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Internal Revenue Manual 20.1.1.3.5.3 (10-19-2020)

Taxpayer Not Entitled to Relief

1. The information contained in paragraphs (2)-(8) does not apply to all IRM 20.1, Penalty Handbook, penalties. Refer to the appropriate IRM 20.1, Penalty Handbook, section depending on the penalty or penalties considered. See *IRM 20.1.1.1.2*, Authority.

Example:

If considering an accuracy-related penalty (IRC 6662), refer to IRM 20.1.5.5, Post Assessment Abatement Consideration of Accuracy Related Penalties. If considering an international penalty, refer to IRM 20.1.9.1.5, Common Terms and Acronyms.

2. If the criteria for penalty relief has not been established, determine if additional information would be helpful to evaluate the taxpayer's request. See *IRM 20.1.1.3.2*, Reasonable Cause .
3. If a final determination is that the criteria for granting penalty relief was not established, complete the following:
 - a. Document the decision and its basis according to functional guidelines, and
 - b. Attach a copy of the information to the original return (if available) or other transaction (input) document.
4. Employees denying a request for pre-assessment relief (prior to assessment) or abatement (after assessment), must provide written notification to the taxpayer of the denial and of the taxpayer's appeal rights, regardless of whether the request was received in the following manner:
 - In person
 - Over the phone
 - In writing
5. The notice should include the following:
 - a. A complete explanation of the IRS's decision and the basis for denial,
 - b. Information on the appeal procedures, including instructions on how to submit a written protest, and
 - c. Power of attorney information.
6. The IRS has developed standardized letters that are used by various offices. They include the following:
 - IDRS Correspondex Letter 0854C, Penalty Waiver or Abatement Disallowed/Appeals Procedure Explained, which is generally used by campuses.

Note:

If the reasonable cause assistant (RCA) is used (see *IRM 20.1.1.3.6*, Reasonable Cause Assistant (RCA), Correspondex Letter 0852C (BMF) and Letter 0853C (IMF) are generated through RCA and IDRS.

- Pattern Letter 2413(P) and Letter 2414(P), which are used by Collection area offices, available as an ICS macro.

7. Functions that process returns through the campus will need to alert the campus of their decision to deny penalty relief.
8. If a request for penalty relief is denied after assessment, request or input TC 290 for zero amount, using Blocking Series 98/99 (Appeals uses Blocking Series 96) with **Reason Code 062** and Hold Code 3 on each module for which penalty relief was requested and denied.