

ERCS GUIDE FOR FBAR CASES

Since FBAR cases involve Title 31 issues (as opposed to Title 26 - Income Taxes), Detroit/ECC is responsible for maintaining the main FBAR database. They track every FBAR case being worked and are responsible for FBAR penalty assessments, collections and closed FBAR penalty case files.

We have our own system for controlling and monitoring FBAR cases – including time charged and statute dates: Examination Returns Control System (ERCS)¹.

The purpose of this guide is to assist examiners and group secretaries with establishing ERCS controls in the group, closing FBAR cases off ERCS and (if necessary) re-establishing ERCS controls.

EXAMINER DUTIES

Before asking interview questions or requesting documents that are only relevant to the FBAR examination, the examiner must first obtain a Related Statute Memorandum (RSM) signed by the Territory Manager. Once this approval is secured, the examiner should prepare Form 5345-D to establish the case on ERCS.

Note: If you establish an FBAR case on both spouses, you must secure a separate RSM for each spouse and establish separate FBAR cases on ERCS.

Enter the following information on Form 5345-D:

- Check the “**Control Non-AIMS DET Item**” box
- Enter Taxpayer’s name and address (one name only)
- Enter PBC, SBC, EGC and ERCS examiner information
- Enter Taxpayer’s TIN
- Enter MFT: **C6**
- Enter Form Type: **FBAR**

In the middle section of the form, input the following:

- Tax Period: All of the FBAR years being established for the listed taxpayer
- Activity Code: **545**
- Source Code: **99**
- Status Code: **10**
- Statute Date: Six years from June 30th of the year following the pickup year
- Tracking Code: Same code as the Primary/Key Case
- Project Code: Same code as the Primary/Key Case
- Related Return: **Y**

¹ FBAR Cases are **not** on AIMS.

- On the lower left side of the form, place an **N** in the TEFRA, Original return, Labels, Joint Committee, Foreign Control, and LMSB/CIC boxes. Leave the “Control PBC” box blank.
- In the Related Return Information section, enter the Primary/Key Case information.
- In the Reason for Request area, enter: **To Control an FBAR Examination**.
- Sign and date the form and submit to your group manager following local procedures.

Here is an example (The highlighted areas need to be completed):

Examination Request-ERCS (Examination Returns Control System) Users (IRM References: 4.4.23, 4.10.5.4)

Transcripts Reviewed (Initial box): AMDISA IMFOLT/R/BMFOLT INOLE(S/T) Use an AIMS label if available

Check One Box Only: Request AIMS Control Masterfile **Control Non-AIMS DET Item** Control Penalty Investigation Control Collateral Examination

Taxpayer Name/Name Control: _____ (Last name, first name, M.I., if IMF only)

Street: _____ (address is only required for NMF controls)

City: _____ State: _____ ZIP Code: _____

PBC: _____ SBC: _____ EGC: _____ Examiner's ERCS Emp.ID: _____ Examiner's ERCS Emp. Name: _____

TIN: _____ MFT: **C6** Form Type: **FBAR** (A separate F-5345D is required for each TIN and MFT)

	Tax Period (YYYYMM)	Activity Code	Source Code	Status Code	Statute Date	Tracking Code (if applicable)	Project Code (if applicable)	Tech Svcs Code	Claim Amount (Required if Source Code is 30)	Special Message/ Push Code (Required if Source Code is 12,24, 44)	POD	Related Return Indicator (K=Key case Y=Related year)	Aging Reason Code (if applicable)	Input on ERCS (Initial and Date)
1		545	99	10								Y		
2		545	99	10								Y		
3												Y		
4												Y		
5												Y		

TEFRA Indicator: (MFTs 06 and 35 only) (Y=Yes, N=No, S=Survey) **N**

Do you want the original return? (Y / N) **N** (Y= Original return, N= Do not want original return)

Do you want labels? (Y / N) **N** (Y= will receive 5546 and labels; N= will not receive 5546 and labels)

Joint Committee? (Y / N) **N**

Foreign Control? (Y / N) **N**

Is case LB&I/CIC? (N / P / S) **N** (N = Not applicable; P = Primary/Secondary; S = Support)

Control PBC (Used for Collateral Exams Only)

Printed Name: _____

Examiner's Signature: _____ Date: _____

RELATED RETURN INFORMATION
(Enter Information for Primary/Key Case)

Taxpayer Name: _____

TIN: _____ MFT: _____ Tax Period: _____ Source Code: _____

Tracking code: _____ Project Code: _____ Aging Reason Code: _____

Reason for Request: **To control an FBAR Examination**

Follow-Up Actions: _____

SECRETARY DUTIES

Managerial approval is not necessary within ERCS when creating, closing and re-establishing FBAR ERCS records.

Establishing ERCS Controls in the Group

1. From the ERCS main menu, select 1 – Request Tax Return.
2. Select 3 – **Control Non-AIMS DET**

ERCS REQUEST TAX RETURN January 2014 GROUP Version 9.11.2.3

1. Request Return
2. Control Penalty Investigation
3. Control Non-AIMS DET Item
4. Control Collateral Examination
5. Resubmit Request
0. Return To Main Menu

Selection Number: 3

3. Enter **PBC/SBC/EGC** and **Employee ID** before continuing.
4. Enter **Taxpayer TIN**, then the first **Tax Period** being picked up.
5. Enter **Activity Code 545**. Once entered, the MFT will automatically be set to “**C6**” and the **Source Code** will be set to “**99**.”
6. Enter **Status Code 10**, hit Enter and a date will appear below the status code without a label.
7. Input the appropriate statute date per Form 5345-D.
 - > NOTE: The default statute date is **NOT** correct. The normal FBAR statute is **six** years from June 30th of the year following the pickup year (e.g. for 200812, enter 06302015)
 - > NOTE: If the examiner did not provide a statute date on Form 5345-D, then Secure the correct statute date from the examiner.

See illustration below:

```

AAC: 20X XXXXX XXXX      NON-AIMS DET ITEM      Employee ID: XXXXX
TIN: XXX-XX-XXXX      MFT: C6      Tax Period: 200812

Activity Code: 545
Source Code: 99
Status Code: 10

Statute Info: 01012012
Tracking Code:

```

Replace with the appropriate ASED as shown on Form 5345-D

8. After correcting the ASED and hitting Enter, input the **Tracking Code**, hit Enter, then hit **Y** to accept the information. It will not ask for a project code at this time.

Note: The Project Code may be entered under **Correct Multiple Tax Returns** under **Correct or Display Records** after the penalty case has been established. (See Step # 13)
9. ERCS will now give you the option to enter additional years.

Note: When entering additional years, **ensure you are correcting the ASED for each pickup.**
10. Once done entering additional years, it will ask for information on the related case. Enter the **Key TIN, Key MFT and Key TP (Tax Period)**. (see Arrow # 10 below)
11. Once key case info is entered, input the name and address for the taxpayer being established. (see Arrow # 11 below)

Tax Period	Activity	Source	Status	Tracking
01. 200812	545	99	10	06302015 7417
01. 200912	545	99	10	06302016 7417

```

AAC: 20X XXXXX XXXX      NON-AIMS DET ITEM      Employee ID: XXXX
TIN: XXX-XX-XXXX      MFT:      Tax Period: N

Activity Code:
Source Code:
Status Code:

Statute Info:      Key TIN: XXX-XX-XXXX
Tracking Code:      Key MFT: 30
                   Key TP: 200812

Name: XXXXXX, XXXXXXXXXXXXX
Street: XXXXXXXXXXXX
City: XXXXXXXXXXXX
State: XX      Zip Code: XXXXX-XXXX

Related Case (Y/N)?      Y
Control PBC:      000

```

11

10

10

- 12. Establishing the records are now complete as managerial approval is not required on ERCS. From now on the examiner will track FBAR case time to the appropriate taxpayers and years.
- 13. Once ERCS is established, you will need to input the project code from the correct multiple tax returns screen as follows:
 - a. From the ERCS Main Menu, select option 2 – **Correct or Display Records**
 - b. Select option # 2 – **Correct Multiple Tax Returns**.
 - c. Select Item # 13 and enter the project code followed by Enter.
 - d. Update the project code for each year established.
 - e. Once all years are updated, input 99 to save the updates.

Closing ERCS Controls (FBAR Modules “C6”)

- 1. From the ERCS main menu, select 6 – **Transfer, Close, Establish Control**.
- 2. Select 1 – **Transfer/Close**
- 3. Enter the TIN.
- 4. Select the appropriate modules to be closed.
- 5. Update the **Status** to “21” and hit Enter. It will automatically update the status to “90” Closed.
- 6. You will not be able to update the **Disposal Code**, it shall remain “00”.
- 7. Once you select Yes, the record is closed. Managerial approval is not required in ERCS.
- 8. Route the case as follows:
 - If Unagreed, Appeals is requested **and** there are over 180 days on the statute, then send the case to Tech Services.
 - All other cases (Agreed or Unagreed with less than 180 days on the statute) are sent directly to Detroit as follows:

If sending via USPS	If sending via UPS
Internal Revenue Service ATTN: FBAR Coordinator Nancy Beasley P.O. Box 33113 Detroit, MI 48232-0113	Internal Revenue Service ATTN: FBAR Coordinator Nancy Beasley 985 Michigan Ave, 4th floor Detroit, MI 48226

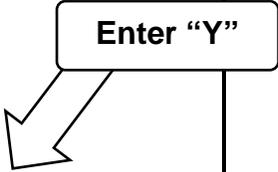
Re-Establishing ERCS Controls in the Group

There may be situations where the group must re-establish controls on ERCS for corrective action. Example: the need to secure an extension to the ASED.

- Follow Steps 1 through 5 in ***Establishing ERCS Controls in the Group***.
- After entering the Activity Code “545”, the MFT will automatically be set to “C6”. A statement will appear at the bottom of the screen “This return is on file as a closed no return case. Do you wish to initiate a second examination?” Enter “Y” for yes to re-establish the ERCS in your group. (see below)

AAC: 20X XXXXX XXXX	NON-AIMS DET ITEM	Employee ID: XXXX
TIN: XXX-XX-XXXX	MFT: C6	Tax Period: 200812
Activity Code: 545		
Source Code:		
Status Code:		
Statute Info:		
Tracking Code:		

This return is on file as a closed no return case.
Do you wish to initiate a second examination? (Y/N)



- After answering for yes to initiating a second examination, the **Source Code** will automatically be set to “99”.
- Enter the appropriate **Status**. If time was previously charged, consider entering **Status “12.”**
- Continue with the steps 7 through 11.
- Follow Step # 13 if there is a need to update the Project Code.
- Once you are ready to close the “C6” ERCS controls again, follow the ***Closing ERCS Controls*** steps.