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 agents 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 was designed to assist the examiner and secretary with establishing and closing these exams on ERCS.

Agent Duties:

Before commencing an FBAR examination, the examiner is required to get the Territory Manager's approval via a Related Statute Memorandum (RSM). Without this approval, the agent is to not question the taxpayer regarding issues related to FBARs. Upon receiving approval, the examiner should prepare a Form 5345-D to establish the case on ERCS for proper case tracking. Input time to the established modules on your 4502 as opposed to AC 545. Keep in mind, you may have to seek a separate RSM for a spouse as well as establish a separate ERCS record.

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.

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 A TREATY [or OVDI OPT-OUT/REMOVAL] CASE"
11. Sign and date the form, and submit it to your group manager following local procedures.

A pro-forma F5345-D is attached here:

F5345D - FBAR

The following is an example of a completed F5345-D:

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

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

Street: 123 Main St
(address is only required for NMF controls)
City: Center State: FL ZIP Code: 33605

PBC: XXX SBC: XXXXX EGC: XXXX Examiner's ERCS Emp.ID: ****** Examiner's ERCS Emp. Name: Agent, Revenue

TIN: 123-45-6789 MFT: C6 Form Type: FBAR *(A separate F-6345D 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 *(Y=Key case Y=Related year)*	Aging Reason Code *(if applicable)*	Input on ERCS *(Initial and Date)*
1	200412	545	99	10	06-30-2011"	1234	5678					Y		
2	200512	545	99	10	06-30-2012"	1234	5678					Y		
3	200612	545	99	10	06-30-2013	1234	5678					Y		
4	200712	545	99	10	06-30-2014	1234	5678					Y		
5	200812	545	99	10	06-30-2015	1234	5678					Y		

[N] TEFRA Indicator: *(MFTs 06 and 35 only)*
(Y=Yes, N=No, S=Survey)
[N] Do you want the original return? (Y / N)
(Y= Original return, N= Do not want original return
[N] Do you want labels? (Y / N)
(Y= will receive 5546 and labels; N= will not receive 5546 and labels)
[N] Joint Committee? (Y / N)
[N] Foreign Control? (Y / N)
[N] Is case LMSB/CIC? (N / P/ S)
(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: Taxpayer, Joe and Jane
TIN: 123-45-6789 MFT: 30 Tax Period: 200812 Source Code: XXX
Tracking code: 1234 Project Code: 5678 Aging Reason Code: XXX

Reason for Request: TO CONTROL AN FBAR INVESTIGATION RELATED TO A TREATY [or OVDI OPT-OUT/REMOVAL] CASE

Follow-Up Actions: _____

Form **5345-D** (Rev. 01-2011) Catalog Number 39204U publish.no.irs.gov Department of the Treasury-Internal Revenue Service

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 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. Once this is entered, 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:
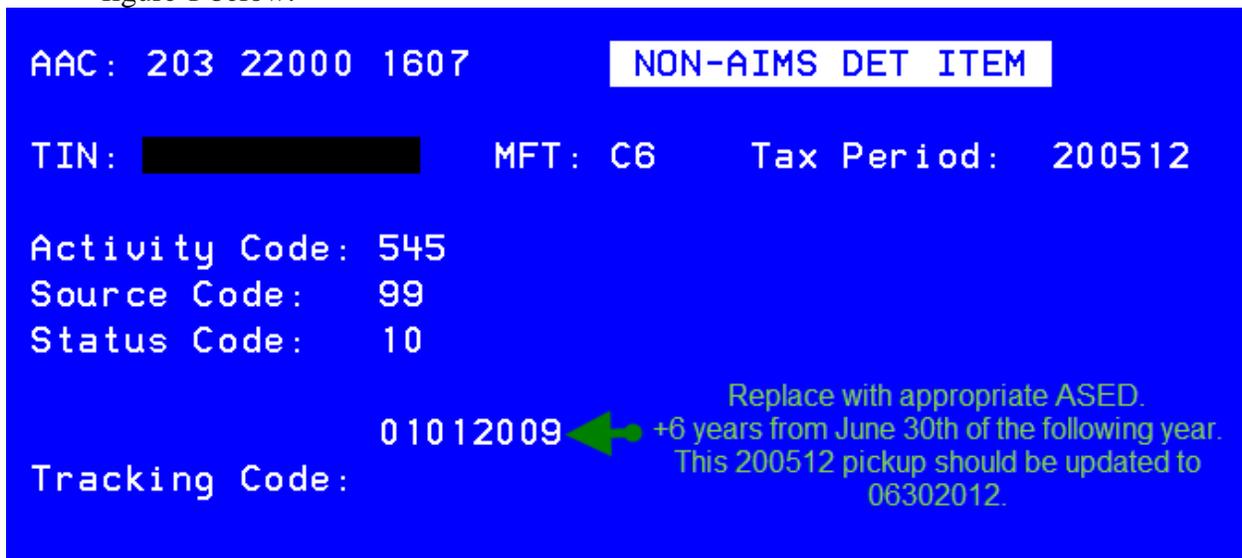
AAC: 203 22000 1607   NON-AIMS DET ITEM

TIN: ▮▮▮▮▮▮▮   MFT: C6   Tax Period: 200512

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

                                        Replace with appropriate ASED.
                         01012009 ◀━ +6 years from June 30th of the following year.
                                        This 200512 pickup should be updated to
Tracking Code: 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.

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 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.