OVDI Payments

2012 OVDI Workshop
March, 2013

OVDI Payments

- Taxpayers are required to pay the income tax liabilities, income tax penalties, and interest with their OVDI Submissions. (FAQ #25)
    - Perfect Taxpayer Example

Perfect Taxpayer Example: *Using the Loader "Summary" to create a Payment Schedule*

NM CTRL: Perfect Taxpayer

TIN: 012-34-5678

TRANSCRIPT RECONCILIATION SUMMARY

MFT	TAX YEAR	DESCRIPTION	BALANCE PRIOR TO 4549-A ASSESSMENT	4549-A ASSESSMENT			OFFSHORE PENALTY	SUBSEQUENT PAYMENTS	OUTSTANDING BALANCE
				TAX	PENALTIES	INTEREST			
30	2003	INCOME TAX	(19,726.21)	10,361.00	2,072.20	7,293.01		-	0.00
30	2004	INCOME TAX	(10,207.95)	5,624.00	1,124.80	3,459.15		-	(0.00)
30	2005	INCOME TAX	(12,883.95)	7,578.00	1,515.60	3,790.35		-	(0.00)
30	2006	INCOME TAX	(15,600.07)	9,919.00	1,983.80	3,697.27		-	0.00
30	2007	INCOME TAX	(10,183.31)	6,992.00	1,398.40	1,792.91		-	0.00
30	2008	INCOME TAX	(18,073.61)	13,679.00	2,735.80	1,658.81		-	(0.00)
30	2009	INCOME TAX	(5,555.47)	4,351.00	870.20	334.27		-	(0.00)
30	2010	INCOME TAX	-					-	-
55	2010	OFFSHORE PENALTY	-				111,230.00	-	111,230.00
								TOTAL	111,230.00

Tax per module and 4549A match for all years, case can close!

Note 1: There may be an outstanding balance due to the RAR reflecting interest out 30 days while the balance may have been satisfied at an earlier date.
Note 2: Ensure payments are all in their correct modules, utilize F3870 if reallocations need to be made.
Note 3: Ensure that there are no pending transaction showing on TXMOD that will impact return setup.

Perfect Taxpayer Example: *Using the Loader "Summary" to create a Payment Schedule*

NM CTRL: PERFECT TAXPAYER

TIN: 012-34-5678

Payment Schedule

MFT	TAX YEAR	DESCRIPTION	BALANCE PRIOR TO 4549-A ASSESSMENT	4549-A ASSESSMENT TAX	PENALTIES	INTEREST	OFFSHORE PENALTY	SUBSEQUENT PAYMENTS	OUTSTANDING BALANCE
30	2003	INCOME TAX	(19,726.21)	10,361.00	2,072.20	7,293.01		-	0.00
30	2004	INCOME TAX	(10,207.95)	5,624.00	1,124.80	3,459.15		-	(0.00)
30	2005	INCOME TAX	(12,883.95)	7,578.00	1,515.60	3,790.35		-	(0.00)
30	2006	INCOME TAX	(15,600.07)	9,919.00	1,983.80	3,697.27		-	0.00
30	2007	INCOME TAX	(10,183.31)	6,992.00	1,398.40	1,792.91		-	0.00
30	2008	INCOME TAX	(18,073.61)	13,679.00	2,735.80	1,658.81		-	(0.00)
30	2009	INCOME TAX	(5,555.47)	4,351.00	870.20	334.27		-	(0.00)
30	2010	INCOME TAX						-	-
55	2010	OFFSHORE PENALTY	-				111,230.00	-	111,230.00
								TOTAL	111,230.00

DELETE:
"Tax per module and 4549A match for all years, case can close!"
the HEADER and Notes

AGENT COMMENTS:

Please include a check, payable to the "U.S. Treasury" in the amount of $111,230.00 with three signed copies of Form 906 per the instructions in Letter 4555 transmitting this information.

Perfect Taxpayer Example: *Using the Loader "Summary" to create a Payment Schedule*

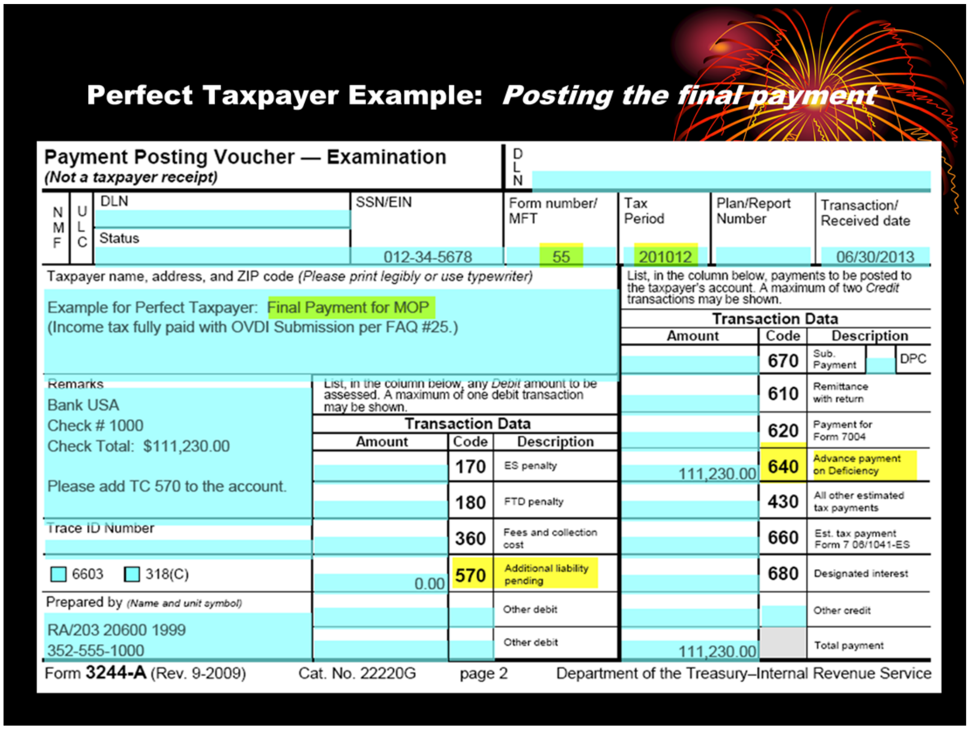
PERFECT TAXPAYER
012-34-5678

Payment Schedule

TAX YEAR	DESCRIPTION	BALANCE PRIOR TO 4549-A ASSESSMENT	4549-A ASSESSMENT TAX	PENALTIES	INTEREST	OFFSHORE PENALTY	SUBSEQUENT PAYMENTS	OUTSTANDING BALANCE
2003	INCOME TAX	(19,726.21)	10,361.00	2,072.20	7,293.01		-	0.00
2004	INCOME TAX	(10,207.95)	5,624.00	1,124.80	3,459.15		-	(0.00)
2005	INCOME TAX	(12,883.95)	7,578.00	1,515.60	3,790.35		-	(0.00)
2006	INCOME TAX	(15,600.07)	9,919.00	1,983.80	3,697.27		-	0.00
2007	INCOME TAX	(10,183.31)	6,992.00	1,398.40	1,792.91		-	0.00
2008	INCOME TAX	(18,073.61)	13,679.00	2,735.80	1,658.81		-	(0.00)
2009	INCOME TAX	(5,555.47)	4,351.00	870.20	334.27		-	(0.00)
2010	INCOME TAX						-	-
2010	OFFSHORE PENALTY	-				111,230.00	-	111,230.00
							TOTAL	111,230.00

AGENT COMMENTS:

Please include a check, payable to the "U.S. Treasury" in the amount of $111,230.00 with three signed copies of Form 906 per the Letter 4555 transmitting this information.



Perfect Taxpayer Example: ***Posting the final payment***

Payment Posting Voucher — Examination
(Not a taxpayer receipt)

DLN

NMF	ULC	DLN / Status	SSN/EIN	Form number/ MFT	Tax Period	Plan/Report Number	Transaction/ Received date
			012-34-5678	55	201012		06/30/2013

Taxpayer name, address, and ZIP code *(Please print legibly or use typewriter)*

Example for Perfect Taxpayer: Final Payment for MOP
(Income tax fully paid with OVDI Submission per FAQ #25.)

Remarks
Bank USA
Check # 1000
Check Total: $111,230.00

Please add TC 570 to the account.

Trace ID Number

☐ 6603 ☐ 318(C)

Prepared by *(Name and unit symbol)*
RA/203 20600 1999
352-555-1000

List, in the column below, any *Debit* amount to be assessed. A maximum of one debit transaction may be shown.

Transaction Data

Amount	Code	Description
	170	ES penalty
	180	FTD penalty
	360	Fees and collection cost
0.00	570	Additional liability pending
		Other debit
		Other debit

List, in the column below, payments to be posted to the taxpayer's account. A maximum of two *Credit* transactions may be shown.

Transaction Data

Amount	Code	Description
	670	Sub. Payment / DPC
	610	Remittance with return
	620	Payment for Form 7004
111,230.00	640	Advance payment on Deficiency
	430	All other estimated tax payments
	660	Est. tax payment Form 7 06/1041-ES
	680	Designated interest
		Other credit
111,230.00		Total payment

Form **3244-A** (Rev. 9-2009) Cat. No. 22220G page 2 Department of the Treasury–Internal Revenue Service

OVDI Payments

- The payments may be applied to a single year. (In 2011 OVDI they were most often posted to 200712-MFT 30.)
  - The not-so-perfect example

The not-so-perfect Example: *Using the Loader "Summary" to create a Payment Schedule*

NM CTRL: TXP1
TIN: 012-34-5678

TRANSCRIPT RECONCILIATION SUMMARY

MFT	TAX YEAR	DESCRIPTION	BALANCE PRIOR TO 4549-A ASSESSMENT	4549-A ASSESSMENT TAX	PENALTIES	INTEREST	OFFSHORE PENALTY	SUBSEQUENT PAYMENTS	OUTSTANDING BALANCE
30	2003	INCOME TAX	-	10,361.00	2,072.20	7,293.01		-	19,726.21
30	2004	INCOME TAX	-	5,624.00	1,124.80	3,459.15		-	10,207.95
30	2005	INCOME TAX	-	7,578.00	1,515.60	3,790.35		-	12,883.95
30	2006	INCOME TAX	(0.00)	9,919.00	1,983.80	3,697.27		-	15,600.07
30	2007	INCOME TAX	(110,641.57)	6,992.00	1,398.40	1,792.91		-	(100,458.26)
30	2008	INCOME TAX	-	(35,828.00)	-	-		-	(35,828.00)
30	2009	INCOME TAX	-	13,679.00	2,735.80	1,658.81		-	18,073.61
30	2010	INCOME TAX	-	4,351.00	870.20	334.27		-	5,555.47
55	2010	OFFSHORE PENALTY	-				111,230.00	-	111,230.00
								TOTAL	56,991.00

Tax per module and 4549A match for all years, case can close!

Note 1: There may be an outstanding balance due to the RAR reflecting interest out 30 days while the balance may have been satisfied at an earlier date.
Note 2: Ensure payments are all in their correct modules, utilize F3870 if reallocations need to be made.
Note 3: Ensure that there are no pending transaction showing on TXMOD that will impact return setup.

AGENT COMMENTS:

The not-so-perfect Example: *Using the Loader "Summary" to create a Payment Schedule*

TXP1

012-34-5678

Payment Schedule

TAX YEAR	DESCRIPTION	BALANCE PRIOR TO 4549-A ASSESSMENT	4549-A ASSESSMENT			OFFSHORE PENALTY	SUBSEQUENT PAYMENTS	OUTSTANDING BALANCE
			TAX	PENALTIES	INTEREST			
2003	INCOME TAX	-	10,361.00	2,072.20	7,293.01		-	19,726.21
2004	INCOME TAX	-	5,624.00	1,124.80	3,459.15		-	10,207.95
2005	INCOME TAX	-	7,578.00	1,515.60	3,790.35		-	12,883.95
2006	INCOME TAX	(0.00)	9,919.00	1,983.80	3,697.27		-	15,600.07
2007	INCOME TAX	(110,641.57)	6,992.00	1,398.40	1,792.91		-	(100,458.26)
2008	INCOME TAX	-	(35,828.00)	-	-		-	(35,828.00)
2009	INCOME TAX	-	13,679.00	2,735.80	1,658.81		-	18,073.61
2010	INCOME TAX	-	4,351.00	870.20	334.27		-	5,555.47
2010	OFFSHORE PENALTY	-				111,230.00	-	111,230.00
							TOTAL	**56,991.00**

AGENT COMMENTS:

Please include a check, payable to the "U.S. Treasury" in the amount of $56,991.00 with three signed copies of Form 906 per the instructions inLetter 4555 transmitting this information.

The not-so-perfect Example: *Posting the final payment*

Payment Posting Voucher — Examination
(Not a taxpayer receipt)

DLN

NMF	ULC	DLN / Status	SSN/EIN	Form number/ MFT	Tax Period	Plan/Report Number	Transaction/ Received date
			012-34-5678	1040/30	200712		06/30/2013

Taxpayer name, address, and ZIP code *(Please print legibly or use typewriter)*

Example for TXP1: Apply final payment to a single year (MFT 30/200712)

Important! TC 570 prevents refunds

Remarks
Bank USA
Check # 1000
Check Total: $56,991.00

Please add TC 570 to the account.

Trace ID Number

☐ 6603 ☐ 318(C)

Prepared by *(Name and unit symbol)*
RA/203 20600 1999
352-555-1000

List, in the column below, any *Debit* amount to be assessed. A maximum of one debit transaction may be shown.

Transaction Data

Amount	Code	Description
	170	ES penalty
	180	FTD penalty
	360	Fees and collection cost
0.00	570	Additional liability pending
		Other debit
		Other debit

List, in the column below, payments to be posted to the taxpayer's account. A maximum of two *Credit* transactions may be shown.

Transaction Data

Amount	Code	Description
	670	Sub. Payment / DPC
	610	Remittance with return
	620	Payment for Form 7004
56,991.00	640	Advance payment on Deficiency
	430	All other estimated tax payments
	660	Est. tax payment Form 7 06/1041-ES
	680	Designated interest
		Other credit
56,991.00		Total payment

Form **3244-A** (Rev. 9-2009) Cat. No. 22220G page 2 Department of the Treasury–Internal Revenue Service

Transferring payments to other years using F5344

- Overpayments
  - Overpayment year: Posting delay code 3
  - Deficiency year(s): Hold code 1
- Refunds
  - Refund year: Posting delay code 1
  - Deficiency year(s): Hold Code 1

The not-so-perfect Example: *Using the Loader "Summary" to create a Payment Schedule*

TXP1
012-34-5678

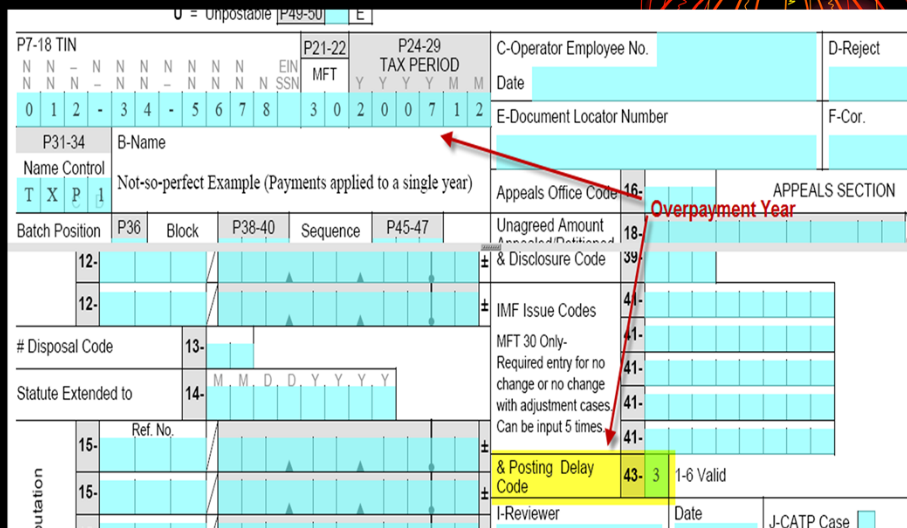
Payment Schedule

TAX YEAR	DESCRIPTION	BALANCE PRIOR TO 4549-A ASSESSMENT	4549-A ASSESSMENT			OFFSHORE PENALTY	SUBSEQUENT PAYMENTS	OUTSTANDING BALANCE
			TAX	PENALTIES	INTEREST			
2003	INCOME TAX	-	10,361.00	2,072.20	7,293.01		-	19,726.21
2004	INCOME TAX	-	5,624.00	1,124.80	3,459.15		-	10,207.95
2005	INCOME TAX	-	7,578.00	1,515.60	3,790.35		-	12,883.95
2006	INCOME TAX	(0.00)	9,919.00	1,983.80	3,697.27		-	15,600.07
2007	INCOME TAX	**(110,641.57)**	6,992.00	1,398.40	1,792.91		-	(100,458.26)
2008	INCOME TAX	-	**(35,828.00)**	-	-		-	(35,828.00)
2009	INCOME TAX	-	13,679.00	2,735.80	1,658.81		-	18,073.61
2010	INCOME TAX	-	4,351.00	870.20	334.27		-	5,555.47
2010	OFFSHORE PENALTY	-				111,230.00	-	111,230.00
							TOTAL	**56,991.00**

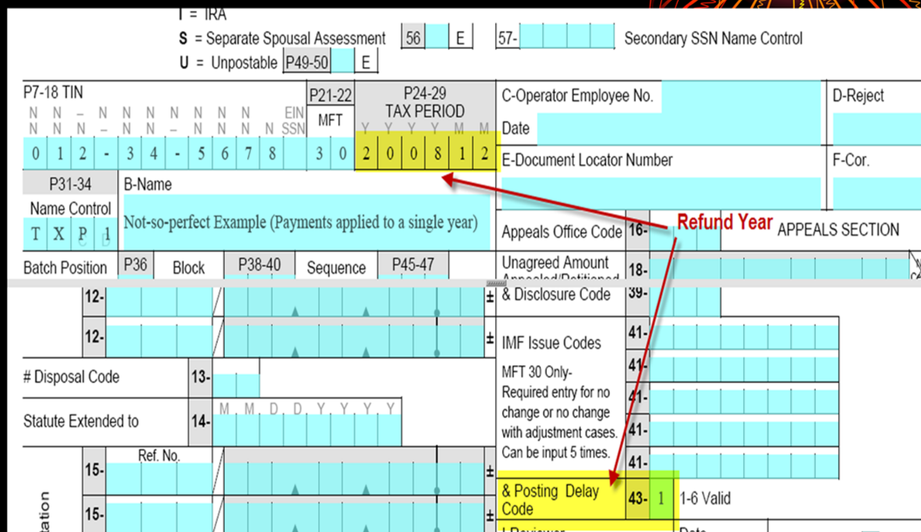
AGENT COMMENTS:

Please include a check, payable to the "U.S. Treasury" in the amount of $56,991.00 with three signed copies of Form 906 per the instructions inLetter 4555 transmitting this information.

Using F5344 to Transfer the OVERPAYMENT



Using F5344 to Transfer REFUNDS



Other Payment Scenario

- Taxpayer only submits payment of income tax (no payment for accuracy-related/delinquency penalties or interest)
  - Final payment application
    - If payments are posted to a single MFT 30 year, then apply the final payment to that same year
    - If payments are posted to multiple years, then apply the final payment to each MFT 30 and MFT 55 year as appropriate

Other Payment Scenario

Only Income Tax paid and posted to a single year

NM CTRL: TXP1

TIN: 012-34-5678

Payment Schedule

MFT	TAX YEAR	DESCRIPTION	BALANCE PRIOR TO 4549-A ASSESSMENT	4549-A ASSESSMENT TAX	4549-A ASSESSMENT PENALTIES	4549-A ASSESSMENT INTEREST	OFFSHORE PENALTY	SUBSEQUENT PAYMENTS	OUTSTANDING BALANCE
30	2003	INCOME TAX		10,361.00	2,072.20	7,293.01		-	19,726.21
30	2004	INCOME TAX		5,624.00	1,124.80	3,459.15		-	10,207.95
30	2005	INCOME TAX		7,578.00	1,515.60	3,790.35		-	12,883.95
30	2006	INCOME TAX		9,919.00	1,983.23	3,697.27		-	15,599.50
30	2007	INCOME TAX		6,992.00	1,398.40	1,792.91		-	10,183.31
30	2008	INCOME TAX		13,679.00	2,735.80	1,658.81		-	18,073.61
30	2009	INCOME TAX	(58,504.00)	4,351.00	870.20	334.27		-	(52,948.53)
30	2010	INCOME TAX						-	-
55	2010	OFFSHORE PENALTY	-				111,230.00	-	111,230.00
								TOTAL	144,956.00

1. Apply final payment to MFT 30/200912 (1-F3244-A)
2. Use F5344 to transfer 200912 Overpayment to other MFT 30 years and to MFT 55.

AGENT COMMENTS:

Please include a check, payable to the "U.S. Treasury" in the amount of $144,956.00 with three signed copies of Form 906 per the instructions in Letter 4555 transmitting this information.

Other Payment Scenario

Only Income Tax paid and posted to a single year

MFT	TAX YEAR	DESCRIPTION	BALANCE PRIOR TO 4549-A ASSESSMENT	4549-A ASSESSMENT TAX	PENALTIES	INTEREST	OFFSHORE PENALTY	SUBSEQUENT PAYMENTS	OUTSTANDING BALANCE
30	2003	INCOME TAX		10,361.00	2,072.20	7,293.01		-	19,726.21
30	2004	INCOME TAX		5,624.00	1,124.80	3,459.15		-	10,207.95
30	2005	INCOME TAX		7,578.00	1,515.60	3,790.35		-	12,883.95
30	2006	INCOME TAX		9,919.00	1,983.23	3,697.27		-	15,599.50
30	2007	INCOME TAX		6,992.00	1,398.40	1,792.91		-	10,183.31
30	2008	INCOME TAX		13,679.00	2,735.80	1,658.81		-	18,073.61
30	2009	INCOME TAX	(203,460.00)	4,351.00	870.20	334.27		-	(197,904.53)
30	2010	INCOME TAX						-	-
55	2010	OFFSHORE PENALTY	-				111,230.00	-	111,230.00
								TOTAL	-

Loader Summary after final payment applied.

Other Payment Scenario

Only Income Tax paid and posted to each MFT year

NM CTRL: TXP1

TIN: 012-34-5678

Payment Schedule

MFT	TAX YEAR	DESCRIPTION	BALANCE PRIOR TO 4549-A ASSESSMENT	4549-A ASSESSMENT TAX	4549-A ASSESSMENT PENALTIES	4549-A ASSESSMENT INTEREST	OFFSHORE PENALTY	SUBSEQUENT PAYMENTS	OUTSTANDING BALANCE
30	2003	INCOME TAX	(10,361.00)	10,361.00	2,072.20	7,293.01		-	9,365.21
30	2004	INCOME TAX	(5,624.00)	5,624.00	1,124.80	3,459.15		-	4,583.95
30	2005	INCOME TAX	(7,578.00)	7,578.00	1,515.60	3,790.35		-	5,305.95
30	2006	INCOME TAX	(9,919.00)	9,919.00	1,983.23	3,697.27		-	5,680.50
30	2007	INCOME TAX	(6,992.00)	6,992.00	1,398.40	1,792.91		-	3,191.31
30	2008	INCOME TAX	(13,679.00)	13,679.00	2,735.80	1,658.81		-	4,394.61
30	2009	INCOME TAX	(4,351.00)	4,351.00	870.20	334.27		-	1,204.47
30	2010	INCOME TAX						-	-
55	2010	OFFSHORE PENALTY	-				111,230.00	-	111,230.00
								TOTAL	144,956.00

Apply final payment to appropriate MFT 30 years and MFT 55 (8-F3244As).

AGENT COMMENTS:

Please include a check, payable to the "U.S. Treasury" in the amount of $144,956.00 with three signed copies of Form 906 per the instructions in Letter 4555 transmitting this information.

Transferring payments with F3870

- To move payments from <u>MFT 55 to MFT 30</u>
- To move payments <u>between MFT 55 years</u>
- To transfer payments back to the taxpayer's account from <u>Excess Collections</u>