



Tax Reduction Letter

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Internal Revenue Manual 20.1.1.3.1

20.1.1.3.1 (08-05-2014)

Unsigned or Oral Requests for Penalty Relief

1. Consider requests for relief from the failure to file (FTF), failure to pay (FTP), and/or failure to deposit (FTD) penalties using the reasonable cause assistant (RCA), when applicable, to determine if the taxpayer is eligible for the first time abate (FTA) administrative waiver. See *IRM 20.1.1.3.6, Reasonable Cause Assistant (RCA)*, for RCA use and *IRM 20.1.1.3.6.1, First Time Abate (FTA)*, for all FTA policy and criteria.
2. If the taxpayer does not meet FTA criteria, unsigned or oral requests for relief from the failure to file (FTF), failure to pay (FTP) and/or failure to deposit (FTD) penalties may be considered if the following is true:
 - A. The request is received either orally or in writing, but is unsigned, AND
 - B. The request is received from the taxpayer, the taxpayer's authorized representative or a third party, AND
 - C. The penalties do not exceed \$10,000 (e.g., tax period), AND
 - D. **Reasonable cause criterion is met.**

Exception:

If RCA is used, the oral statement authority (OSA) threshold in paragraph (2)(c) is increased to \$10,000 and/or \$10,000. RCA will be used, where available. If an employee cannot use RCA, he or she should seek managerial approval to consider oral and unsigned requests at the \$10,000 levels.

3. When an unsigned or oral request for relief is received, the IRS employee must document the case file or adjustment document **clearly restating** the information provided by the taxpayer.
 - A. If **the relief criteria are clearly established**, abate or request the abatement of the penalty(ies) following functional guidelines. See *IRM 20.1.1.3.5.2*.
 - B. If **the relief criteria are not clearly established**, do not abate the penalty(ies). Follow functional guidelines for disallowing the request. See *IRM 20.1.1.3.5.3*.
4. When an unsigned or oral request for penalty relief is received for two or more penalties, ask the taxpayer to submit a signed written request for relief from all penalties if either of the following is true:
 - A. Any penalty exceeds the amount that can be considered, or
 - B. The penalty is a penalty other than the FTF, FTP, or FTD penalties.

Example: Suppose on the same module the taxpayer was assessed the following penalties:

- FTF and FTP penalties that totaled less than \$10,000, but more than \$5,000, and
- A FTD penalty greater than \$10,000, and
- RCA was not used and managerial approval for higher level OSA threshold was not obtained.

In such a case, **do not take action** to abate any of the penalties. Ask the taxpayer to submit a signed written statement requesting relief from all penalties.

5. The OSA thresholds in this subsection allow for **consideration** of the facts provided to establish penalty relief without a signed written statement for the FTF, FTP, and/or FTD penalties only.
6. The taxpayer **must** provide a written statement, signed under the penalty of perjury, requesting penalty relief for all other penalties. For example, requests for relief received either orally or without an authorized signature may **NOT** be considered for the following:
 - TIN penalties,
 - Information return penalties, or

- Penalties assessed by a compliance program.

Note:

Refer to IRM 21.5.2.4.9.2 if considering relief for the daily delinquency penalty (DDP) assessed on an employee plan (EP) return or Form 8955-SSA, *Annual Registration Statement Identifying Separated Participants With Deferred Vested Benefits*.