



Tax Reduction Letter

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Internal Revenue Manual Section 5.7.5.1.1 (11-12-2014) Collectibility Determinations

1. A collectibility determination must be made in order to determine if the TFRP should be assessed. The decision not to assess based on collectibility determination will be noted in the "Non-assertion" block of Form 4183, *Recommendation re: Trust Fund Recovery Penalty Assessment*, for all responsible persons against whom the TFRP is not being recommended by checking the "Responsible - not collectible (Form 9327 required for inability to pay)" box. See IRM 5.7.5.3.1(1) for TFRP case file documentation requirements.

Note:

Please see IRM 5.7.5.3.2, *Assertion with Pre-Assessed Form 53*, for additional information.

2. The TFRP will normally not be assessed when:
 - There is no present or future collection potential.
 - Neither the responsible person nor their assets/income sources can be located.
3. When investigation has determined there is no collection potential, the aggregate trust fund balance is below the amount in IRM 5.7.4.1(2), Determination to Pursue and Recommend Assessment of the TFRP, and there is no potential the taxpayer will accrue additional liabilities, the Automated Trust Fund Recovery Penalty (ATFR) system case should be closed as "Under IRM 5.7.4 criteria." Preparation and submission of Form 4183 and Form 9327, Nonassertion Recommendation of Uncollectible Trust Fund Recovery Penalty or of Uncollectible Personal Liability for Excise Tax, is unnecessary.