

FBAR-ERCS Guide

Background:

In the past, FBAR files typically were not established on ERCS. Time spent working the FBAR issues were charged to activity code 545. This activity code is a miscellaneous direct exam time (DET). The problem with this is that the time would not be applied to a specific taxpayer or year, and more importantly would mean that statute expiration dates could not be properly tracked. With increased focus on offshore compliance issues, FBAR case files are becoming more common, and therefore examiners and managers need a better way to track these cases. Establishing the FBAR examinations on ERCS will not have an affect on AIMS. This guide is to assist the examiner and secretary with establishing and closing these exams on ERCS.

Examiner Duties:

Before commencing an FBAR examination, you are required to get the Territory Manager's approval via a Related Statute Memorandum (RSM). (Remember that you must have faxed the Related Statute Determination (signed RSM) to the Enterprise Computing Center, at (313) 234-2278 before establishing the case on ERCS.) Without this signed approval, you are not to directly question the taxpayer regarding FBARs (see the FBAR lead sheet for more info). Upon receiving approval, you should prepare a Form 5345-D in IMS to establish the case on ERCS for proper case tracking. Input time to the established modules on your 4502 as opposed to AC 545.¹ Keep in mind, you may have to seek a separate RSM for a spouse as well as establish a separate ERCS record.

The screenshot shows the 'Timesheet' application interface. At the top, there is a 'Pay Period' dropdown menu set to '07/14/2013 : 14'. Below this is a table for recording time. The table has columns for 'Direct Exam Time', 'RPC / SAIN', and days of the week from Sun to Thu. A row is filled with data: 'IMS Plan Estate of, 200912, C6, (b)(3)' in the 'Direct Exam Time' column, 'P / EI07 - Stru...' in the 'RPC / SAIN' column, and '8' in the 'Mon 07/15' and 'Tue 07/16' columns. Below this table is another section for 'Misc Direct Exam Time' with columns for 'Activity Cd' and days of the week.

| Direct Exam Time | RPC / SAIN | Sun 07/14 | Mon 07/15 | Tue 07/16 | Wed 07/17 | Thu 07/18 |
|--|--------------------|-----------|-----------|-----------|-----------|-----------|
| IMS Plan Estate of, 200912, C6, (b)(3) | P / EI07 - Stru... | | 8 | 8 | | |
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| Misc Direct Exam Time | Activity Cd | Sun | Mon | Tue | Wed | Thu |
|-----------------------|-------------|-----|-----|-----|-----|-----|
| | | | | | | |

¹ Your 4502 will show the separate manually created FBAR cases. The time is not charged to an AIMS database. At the end of the month all time charges to AC 545 are combined into one for the SETTS time. On ERCS you will be able to tell how much time has been charged to each FBAR case instead of one line charge for activity code 545.

In IMS, enter the following information on the Form 5345-D (the pro-forma version attached on page 2 already contains some of this information):

1. Fill-in the taxpayer's name and address. (Only TPH or TPW)
2. Check the "Control Non-AIMS DET Item" box
3. Enter the PBC, SBC, EGC, and ERCS examiner information
4. Enter the taxpayer's TIN (TPH or TPW's as appropriate)
5. The MFT is C6
6. For the type of form, enter "FBAR"
7. In the middle section of the form, enter all of the FBAR years being established for the listed taxpayer as follows in this table:

| Tax Period | 200412 | 200512 | 200612 | 200712 | 200812 |
|----------------|---------------|-------------|-------------|-------------|-------------|
| Activity Code | 545 | 545 | 545 | 545 | 545 |
| Source Code | 99 | 99 | 99 | 99 | 99 |
| Status Code | 10 | 10 | 10 | 10 | 10 |
| Statute Date* | 06-30-2011* | 06-30-2012* | 06-30-2013 | 06-30-2014 | 06-30-2015 |
| Tracking Code | Same as Key** | Same as Key | Same as Key | Same as Key | Same as Key |
| Project Code | Same as Key | Same as Key | Same as Key | Same as Key | Same as Key |
| Related Return | Y | Y | Y | Y | Y |

*If FBAR statute extensions were received ensure that you input the extended ASED in place of the default.

**Same as Key means use the same tracking and project code as the case from which the FBAR case originated.

8. 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.
9. In the related return area, enter the key case information.
10. In the Reason for Request area, enter: "TO CONTROL AN FBAR INVESTIGATION RELATED TO AN ESTATE (OR GIFT) TAX CASE."
11. Sign and date the form, and submit it to your group manager following local procedures.

The following is an example of a completed F5345-D, where the FBAR case originated from a gift tax case:

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)

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

Use an AIMS label if available
 Taxpayer Name/Name Control: TAXPAYER, JOE
(Last name, first name, MI, if individual)
 Street: 1 TAXPAYER BLVD
Address is only required for NMF control
 City: TAX CITY State: ST ZIP Code: 12345

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

TIN: 123-45-6789V MFT: C6 Form Type: 709 (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 3) | Special Message/ Push Code (Required if Source Code is 12, 24, 4) | POD | Related Return Indicator (If "Yes" case (if related year)) | Aging Reason Code (if applicable) | Input on ERCS (Initial and Date) |
|---|---------------------|---------------|-------------|-------------|--------------|-------------------------------|------------------------------|----------------|---|---|-----|--|-----------------------------------|----------------------------------|
| 1 | 200112 | 545 | 99 | 10 | 06/30/2018 | XXXX | XXX | | | | | Y | | |
| 2 | | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | |
| 5 | | | | | | | | | | | | | | |

TEFRA Indicator: (MFTs 06 and 35 only) (Y=Yes, N=No, S=Survey)
 Do you want the original return? (Y/N) (Y= Original/return, N= Do not want original return)
 Do you want labels? (Y/N) (Y= will receive 5546 and labels; N= will not receive 5546 and labels)
 Joint Committee? (Y/N)
 Foreign Control? (Y/N)
 Is case LB&VIC? (N/P/S) (N = Not applicable; P = Primary/Secondary; S = Support)
 Control PBC (Used for Collateral Exams Only)

Printed Name
ESTATE ATTORNEY
 Examiner's Signature _____ Date _____

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

Taxpayer Name: TAXPAYER, JOE
 TIN: 123-45-6789V MFT: 51 Tax Period: 201112 Source Code: 40
 Tracking code: XXXX Project Code: XXX Aging Reason Code: _____

Reason for Request: TO CONTROL AN FBAR INVESTIGATION RELATED TO A GIFT TAX CASE

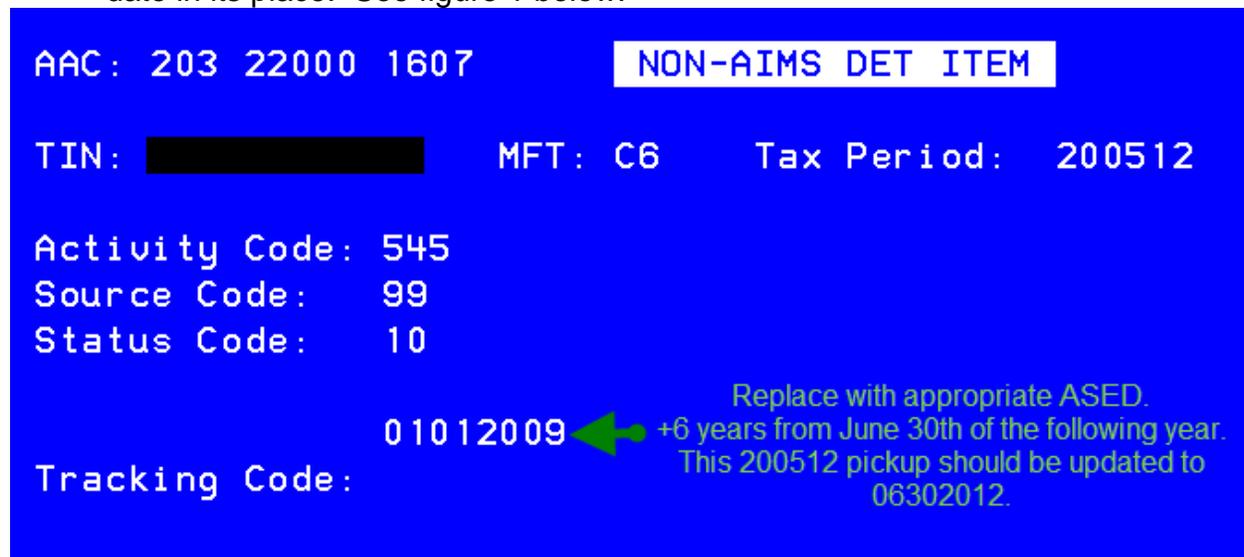
Follow-Up Actions: _____

Secretary Duties

The following is guidance for creating and closing the FBAR modules on ERCS. Managerial approval will not be necessary within ERCS when both creating and closing FBAR ERCS records.

Creating the Record

1. From the ERCS main menu, select 1 – Request Tax Return.
2. Select 3 – Control Non-AIMS DET
3. Enter appropriate PBC/SBC/EGC and employee ID before continuing.
4. Enter Taxpayer TIN, then first tax year being picked up.
5. Enter Activity Code 545. The MFT will update to C6 and the source code will update to 99.
6. Enter status code 10, hit enter and then a date will appear below the status code without a label. This date is the statute date which defaults to 3 years from the day after the end of the entered tax period. **This date is incorrect.**
7. Input the appropriate statute date per the F5345-D. An FBAR statute typically will be six years from June 30th of the year following the pickup year, i.e. for 200512, enter 06302012. If the FBAR statute was extended, input this statute date in its place. See figure 1 below:



```
AAC: 203 22000 1607      NON-AIMS DET ITEM
TIN: [REDACTED]          MFT: C6      Tax Period: 200512
Activity Code: 545
Source Code: 99
Status Code: 10
Tracking Code: 01012009
```

Replace with appropriate ASED.
+6 years from June 30th of the following year.
This 200512 pickup should be updated to
06302012.

Figure 1: ASED

8. After correcting the ASED and hitting enter, enter the tracking code, hit enter, then hit Y to accept the information. It will not ask for a project code at this time.
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 key case TIN, MFT and TY.
11. Once key case info is entered, enter the name and address for the taxpayer being established. See figure 2 on the next page.

| | Tax Period | Activity | Source | Status | | Tracking |
|-----|------------|----------|--------|--------|----------|----------|
| 02. | 200612 | 545 | 99 | 10 | 06302013 | 7417 |
| 03. | 200712 | 545 | 99 | 10 | 06302014 | 7417 |
| 04. | 200812 | 545 | 99 | 10 | 06302015 | 7417 |

AAC: 203 22000 1607 **NON-AIMS DET ITEM** Employee ID: [REDACTED]

TIN: [REDACTED] MFT: Tax Period: N

Activity Code:
Source Code:
Status Code:

Tracking Code: Key TIN: [REDACTED]
Key MFT: 30
Key TP: 200812

Name: [REDACTED] Related Case (Y/N)? Y
Street: [REDACTED] Control PBC: 000
City: [REDACTED]
State: [REDACTED]

Do you wish to review all returns? (Y/N)

Figure 2: All years input for control

12. Once all inputs are complete, you will need to input the project code from the correct multiple tax returns screen as follows:
 - a. From the ERCS main menu, select 2 – Correct or Display Records, then select 2 – Correct multiple tax returns.
 - b. Select 13 then input the project code followed by enter.
 - c. Update the project code for each year established.
 - d. Once all years are updated, input 99 to save the updates.
13. Establishing the records are now complete as managerial approval is not required in ERCS. From now on the agent will track FBAR case time to the appropriate taxpayers and years.

Closing the Record

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 41 and hit enter. It will automatically update the status to 90 – In Transit to PSP.
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. Generate a Form 3210 to ship the closed case to ECC. The address is:

**Via Certified U.S Mail:
IRS
P.O. Box 33113
Detroit, MI 48232-0113**

Or

**Via United Parcel Service:
IRS – Enterprise Computing Center
Attention: FBAR Coordinator Roylyn Lapko
985 Michigan Ave.
Detroit, MI 48226**

Note that the above IRS address is for:

- No violation cases
- Warning Letter cases
- Agreed FBAR penalty cases
- Unagreed and not appealed FBAR penalty cases (taxpayer fails to respond to Letter 3709)²

Checks for payment of FBAR penalties must not be mailed to that address.

² That is, pre-assessment FBAR appeals cases close through Technical Services directly to Appeals. For a post-assessment FBAR appeals case, some documents will be email or faxed to Detroit (for assessment), but the FBAR case will close through Technical Services to Appeals (including the assessment documents sent to Detroit). For more information, see the E&G FBAR Workshop 2013-08.