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Internal Revenue Manual Section 4.23.20.7.2 (06-22-2020)

Determining if Taxpayer is under an Employment Tax Audit

1. IDRS command codes BMFOLI and AMDISA will be used to determine if the taxpayer, or a member of the taxpayer's affiliated group, is under an employment tax audit. If BMFOLI reflects an "-L" freeze for any **employment tax** master file tax (MFT) code for the taxpayer or a member of their affiliated group, use command code AMDISA to determine the status of the examination(s). See (4) to determine the appropriate steps.

2. Research the following MFT codes to determine if there is an employment tax audit ("-L" Freeze):

- MFT 01 - Form 941 , *Employer's Quarterly Federal Tax Return*
- MFT 09 - Form CT-1 , *Employer's Annual Railroad Retirement Tax Return*
- MFT 10 - Form 940 , *Employer's Annual Tax Return for Agricultural Employees*
- MFT 11 - Form 943 , *Employer's Annual Tax Return for Agricultural Employees*
- MFT 14 - Form 944 , *Employer's ANNUAL Federal Tax Return*
- MFT 16 - Form 945 , *Annual Return of Withheld Federal Income Tax*

Note:

An "-L" freeze audit indicator on any other MFT module will not affect the VCSP request.

3. The following table provides actions based on the status code reflected on the AMDISA:

If AMDISA A shows Status Code...	Then
6 or 8 for taxpayer or affiliated group	Proceed with VCSP

**If
AMDIS
A shows
Status
Code... Then**

10 for taxpayer Contact the VCSP Assignment Desk or your manager. Coordination with the group manager where the employment tax case is assigned is required to determine whether the application will be pursued or not.

Note:

Find the group manager by EGC using the ET group listing at the following site:
<http://mysbse.web.irs.gov/examination/specialty/et/contacts/29634.aspx>

10 for a member of the affiliated group Ask your manager to contact the appropriate manager to see if they object to allowing a VCSP for the applicant. Refer to *IRM 4.23.20.7.6, Guidance Regarding Affiliated Groups*.

12 to 18 The taxpayer doesn't qualify for VCSP.

12 to 18 for a member of an affiliated group Ask your manager to contact the appropriate group manager to discuss whether allowing the VCSP will affect the examination of the affiliated group. Refer to *IRM 4.23.20.7.6, Guidance Regarding Affiliated Groups*.

Above 18 Case has been closed. Contact the VCSP Assignment Desk or your manager. The group closing the case will be contacted to determine the issues that were addressed during the examination. If the issues did not include worker classification, proceed with the eligibility determination.