appropriateness of the -S freeze.
- (3) The -S freeze does not suspend compliance activity but requires "soft contact procedures."
- (4) For information on the exclusion of the Federal Payment Levy Program (FPLP) in disaster zones see IRM 5.11.7(3), Exclusions.
- (5) For information on installment agreements in a designated disaster area consult your business unit's IRM
- (6) Affected taxpayers outside of the covered disaster area may call the toll-free number, 1-866-562-5227, to self-identify for disaster relief if applicable.
- (7) When taxpayers contact the IRS to self-identify, they must provide the reason why they meet the criteria to qualify for administrative tax relief. The reason provided must meet one of the established definitions of an affected taxpayer as listed in *IRM 25.16.1.3*, Identification of Covered Disaster Area, Postponement Period, and Affected Taxpayers. No other proof of a taxpayer's qualification is required.

- (8) Employees who receive a request from a taxpayer who qualifies for administrative tax relief, but does not reflect a disaster account indicator on IDRS, should manually input the TC 971 to generate the -S freeze as follows
- Retrieve CC Enmod of the affected taxpayer account
 - Input CC REQ77
 - Line 2, literal "TC" enter 971
 - Line 3, literal, "TRANS DATE" input the disaster postponement period start date
 - Line 7, literal, "SECONDARY DT" input disaster postponement period end date
 - Line 8, literal "TC971/151-CD" input 688
 - Line 9, "FEMA-NUM" input the appropriate declaration number (i.e., FEMA-4600)
- (9) Tax practitioners may request self-identification on behalf of taxpayers affected by a disaster. After performing the appropriate research to determine the practitioner's authority to act on the taxpayer's behalf, employees may manually input the TC 971 using the procedures outlined.
- (10) Employees who do not have the ability to manually input the TC 971 for disaster relief can refer callers to the toll-free IRS Disaster Hotline at 1-866-562-5227, or request input via Form 4844, Request for Terminal Action, providing the disaster related information found in subparagraph (8).

25.16.1.7.2 (10-08-2021)

-O Freeze

- (1) The use of the -O freeze allows the Service to systemically provide special processing related to any filing, payment, or interest relief, granted for a geographic area for the disaster postponement period:
- Suspends mailing of notices except for assessment notices required by IRC 6303, Notice and Demand for Tax, and all letters and notices pertaining to the Release of Levy/Release of Property from Levy.
 - Establishes a filing and payment postponement period for those taxpayers with a filing or payment due date or extended due date within the disaster postponement period.

- Allows for special penalty/interest computation for taxpayers meeting the criteria for the filing and payment relief granted.
- Suspends several collection and examination activities, including Discriminant Index Function (DIF) ordering through the Audit Information Management System (AIMS), Underreporter activity, and Taxpayer Delinquent Accts- Investigations Extracts (TDA-TDI) processing.

(2) The DPO recommends the -O freeze, to the SB/SE Commissioner, in only in the most catastrophic disasters, and for the areas suffering the most damage. Before recommending -O administrative tax relief the DPO will consider:

- The number of casualties and/or displaced persons,
- Extensive housing damage and/or environmental damage forcing long-term or permanent relocation for a significant portion of the population,
- Severe infrastructure damage on a scale likely to cause service impacts and economic disruptions,
- Severe economic or physical damage to key industries and incapacitated governments.

Note: Functional operations with inventory controlled by internal systems may need to ensure processes are in place to identify cases affected by a disaster suspense period. This is especially important for cases subject to compliance activities and are under the -O freeze postponement period. Although general compliance activities are suspended, various BODs can implement procedures when compliance action is necessary (i.e., statute issues, jeopardy, exigent circumstances). Employees should seek guidance from their manager if these issues arise. Field Collection employees see, IRM 5.1.12, Cases Requiring Special Handling. SB/SE Field Examination, Specialty Examination, and LBI Employees see IRM 4.2.2, General Examining Procedures, Disaster Assistance Relief.

(3) Rev. Proc. 2018-58 IRB 2018-50, page 990, describes all acts authorized under IRC 7508A

25.16.1.8 (10-08-2021)

The State Disaster Assistance Coordinator (SDAC)

- (1) As part of the preparation for disaster response coordination (Pre-Disaster), actions performed by the SDAC include:
 - a. Provide DPO with contact information for the SDAC, their alternate and any designees. The DPO uses this information to maintain the SDAC contact listing.
 - b. Complete biannual disaster training. The Stakeholder Liaison (SL) Disaster Assistance Program lead may determine the biannual training unnecessary if the potentially affected parties are experienced with the operations of the Disaster Assistance program.
 - c. Ensure annual awareness communication to all potentially affected parties, i.e., Field Media Specialists and other local operating and functional division contacts, informing them of the SDAC roles during a disaster. This is completed prior to an area's known disaster season (if one exists). This communication may be accomplished via internal meetings, such as Exam/Collection group meetings or Stakeholder Relationship Management Local Council (SRMLC) meetings, or by e-mail.
 - d. Determine if the potentially affected parties are experienced with the operations of the Disaster Assistance program, then the annual awareness communication steps are unnecessary. See *Exhibit 25.16.1-2* for a sample of the awareness communication.
 - e. Determine staffing levels and notify functional managers when it is necessary to provide appropriately skilled employees to staff a Disaster Recovery Center (DRC).
 - f. Work with field GL on FEMA stakeholder relationships. Field GL maintains regional relationships in order to secure the DRC locations and identify the FEMA DRC manager for the SDAC.
- (2) The Service is committed to assisting disaster victims in understanding the tax law associated with claiming non-reimbursed casualty and theft losses and helping them meet their federal tax obligations for filing returns or paying taxes without being penalized. The SDAC will ensure IRS personnel assist victims by:
 - a. Distributing Pub 2194, Disaster Resource Guide for Individuals and Businesses.

- b. Providing tax counseling on the determination of deductible disaster-related casualty and theft losses included in Pub 547, Casualties, Disasters and Thefts.
 - c. Explaining the federal administrative tax relief granted to taxpayers affected by the disaster.
 - d. Providing information to assist taxpayers in reconstructing lost financial records.
 - e. Assisting taxpayers with completing Form 4506, Request for Copy of Tax Return, or Form 4506-T, Request for Transcript of Tax Return. These products are provided free of charge to taxpayers affected by federally declared disasters.
 - f. Preparing Form W-4 Employee's Withholding Allowance Certificate, if appropriate, to change withholding allowances.
 - g. Assisting taxpayers in understanding the rules regarding the use of substitute Form W-2, Wage and Tax Statement, on Form 4852, Substitute for Form W-2.
 - h. Referring taxpayers to the IRS web site, or IRS Disaster Hotline, for additional information.
- (3) After notification by the DPO that FEMA has issued a Disaster Declaration, the SDAC will ensure that on-going communication takes place between the DPO and SDAC throughout the disaster or emergency. This may include the use of the SDAC as a resource by the DPO to assist in making administrative tax relief assessments and recommendations.
- (4) After the issuance of a disaster declaration the SDAC coordinates operations in the field at each FEMA DRC to include staffing, training, reporting, and any equipment needs, and monitors the needs of the public and reports issues and findings to the DPO.
- (5) Operational guidelines are used to assist the SDAC in coordinating IRS participation at each established DRC.
- a. The field GL is responsible for providing the SDAC with the location information of the DRC and the necessary contact information for the FEMA DRC manager. The FEMA DRC manager is responsible for operations at the DRC sites. Sites are either fixed or mobile. Generally, only fixed sites will be staffed by IRS personnel. SDAC may also be responsible for staffing Non-FEMA disaster assistance sites. The same guidelines apply to any site staffed.

- b. The SDAC will contact the assigned FEMA DRC manager to determine the need for IRS presence at the DRC site. Using this information, the SDAC plans the staffing and determines the supplies needed. Orders for materials shipped from the National Distribution Center should be placed as soon as possible after verifying the mailing address for the DRC with the FEMA DRC manager.
- c. SDAC Site Visit Check Sheet for DRC is used to ensure proper set-up at the site. *Exhibit 25.16.1-3*.

(6) DRC staffing activity guidance for SDAC:

- a. The SDAC may request additional staffing based on the number of DRC locations identified. Coordination with the responsible area managers or their designees is necessary.
- b. The SDAC evaluates the resources provided and ensures that all possess the required technical competencies.
- c. The SDAC considers multiple factors to prudently, effectively, and timely secure staffing for each DRC. The volume of taxpayers needing assistance at the sites, time in travel status, travel expenditures such as actual location of POD or residence in relation to DRC, and whether bilingual assistance is needed, are among the considerations included in making the staffing selections. Normally, Stakeholder Liaison (SL) employees, as part of their duties, are called upon first, (assuming adequate SL resources are available to ensure proper disaster response coordination takes place). Employees from other operating and functional division locations may be called upon to help, in accordance with the Service Level Agreement (SLA).
- d. As volunteers are identified the SDAC provides an introductory e-mail detailing their roles, responsibilities, and information about training that must be completed prior to reporting to a DRC.
- e. The SDAC continually reevaluates the staffing needs throughout the disaster postponement period and adjusts as needed.

(7) Reports activity for the SDAC include:

- a. Entering appropriate disaster information into the Disaster Assistance Activity Report (DAAR) and ensuring that each employee's completed information is input into the DAAR daily.

- b. Maintaining information in the DAAR. This includes updating employee data, issuing the appropriate access level authorizations, and the type of disaster, i.e., hurricane/tornado/flood, and pertinent information for the DRC, such as name and physical location.
- (8) Internal and external equipment and supply needs to be requested from FEMA (by GL on behalf of SL)
- a. Table and chair(s)
 - b. Telephone at desk or access to telephone
 - c. Electrical outlet
 - d. Internet access (DSL or phone line)
 - e. Fax and copy machine access
 - f. Possible storage for publications/forms. The SDAC is responsible for ordering all IRS tax forms and publications
 - g. FEMA site access badges
- (9) The SDAC is responsible for referring employees to the Disaster Self-Study training course and ensuring that they clearly understand their duties.
- (10) The IRS Disaster Response Plan establishes a comprehensive partnership approach and response to federally declared disasters. This partnership combines the strengths from both GL and SL that help mobilize SL field personnel to assist taxpayers in areas affected by the declared disaster. The roles of each are spelled out in the plan.
- (11) This plan involves all of GL and SL, both at the field and headquarters level.
- (12) The plan is activated when the DPO is notified that a federally declared disaster has occurred.

25.16.1.9 (10-08-2021)

The Field Governmental Liaison (GL)

- (1) The field GL works closely with the RDAC in gathering and sharing information so that all appropriate state and local government agencies are informed.
- (2) Responsibilities of GDAC Under the Federal Intergovernmental Program (FIP)

- a. Coordinate interagency meetings and arranges for any formal agreements with other federal agencies, including the relationship with FEMA;
- b. Serve as back-up to HQ National Disaster Assistance Coordinator during disaster events to maintain ongoing communications with HQ FEMA, and under exigent circumstances may be called upon to provide on-site presence at the National Incident Command Center at FEMA HQ. GDAC notifies Director, Governmental Liaison, Disclosure and Safeguards, of any disclosure issues;
- c. Serve as the relationship manager with FEMA HQ. May be called upon to attend FEMA interagency coordination meetings along with, or as back-up to, the DPO;
- d. Respond to issues raised by the RDAC during a disaster.
- e. Communicates with the RDAC and is responsible for providing the RDAC their contact information, including off-duty contact information.
- f. Provide the location of the DRC and other IRS disaster information to their state taxing authority partners.

Example: If the RDAC is having difficulty in contacting the FEMA Federal Coordinating Officer (FCO), then the RDAC may contact a GDAC or designee.

(3) Responsibilities of the RDAC include:

- a. The regional FEMA stakeholder relationship. This includes relationship management pre-disaster, during, and post-disaster. The RDAC attends semi-annual regional FEMA meetings and any other meetings that enhance the IRS disaster response. The SDAC may attend these with the RDAC.
- b. Being aware of any disasters that occur. The FEMA web site has immediate information when a disaster or federally declared disaster has occurred. The SDAC can also provide disaster information. The RDAC maintains regional relationships in order to quickly identify the DRC locations and the FCO contact for the SDAC. The RDAC is responsible for providing the SDAC with DRC location information and necessary contact information for the FEMA FCO. Using this information, the SDAC plans the staffing and determines what equipment and supplies are needed.
- c. Communicating the location of the DRC and other disaster-related information to the field GL in the impacted area.

Relationships should be established prior to any disaster. The RDAC is responsible for obtaining the contact information for FEMA, the SDAC that represent the states covered, and the field GL. These contact numbers should include off-duty numbers. The RDAC should maintain a copy of the contact numbers in an off-site location in case the disaster occurs after hours or on a weekend.

(4) Relationship Management between various organizations is outlined below:

- **Relationship Management RDAC to FEMA** - The role of the field GL has always been relationship management with federal and state agencies. The importance of building a relationship with the FEMA contacts prior to a disaster cannot be over-emphasized. The RDAC should use the external template letter to initiate the relationship. The initial contact should not be the only contact. The RDAC should build upon the initial contact by making a face-to-face visit and/or telephone contact. These FEMA relationships can further be advanced by attending regional FEMA meetings with participating federal agencies.
- **Relationship Management RDAC to SDAC** - The RDAC should build a partnership with the SDAC prior to any disaster. They should exchange contact information and discuss how communication will take place during a disaster response. A proactive approach should be taken with this relationship as both participants play a large role in the IRS's successful response to a disaster.
- **Pre-Disaster Activities for the RDAC** - Establishing contact with FEMA in order to negotiate agreement with FEMA for any disaster or equipment needs is necessary. Updated RDAC telephone contact information must be provided to the GDAC to ensure communication lines are kept open. Be proactive and prepared. Plan what to do in advance of a disaster and what roles to play. It is too late once the disaster hits.
- **National FEMA Meetings** - The GDAC coordinates with the DPO IRS's attendance and participation in meeting with FEMA HQ. Under exigent circumstances, the GDAC may be called

upon to provide on-site presence at the National Incident Command Center at FEMA HQ.

- **Regional FEMA Meetings** - The RDAC attends some regional FEMA meetings that pertain to the IRS's role in disaster response. These meetings are used for information gathering, advance disaster planning, and relationship building. If possible, the SDAC attends in partnership with the RDAC.
- **When a Disaster is Declared - RDAC Interactions** - The DPO notifies SDAC and GDAC of federally declared disasters. The GDAC is responsible for coordinating with the RDAC, who in turn, contacts FEMA (FCO or logistical manager) to obtain DRC information. The RDAC provides DRC details and other related information to SDAC and field Governmental Liaisons. The RDAC ensures that communication exchanges continue throughout the disaster response period. When the RDAC cannot resolve an issue or problem with the local FEMA contact, the RDAC should contact the GDAC listed on the contact sheet. The GDAC will elevate the concerns to the DPO.
- **When a Disaster is Declared - District Liaison and Field GL Interactions** - The SDAC determines which DRC the IRS will staff as well as the on-duty hours. The field GL should only provide information on the IRS - staffed DRC and the hours the IRS staff will be present at the DRC. IRS staff hours may differ from the FEMA operational hours. The district liaison may need to provide disaster information to congressional delegations. The field GL may interact with state taxing authorities, act as local contact, and assist the RDAC and SDAC whenever possible. In the event the RDAC is not available, the field GL may be required to act as the RDAC if necessary.

- (5) The focus should be on relationship management before, during, and after a disaster. Pursue ongoing communication with FEMA and SL contacts. Utilize the contact listings and disaster job aids. Know what all the players' roles are, and if possible, practice a disaster scenario with IRS partners.

25.16.1.10 (10-08-2021)

DRC Volunteers

- (1) The DRC is a stand-alone site established and managed by FEMA after a disaster event qualifies for their Individual Assistance Program. Assistance provided at a DRC may include state, local, federal agencies, and charitable organizations providing outreach, housing, financial or other assistance at one central location for the convenience of the affected community members. When needed, the IRS provides volunteers at DRC locations for outreach and providing disaster related tax information.
- (2) Beginning in January 2019, the DPO assumed the responsibility for tasks associated with soliciting and coordinating SB/SE volunteer cadres to assist with staffing each DRC.
- (3) The DPO is responsible for coordinating DRC volunteer efforts for personnel in SB/SE functions. The DPO will:
 - Solicit SB/SE functions for volunteers to staff the DRC.
 - Forward a list of volunteers to SL that meet criteria.
 - Work with the SB/SE finance staff to secure and issue financial guidance to the volunteer and their immediate manager.
- (4) To mitigate lengthy commutes, travel, and working outside an employee's tour-of-duty (TOD), the following will be considered in the solicitation process:
 - The employee's normal TOD,
 - The distances between the employees' POD/home and the DRC,
 - The DRC hours of operation.
- (5) The authority for selecting a volunteer rests within the employees' organizational chain of command, who will forward a list of selected employees to the DPO within a stated time period (usually 1-5 business days).
- (6) Upon receipt of the volunteer lists, the DPO will forward the list to the manager of CL, Stakeholder Liaison function. Stakeholder Liaison is responsible for training volunteer employees, managing any reporting issues at the DRC and maintaining a record of pertinent DRC activities such as, the work performed on behalf of taxpayers and the recording of taxpayer volumes by the DRC volunteers.

- (7) The DPO will work with the Stakeholder Liaison to secure additional volunteers when needed.
- (8) SB/SE retains the right to recall volunteers to their normal POD, when warranted, due to work inventory, staffing, or other concerns by SB/SE management.
- (9) The initiation of federal disaster relief efforts originates with the authorities of the impacted state, municipality, or territory.
- (10) This section contains the operating guidelines for employees working at a DRC. These guidelines apply to both FEMA and Non-FEMA sites. Our commitment is met by assisting taxpayers to resolve tax issues related to the disaster. This primarily involves information related to claiming casualty and theft losses.
- (11) Taxpayers and tax practitioners can find information about reporting casualty and theft losses and the latest IRS disaster assistance information on the internet at www.irs.gov or by calling the Disaster Special Services toll-free line at 1-866-562-5227.
- (12) Employees may access IRS Disaster Declarations and Memorandums for Distribution, for federally declared disasters, on www.icce.irs.gov, IRS Disaster Memos and Declarations.
- (13) The SDAC is the point of contact for employees working at a DRC for purposes of addressing any issues or concerns at the site.
- (14) The DRC provides assistance to disaster victims when a disaster strikes by:
 - a. Distributing Pub 2194, Disaster Resource Guide for Individuals and Businesses, to those taxpayers who have suffered losses due to the disaster.
 - b. Providing copies of IRS news releases related to the disaster may be helpful when communicating what IRS relief is available.
Note: Under no circumstances should the IRS Memorandum for Distribution be copied and passed out to taxpayers or practitioners when working at a DRC. The information contained in the memorandum is reflected in the IRS News Release that may be distributed.
 - c. Assisting taxpayers with determining the amounts of a casualty and theft loss may be necessary. Taxpayers who sustain a loss (as described in IRC 165) attributable to a disaster that occurred in an area designated by FEMA for public or individual assistance, may elect to deduct the loss on their return for the immediately

preceding tax year rather than on the return for the tax year in which the disaster actually occurred. Refer taxpayers to Pub 547, Casualties, Disasters and Thefts, for additional information.

- d. Answering inquiries about any tax-related matters that may apply to the disaster. If the question is outside of the skill set of the volunteer, the taxpayer should be provided with the Disaster Special Services toll-free number at 1-866-562-5227 for assistance.
- e. Assisting taxpayers with obtaining copies of tax returns or tax transcripts. These items may be obtained with no charge to the taxpayer. When completing Form 4506 Request for Copy of Tax Return or, Form 4506-T, Request for Transcript of Tax Return, user fees will be waived if the top of the form is annotated with the appropriate disaster designation. Employees should refer to the news release, under the section titled "Casualty Losses" for designation name. Employees should follow appropriate procedures for processing these requests, mailing or faxing.
- f. Preparing Form W-4 and assisting with the rules regarding the use of Substitute Form W-2, as needed.

Note: The IRS will not provide return preparation at the DRC. Taxpayers needing tax return preparation should be referred to, Voluntary Income Tax Assistance (VITA), Tax Counseling for the Elderly (TCE) sites, or should seek assistance from a tax professional

(15) Volunteers assisting taxpayer at DRCs are issued materials, supplies, and site guidelines to follow.

- a. An employee assigned to a DRC will report to the FEMA site manager, who will direct the employee to the area or table to set up for IRS Disaster Assistance.
- b. The FEMA site manager advises the employee of any FEMA site procedures (i.e., signing-in, initialing victim's routing sheet, daily counts, and appropriate dress).
- c. At each site the employee is provided a table, chairs, telephone, electrical outlet, fax access, copy machine access, storage area for publications, and DRC security access badge. The employee should always carry an IRS identification badge or credentials.
- d. The employee may also be provided a cell phone by the SDAC, if needed (e.g., poor phone service in the area).

- e. The employee will update the appropriate field in the DAAR when possible or provide to the SDAC the needed information for updating daily.
 - f. The employee will report any problems or concerns to the SDAC.
- (16) DRC volunteers are required to report all taxpayer contact each day.
- a. All employees who provide assistance at DRC, regardless of operating division, must report disaster-related taxpayer contacts, termed **Taxpayers Assisted**, by COB each day by e-mail or phone call to the SDAC.
 - b. The DAAR no longer requires input of employee time spent working at the DRC. All program time should be reported on the employee's weekly SETR report or, according to their manager's instruction.
 - c. The DAAR does not replace any other organizational reporting requirements and must be completed in addition to other reports required by the employees' operating functions. All other time issues including overtime, tour of duty (TOD) changes, travel time, and expenses are addressed with the employees' managers.

25.16.1.11 (06-25-2012)

Disclosure Provisions When Providing Emergency Relief

- (1) When taxpayers seek assistance in disaster situations, the IRS is charged with providing prompt aid, while at the same time continuing our commitment to safeguard taxpayers' confidential tax information.
- (2) This section provides disclosure guidance for all employees providing emergency relief.
- (3) Relevant IRM sections for cross-reference include: IRM 11.3.2, Disclosures to Persons with Material Interest, IRM 11.3.3, Disclosure to Designees and Practitioners, and IRM 21.1.3, Operational Guidelines Overview.
- (4) IRS employees assisting FEMA, Small Business Administration (SBA), or other government agencies through formal details or interagency agreements, will follow the taxpayer identification and authentication guidelines of the agency to which they are providing assistance. Training on such guidelines and procedures will be provided during the assignment.

Note: If you access federal tax information maintained in IRS computer databases (IDRS, ACS, etc.) while providing assistance to the other agencies listed above, you must comply with the following IRS authentication procedures

- (5) IRS employees providing IRS assistance on the IRS toll-free lines will continue to follow the identification and authentication guidelines used in normal IRS operations.
- (6) In IRS field assistance operations, information may be accepted from any third party, even if the provider of the information does not have a written or oral authorization from the taxpayer. Generally, this means accepting any information that can resolve account issues, but not an address change. See IRM 21.1.3.4, Other Third-Party Inquiries.
- (7) In a disaster situation, remember that taxpayers may not have ready access to copies of returns, notices, bank records, social security cards, ITIN records, etc. Therefore, IRS employees must make every effort to use the data and tools available (IDRS, ACS, other internal information systems) to permit the caller to authenticate him/herself via confirmation of data in our record systems.
- (8) If an authorized third party offers information to self-identify a taxpayer in a disaster affected area, follow -S procedures to ensure that interest and penalty are properly waived for the duration of the disaster postponement period.
- (9) When assistance requires access to federal tax information (via IDRS, ACS, other internal databases), employees will follow the same general rules in the field assistance sites as do the toll-free employees. Taxpayers will not be required to present picture identification, social security cards, or ITIN letters prior to receiving account or return preparation assistance.
Note: Such picture and/or paper identification tools may certainly be used if available but are not required to provide emergency relief
- (10) If there is on-site computer access, there are sufficient probes and responses that can be used to allow the taxpayer to self-identify. Any available information from the tax account record can be used to establish identity.

- (11) These same techniques can be used to authenticate taxpayer identity prior to providing return assistance (again, assuming access to computer databases). In providing emergency assistance, picture ID and/or identity cards, which may not be available because of property loss incurred during the disaster, will not be mandated.
- (12) Without access to computer databases, specific account assistance, including prior year return information, cannot be provided. However, other types of assistance can and should be provided.
- (13) During emergency situations, if questions arise about sufficient taxpayer identification or authentication procedures; contact the local Disclosure staff for individual case guidance.

25.16.1.12 (10-08-2021)

Communications and Liaison (CL)

- (1) In the event of a disaster that results in IRS granting administrative tax relief, whether or not the President declares a disaster; the Office of Media Relations is responsible for preparing appropriate news releases to publicize relief activities.
- (2) The National Media Relations office coordinates with the Field Media Relations Specialist assigned to the area, in which the disaster occurred, the DPO, and Chief Counsel in order to secure approval of the news release message. The release is issued by the Field Media Relations Specialist covering the disaster area or, by the National Media Relations office as appropriate.
- (3) The National Media Relations office provides the news release to the Legislative Affairs and National Public Liaison offices for dissemination to congressional offices and practitioner organizations as appropriate.
- (4) The Field Media Relations office provides the news release to the local field GL for their use in notifying appropriate state agencies of the federal administrative tax relief provisions.
- (5) CL embedded within the operating divisions considers whether additional publicity is necessary to communicate federal administrative tax relief provisions and activities (e.g., Practitioner Newsletter articles, mailings to trade associations or labor unions, etc.).

25.16.1.13 (10-08-2021)

Legislative Affairs

- (1) Contacts with Congressional offices on Capitol Hill are typically handled by personnel of the Office of Legislative Affairs. Contacts with local congressional offices are typically handled by District Liaison contacts. The District Liaison helps ensure that the desired level of timely and accurate information is provided to Congress. The following types of information must be made available to both Legislative Affairs and District Liaisons on an expedited basis as soon as a Presidential Disaster Declaration or other relief procedures are issued:
 - a. DPO provides copies of any information sent to field offices identifying FEMA coordinators, the locations and telephone/FAX numbers of FEMA sites in the disaster area, and the services being provided by IRS at those FEMA sites;
 - b. Office of Media Relations provides copies of any news releases or related materials that describe relief activities and services provided by IRS;
 - c. DPO provides any information or documents that are issued by Chief Counsel describing statutory or administrative relief that can be granted by IRS to disaster victims (postponement of filing or payment obligations, and other extensions or elections, etc.).
- (2) District Liaisons identify, for Legislative Affairs, the Members of Congress (Senators and Representatives) whose states or districts are impacted by the disaster.
- (3) Legislative Affairs coordinates as needed with District Liaisons relative to notifications or other contacts with specific congressional offices.
- (4) Legislative Affairs is responsible for providing the location of the DRC, and other IRS disaster information, to their congressional delegation.

25.16.1.14 (10-08-2021)

Functional Resources

- (1) The Disaster Assistance and Emergency Relief program has the potential to impact work processes in every function throughout the Internal Revenue Service. As appropriate, each operating and functional division is required to develop and maintain specific

processing guidelines for their employees to use when addressing disaster account issues.

(2) Employees should refer to the appropriate functional IRM for instructions relative to their work inventory during disasters. Such resources include:

- SB/SE Field Examination, Specialty Examination, and LBI, see IRM 4.2.2
- SB/SE and WI Campus Examination IRM 4.19.13.5
- Field Collection IRM 5.1.12

Exhibit 25.16.1-1

Glossary of Commonly Used Disaster Acronyms and Terms With Definitions

Commonly Used Acronyms and Terms	Definitions
Affected Taxpayers	For purposes of federally declared disasters, the IRS defines an affected taxpayer as any individual whose principal residence, or business, is in a covered disaster area. A list of those identified as an affected taxpayer may be found in <i>IRM 25.16.1.3</i> .
Covered Disaster Area	Is a geographical area of any state, municipality, district, commonwealth, territory, or Tribal Lands, that FEMA has identified as having been impacted by a federally declared disaster.
DAAR	Disaster Assistance Activity Report - Internal reporting system utilized by employees reporting work performed at the DRC.
Disaster Relief	For IRS purposes, disaster relief is identified as certain tax law provisions, within the scope of IRC 7508A, that the IRS may utilize to help relieve the burden of meeting federal tax obligations due during a disaster postponement period.
DL	District Liaison - An employee in the Communications and Liaison, Legislative Affairs function who holds responsibility for coordinating Congressional inquiries to the IRS during disasters.

Commonly Used Acronyms and Terms	Definitions
DPO	Disaster Program Office - Functional group in SB/SE, Operations Support, HCO, who holds primary responsibility for the policy, procedures and service wide administration of the Disaster Assistance and Emergency Relief Program.
DRC	Disaster Recovery Center - FEMA managed site that provides coordinated federal and local assistance for disaster victims. IRS employees may report to a DRC to provide federal tax information and assistance during disasters designated for Individual Assistance relief.
DTAPG	Disaster Tax Assistance Policy Group - IRS BOD executives and managers who collectively convene when it is determined that a disaster, terrorist attack, or military action will result in a proposal to provide administrative tax relief that exceeds the delegated authority of the Director of the owning BOD.
FEMA	Federal Emergency Management Agency - The federal agency whose primary purpose is to coordinate the response of federal relief efforts when a federal disaster has been declared by the President.
FCO	Federal Coordinating Officer - Employee of FEMA assigned to coordinate federal assistance to a state affected by federally declared disaster.
GDAC	Governmental Disaster Assistance Coordinator - IRS employee in Governmental Liaison who performs duties specific to gathering and sharing information so that all appropriate state and local government agencies and offices are informed of IRS activities during a disaster.
IA	Individual Assistance - Is a designation assigned by FEMA to disasters when eligible individuals, families, and businesses may apply for disaster grants and loans to assist in the recovery process. When the IRS provides Individual Assistance during a disaster, it pertains to certain IRS filing and payment, or other activities that may be subject to the disaster postponement period.

Commonly Used Acronyms and Terms	Definitions
ICCE	Integrated Customer Communication Environment - An internal IRS system which monitors and stores historical application/information for various IRS programs. ICCE stores all federally declared IRS Disaster Declarations, Memorandums, and impacted ZIP code listings.
PA	Public Assistance - FEMA designation where state and local governments may be reimbursed for emergency protective measures, debris removal, and repairs to infrastructure after a federally declared disaster.
Postponement Period	For IRS purposes, a postponement period is a defined time frame in which the IRS may delay certain deadlines and certain acts within the scope of IRC 7508A, due to a federally declared disaster. The postponement period will have specific beginning and ending dates and will be communicated publicly through national or local news releases.
RDAC	Regional Disaster Assistance Coordinator - An IRS employee who handles IRS activities within a specific region that has been impacted by a federally declared disaster and works closely with the GDAC and SDAC to disseminate IRS disaster information.
SDAC	State Disaster Assistance Coordinator - The SDAC is an IRS employee holding a field manager position in the Stakeholder Liaison function. The SDAC has primary responsibility to mobilize personnel to provide assistance to taxpayers in areas covered by federally declared disasters.
SL	Stakeholder Liaison - The SL focuses on national and local engagement of the payroll and practitioner community and stakeholder organizations.

Commonly Used Acronyms and Terms	Definitions
Systemic Code	For federally declared disasters, the IRS utilizes systemic coding to ensure taxpayer accounts are accurately identified as being a part of those covered under a specific federally declared disaster. Tax modules of affected taxpayers will reflect a -O or -S systemic code when identified for IRS disaster relief. <i>IRM 25.16.1.7</i> provides additional information regarding systemic coding utilized to identify taxpayer accounts eligible for disaster relief.

Exhibit 25.16.1-2

Sample Pre-Disaster Awareness Message

Pre-disaster Awareness Message from SDAC to Internal Affected Stakeholders

As the State Disaster Assistance Coordinator (SDAC) for the state(s) of _____, I want to bring everyone up to date on what actions will occur in the event of a disaster situation.

Our primary concern is with the safety of our employees and individuals impacted by the disaster. Our goal as an organization is to provide assistance, reduce burden, and provide relief, as allowed for in a Disaster Relief Memorandum.

The Disaster Program Office (DPO) will gather all relevant information to determine a recommended level of administrative tax relief to be granted. Once approved the Chief of Organizational Support and Continuity of Operations, Human Capital Office will issue a Disaster Relief Memorandum outlining the types of relief granted for affected taxpayers in the IRS Designated Disaster Area.

I will work with the affected field's Governmental Liaisons (GL) and the DPO in communicating with the Federal Emergency Management Agency (FEMA) to identify potential FEMA Disaster Recovery Centers (DRC). Once FEMA DRC sites are identified and the number of IRS personnel needed to staff them is determined, to the extent possible, Stakeholder Liaison (SL) personnel will be assigned first. If additional staffing is necessary, I will work closely with each of you or your cross-functional Disaster Assistance Coordinator to identify volunteer cadre or other personnel to assign to the sites. It will be up to each cross-functional coordinator to make the final selections based on workload discussions, travel, and other considerations.

Training will be provided prior to employees reporting to the sites.

I will work with Communications and the Senior Commissioner's Representative (SCR) to provide the latest information available to all internal and external stakeholders. You may want to visit our Disaster Assistance Emergency Relief Program web site, on IRS Source, for the most up to date information. Type in key words Disaster Assistance.

Pre-disaster Awareness Message from SDAC to Internal Affected Stakeholders

If you have any questions, please let me know or, if I'm not available,
_____ will be serving as my back up and can be reached at (XXX)
XXX-XXXX.

Exhibit 25.16.1-3

SDAC Site Visit Checklist for DRCs

SDAC Site Visit Checklist for Disaster Recovery Centers

• Type of Disaster and Name:

• DRC# and Location: _____

• FEMA Site Manager's Name:

• Employee's Name: _____

Any issues and concerns:

• Equipment from FEMA:

- 1) table
- 2) chairs
- 3) telephone
- 4) electrical outlet
- 5) internet access (DSL or Phone line)
- 6) fax access
- 7) copy machine access
- 8) storage area for publications
- 9) FEMA site access badges

• Equipment and supplies from IRS:

- 1) cell phone
- 2) disaster assistance banner
- 3) publication 2194
- 4) flyers, banners, handouts, etc.
- 5) Tabletop Disaster Assistance Information signs as appropriate

• Other supplies needed, i.e., envelopes, pens, paper, forms, pubs, etc.:

- 1)
- 2)
- 3)
- 4)

SDAC Site Visit Checklist for Disaster Recovery Centers

Exhibit 25.16.1-4

Template to Request Tax Transcript Information

REQUEST FOR TAX INFORMATION							
SSN/EIN (03-29- 2011)	TAX Return (YYYYMM)	NAME (as it appears on the tax return)	NAME Control	RTVUE	BMFOL(I)	INOLES	BRTVUE

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