

Tax Defense Network

When to use a 433F versus 433A, and Case Progression Procedures

The purpose of this webinar is to make certain that everyone is aware of the correct documents that need to be provided when resolving IRS debts. Over the past several months working with many of you to move cases forward we have come across instances where the incorrect 433 was being utilized, which resulted in a significant delay resolving the case.

Just as a reminder – Please do not send a client a 433A or 433F to complete on their own.

The following matrix is a basic guide for when to use a 433A versus a 433F:

Accrued Debt Amount and/or RO in Que or Assigned	Form to be used
\$0 debt to < \$250,000 of Accrued Debt	433F – ACS eligible case
≥ \$250,000 of Accrued Debt	433A required – ACS cannot work this case
RO in Que or Assigned	433A required by all Revenue Officers

The **typical** documentation requirements for 433F versus 433A:

1. 433F

- a. 433F – Collection Information Statement completed
- b. Proof of Income
- c. Three (3) months of bank statements
- d. Taxpayer must be in full compliance – all returns filed and any required ES payments must be made, unless taxpayer is CNC – then compliance does not matter.

2. 433A

- a. 433A – Collection Information Statement (very complete)
- b. Proof of Income as required by the RO
- c. Bank Statements as required by the RO
- d. Proof of all loans/liens
 - i. Mortgages
 - ii. Vehicles
 - iii. Retirement loans
 - iv. Credit Cards
 - v. Etc.
- e. Proof of all Assets
 - i. Property
 - ii. Vehicles
 - iii. Retirement Accounts
 - iv. Investment Accounts
 - v. Cash Value Life Insurance Policies
 - vi. Household contents
 - vii. Available Credit
- f. If taxpayer has significant equity in their primary residence, then you will need an equity loan determination letter.

- g. Taxpayer must be in full compliance – all returns filed and any required ES payments must be made, unless taxpayer is CNC – then compliance does not matter. However, sometimes, the RO will not allow a taxpayer operating a sole proprietorship to continue operation unless the taxpayer is willing to make required Estimated Tax Payments to prevent continued pyramiding of debt (RO may attempt to force the taxpayer to cease sole prop operation and become a W2 employee – note that a sole proprietor cannot pay himself on a W2 basis from the business, however, sole proprietor can pay employees on a W2)

As you can see, the documentation requirements for a 433A are significantly greater than the requirements for a 433F.

A few things to look out for when working a case:

1. Be sure that when you initially receive a case that you carefully review the Individual Debt Sheet to see if PPL told us that either an RO is in que to be assigned to the case, or that an RO has been assigned to the Case.
2. If an RO is in que to be assigned to the case, then the fastest way that we have found to actually get an RO assigned is to prepare a complete 433A package and mail it into ACS. ACS will then forward the entire package to the field, and the Group Manager will almost immediately assign an RO to the case. You can request from ACS, the phone number for the Group Secretary, so that if within 45 days after mailing the 433A package you do not hear from an RO you can call and request immediate assignment of an RO. You can also get from the Group Secretary, the phone number for the Group Manager (really good phone number to have in the event that you get an uncooperative RO assigned to the case).
3. Remember, if you mail a case out, the minute that it is received by the IRS you will be taking the client out of collections. So if an RO is in que, and the client is in open collections, then mailing in a 433A package would be the only way to get that client out of open collections and prevent a levy while we wait for the RO to be assigned.
4. Remember to tell clients that you may need on-going financial documents from them to show their current income. Often ACS and ROs may request that you provide updated paycheck stubs and bank statements. Let the client know that this is a normal part of the process.

Case Progression Procedures

First, make certain that you are creating a sense of urgency from the very beginning of the case. This will help to ensure that the client provides the necessary documents that we need so that we can do what is best for them.

A few things to consider when talking about case progression:

1. **“We work as we get paid”** – this is something that every TDN client hears and is aware of from the very beginning. Not all of them understand how this works, but they have been told. So the question becomes – What does this mean in terms of case progression? Well, the answer is – that depends.
2. **It is very important that you immediately consider the client’s collections status.** Meaning:
 - a. Is the client in danger of immediately being levied?

- b. Is the client currently being levied? (RUSH Case)
 - c. Is the client in compliance?
 - d. Has the client been issued a Final Notice of Intent to Levy? If yes, then when was the letter issued? If 30 days have not passed since the Final Notice was issued, then you need to have a CDP Rights Conversation with the client. If 30 days have passed, then the client is in open collections and subject to levy.
3. **Percentage of Fee Paid to TDN** – talking about this as a parameter for case progression is a bit difficult because there are times when exceptions need to be considered. So, let's use a bit of common sense so that we are adequately representing the client. Basically, let's do what it takes to ensure that the client does not get levied.
 4. **Are we contracted to provide State resolution services?** If yes, then it is imperative that we get the State POA to/from the client and immediately do a Debt, Compliance, and Collections check with the state. Work the State resolution FIRST. Remember, State wage and bank levies are very difficult if not impossible to get released once they are already in place. We can use the State IA payment on the client's financial when we work the IRS resolution. Many States do not have a CSED – so the client either pays the debt off in full, or they end up living with the debt for the rest of their lives.

General Order of Operations

1. Get POA(s)/fax them to CAF
2. If contracted for State resolution, call state and do a Debt, Compliance, and Collections Check immediately.
3. Discuss results of State debt check with client, and lay out plan to resolve the state debt.
4. If resolution is financial based (Asset Protection Plan, Affordable Settlement Plan, Customized Resolution Plan) then get what is needed to do the client's financial. Remember, once again, if the client is CNC then compliance does not matter – get the client into CNC so that we do not have to worry about levies, and then proceed with compliance.
5. Achieve Compliance
6. Put State resolution in place.
 - a. If when you do the debt, compliance, and collections check the client is in open collections, then put resolution in place immediately.
7. Put Federal resolution in place.
 - a. If the client is less than 60% paid to TDN, then mail in the Federal Resolution.
 - b. If the client is in open collections, less than 60% paid, quickly mail in the Federal Resolution.
 - c. If the client is greater than 60% paid to TDN, in open collections, then call the resolution in.
 - d. If the client is greater than 60% paid, not in open collections, and saying he cannot pay TDN and the IRS at the same time, mail the resolution in.
 - e. If the client is being levied (bank or wage), please do what is necessary to stop the levy.

These are GENERAL guidelines – they are written on paper and not in stone – let's do what makes reasonable good sense to resolve a case – keeping the client's best interest as our primary motivation to resolve their case. If you have a question about how you should proceed with a case – call us for guidance.