



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			OFFSHORE PENALTY	SUBSEQUENT PAYMENTS	OUTSTANDING BALANCE
			4549-A ASSESSMENT	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	(5,556.47)	4,351.00	870.20	334.27	-	(0.00)	
30	2010	INCOME TAX	-	-	-	-	-	-	
55	2010	OFFSHORE PENALTY	-	-	-	-	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			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	(5,655.47)	4,351.00	870.20	334.27	-	(0.00)	
30	2010	INCOME TAX	-	-	-	-	-	-	
55	2010	OFFSHORE PENALTY	-	-	-	-	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			OFFSHORE PENALTY	SUBSEQUENT PAYMENTS	OUTSTANDING BALANCE
			TAX	PENALTIES	INTEREST			
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 <i>(Not a taxpayer receipt)</i>				DLN					
N	U	DLN	SSN/EIN	Form number/ MFT	Tax Period	Plan/Report Number	Transaction/ Received date		
M	L		012-34-5678	55	201012		06/30/2013		
F	C	Status							
Taxpayer name, address, and ZIP code <i>(Please print legibly or use typewriter)</i>				List, in the column below, payments to be posted to the taxpayer's account. A maximum of two Credit transactions may be shown.					
Example for Perfect Taxpayer: Final Payment for MOP (Income tax fully paid with OVDI Submission per FAQ #25.)				Transaction Data					
Remarks Bank USA Check # 1000 Check Total: \$111,230.00 Please add TC 570 to the account.				Amount		Code	Description		
						670	Sub Payment	DPC	
Trace ID Number						610	Remittance with return		
				Transaction Data				620	Payment for Form 7004
<input type="checkbox"/> 6603 <input type="checkbox"/> 318(C)				0.00	170	ES penalty	111,230.00	640	Advance payment on Deficiency
						180	FTD penalty	430	All other estimated tax payments
Prepared by <i>(Name and unit symbol)</i> RA/203 20600 1999 352-555-1000						360	Fees and collection cost	660	Est. tax payment Form 7 08/1041-ES
						570	Additional liability pending	680	Designated interest
							Other debit		Other credit
							Other debit	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 TRANSCRIPT RECONCILIATION SUMMARY
TIN: 012-34-5678

MFT	TAX YEAR	DESCRIPTION	BALANCE PRIOR TO	4549-A ASSESSMENT			OFFSHORE	SUBSEQUENT	OUTSTANDING
			4549-A ASSESSMENT	TAX	PENALTIES	INTEREST	PENALTY	PAYMENTS	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:

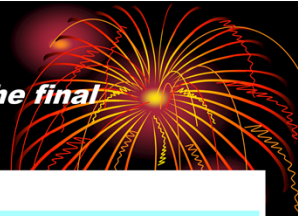
**The not-so-perfect Example: Using the Loader
"Summary" to create a Payment Schedule**



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	
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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 in Letter 4555 transmitting this information.

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



Payment Posting Voucher — Examination (Not a taxpayer receipt)				DLN																																				
N M F	U L C	DLN	SSN/EIN	Form number/ MFT	Tax Period	Plan/Report Number	Transaction/ Received date																																	
		Status	012-34-5678	1040/30	200712		06/30/2013																																	
Taxpayer name, address, and ZIP code (Please print legibly or use typewriter)				List, in the column below, payments to be posted to the taxpayer's account. A maximum of two Credit transactions may be shown.																																				
Example for TXP1: Apply final payment to a single year (MFT 30/200712)				<table border="1"> <thead> <tr> <th colspan="3">Transaction Data</th> </tr> <tr> <th>Amount</th> <th>Code</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td></td> <td>670</td> <td>Sub. Payment <input type="checkbox"/> DPC</td> </tr> <tr> <td></td> <td>610</td> <td>Remittance with return</td> </tr> <tr> <td></td> <td>620</td> <td>Payment for Form 7004</td> </tr> <tr> <td></td> <td>640</td> <td>Advance payment on Deficiency</td> </tr> <tr> <td></td> <td>430</td> <td>All other estimated tax payments</td> </tr> <tr> <td></td> <td>660</td> <td>Est. tax payment Form 7 08/1041-ES</td> </tr> <tr> <td></td> <td>680</td> <td>Designated interest</td> </tr> <tr> <td></td> <td></td> <td>Other credit</td> </tr> <tr> <td></td> <td></td> <td>Total payment</td> </tr> </tbody> </table>				Transaction Data			Amount	Code	Description		670	Sub. Payment <input type="checkbox"/> DPC		610	Remittance with return		620	Payment for Form 7004		640	Advance payment on Deficiency		430	All other estimated tax payments		660	Est. tax payment Form 7 08/1041-ES		680	Designated interest			Other credit			Total payment
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		Other credit																																						
		Total payment																																						
<p>Important! TC 570 prevents refunds</p> <p>Remarks Bank USA Check # 1000 Check Total: \$56,991.00 Please add TC 570 to the account.</p>				<p>List, in the column below, any Debit amount to be assessed. A maximum of one debit transaction may be shown.</p> <table border="1"> <thead> <tr> <th colspan="3">Transaction Data</th> </tr> <tr> <th>Amount</th> <th>Code</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td></td> <td>170</td> <td>ES penalty</td> </tr> <tr> <td></td> <td>180</td> <td>FTD penalty</td> </tr> <tr> <td></td> <td>360</td> <td>Fees and collection cost</td> </tr> <tr> <td></td> <td>570</td> <td>Additional liability pending</td> </tr> <tr> <td></td> <td></td> <td>Other debit</td> </tr> <tr> <td></td> <td></td> <td>Other debit</td> </tr> </tbody> </table>				Transaction Data			Amount	Code	Description		170	ES penalty		180	FTD penalty		360	Fees and collection cost		570	Additional liability pending			Other debit			Other debit									
Transaction Data																																								
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56,991.00		Total payment																																						
Prepared by (Name and unit symbol)				Other debit																																				
RA/203 20600 1999 352-555-1000				Other debit																																				

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**



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 in Letter 4555 transmitting this information.

Using F5344 to Transfer the OVERPAYMENT

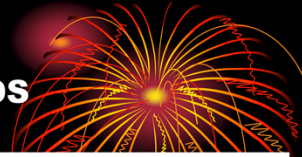


U = Unpostable [P49-50] [E]

P7-18 TIN N N - N N N N N N N N N N N - N N - N N N N N SSN		P21-22 MFT		P24-29 TAX PERIOD Y Y Y Y M M		C-Operator Employee No.		D-Reject	
0 1 2 - 3 4 - 5 6 7 8		3 0 2		0 0 7 1 2		Date			
P31-34 B-Name		Name Control T X P I		Not-so-perfect Example (Payments applied to a single year)		E-Document Locator Number		F-Cor.	
Batch Position		P36		Block		P38-40		Sequence	
P45-47		Unagreed Amount		18-		Appeals Office Code		46- APPEALS SECTION	
12-		& Disclosure Code		39-		IMF Issue Codes		41-	
12-		# Disposal Code		13-		MFT 30 Only-		41-	
14-		Statute Extended to		M M D D Y Y Y Y		Required entry for no		41-	
15-		Ref. No.				change or no change		41-	
15-						with adjustment cases		41-	
						Can be input 5 times		41-	
						& Posting Delay		43- 3	
						Code		1-6 Valid	
						I-Reviewer		Date	
								J-CATP Case	

Overpayment Year (indicated by a red arrow pointing to the MFT field)

Using F5344 to Transfer REFUNDS



I = IRA		S = Separate Spousal Assessment		56	E	57-		Secondary SSN Name Control			
U = Unpostable		P49-50		E							
P7-18 TIN				P21-22		P24-29		C-Operator Employee No.		D-Reject	
N N - N N N N N N N N EIN				MFT		TAX PERIOD		Date			
N N N - N N - N N N N N SSN				Y Y		Y Y M M					
0 1 2 - 3 4 - 5 6 7 8				3 0		2 0 0 8 1 2					
P31-34		B-Name									
Name Control		Not-so-perfect Example (Payments applied to a single year)									
T X P 1											
Batch Position		P36	Block	P38-40	Sequence	P45-47	Unagreed Amount		18-		
							Associated Refund				
12-									& Disclosure Code	39-	
12-									IMF Issue Codes	41-	
# Disposal Code		13-								41-	
Statute Extended to		14-		M M D D Y Y Y Y						41-	
										41-	
15-		Ref. No.								41-	
15-										& Posting Delay Code	
										43- 1	
										1-6 Valid	
										I-Reviewer	Date

Refund Year APPEALS SECTION

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			OFFSHORE PENALTY	SUBSEQUENT PAYMENTS	OUTSTANDING BALANCE
				TAX	PENALTIES	INTEREST			
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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	1,858.81	-	18,073.61	
30	2009	INCOME TAX	(58,504.00)	4,231.00	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			OFFSHORE	SUBSEQUENT	OUTSTANDING
			4549-A ASSESSMENT	TAX	PENALTIES	INTEREST	PENALTY	PAYMENTS	BALANCE
30	2003	INCOME TAX		10,361.00	2,072.20	7,293.01		-	19,726.21
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30	2006	INCOME TAX		9,919.00	1,983.23	3,687.27		-	15,589.50
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
Loader Summary after final payment applied.									
								TOTAL	-

Other Payment Scenario

Only Income Tax paid and posted to each MFT year



NM CTRL: TXP1 Payment Schedule
 TIN: 012-34-5678

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	(10,361.00)	10,361.00	2,072.20	7,293.01	-	9,365.21	
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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	1,963.23	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	1,668.81	-	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	
Apply final payment to appropriate MFT 30 years and MFT 55 (8-F3244As).								TOTAL	144,956.00

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