MANUAL TRANSMITTAL

3.28.3

Department of the Treasury
Internal Revenue Service

OCTOBER 31, 2018

EFFECTIVE DATE

(01-01-2019)

PURPOSE

(1) This transmits revised IRM 3.28.3, Special Processing Procedures - Individual Income Tax Returns.

MATERIAL CHANGES

(1) Minor editorial changes throughout.

(2) IRM 3.28.3.1 Added new Program Scope and Objectives

(3) IRM 3.28.3.2 Updated Introduction to place the President and Vice President returns are placed as permanent records by the National Archives.

(4) IRM 3.28.3 Added new Acronyms Chart

(5) IRM 3.28.3.4.1 Updated to forward the original income tax return in double sealed envelopes

(6) IRM 3.28.3.5.1 Corrected from Appendix to Title 5 to Appendix 4 to Title 5 in several sections

(7) IRM 3.28.3.5.2.1 Deleted alpha list and created numeric listing

(8) IRM 3.28.3.5.2.2 Added Code and Edit should review Form 2848 for completeness

EFFECT ON OTHER DOCUMENTS

IRM 3.28.3, dated November 02, 2017 effective January 1, 2018 is superseded.

AUDIENCE

Wage and Investment Submission Processing Campus personnel

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3.28.3
Individual Income Tax Returns

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3.28.3.1
(01-01-2019)
Program Scope and Objectives

(1) **Purpose:** This Internal Revenue Manual (IRM) provides instructions for processing returns and the accounts of the President and Vice President of the United States of America.

(2) **Audience:** This IRM is used by tax examiners and clerks in Austin Submission Processing site.

(3) **Policy Owner:** The Director of Submission Processing (SP)

(4) **Program Owner:** Wage and Investment (W&I)

(5) **Primary Stakeholders:** Other areas that may be affected by these procedures include (but not limited to):

- Information Technology (IT) Programmers
- Chief Counsel
- Submission Processing

(6) **Program Goals:** The goal of this IRM is to provide instructions to process the tax returns and accounts of the President and Vice President of the United States of America.

(7) **Annual Clearance of IRM:** This IRM is updated and published annually after review and concurrence by affected offices according to the clearance process established in IRM 1.11.9 ***Internal Management Documents, Clearing and Approving Internal Management Documents***

3.28.3.2
(01-01-2019)
Introduction

(1) This section of the Internal Revenue Manual (IRM) provides instructions for processing:

- The tax returns and accounts of the President and Vice President of the United States of America.
- The tax returns of political appointees who have their assets placed in a qualified blind trust as defined by section 102(f)(3) of the Appendix to Title 5 of the United States Code (or any successor provision of the United States Code).

(2) These procedures apply to all functions within the campuses.

(3) The tax returns of the President and Vice President will be mailed to the Field Director, Austin Submission Processing Campus.

(4) The Field Director of Austin can designate the **walk- through** processing of the President and Vice President's returns to a subordinate. This person must make sure that the original returns are not unnecessarily folded or bent, and the edit marks and stamps are neatly placed on the returns, since they are deemed permanent records by the National Archives.

(5) When filing a political appointee's tax return, the trustees of to a qualified blind trust as defined by section 102(f)(3) of the Appendix 4 to Title 5 of the United States Code ("blind trust") are to follow the "Where to File" Instructions for Form 1040 and file the tax return at the appropriate campus based on the appointee's address.

(6) The President, Vice President, or any political appointee who has placed his/her assets in a blind trust must request permission for the trustee to prepare and file their individual tax return. The request for permission must be in

writing and be submitted with the tax return and a properly executed Form 2848, Power of Attorney and Declaration of Representative. Permission for the trustee to prepare and file the return will be granted automatically on receipt of the required documents. The IRS does not send an approval letter to the President, Vice President, political appointee or trustee.

3.28.3.3
(01-01-2019)
Deviations From This Internal Revenue Manual (IRM)

(1) Service Center Directors, Headquarter Branch Chiefs, and Headquarter Analysts do not have the authority to approve deviations from IRM procedures. Any request for an exception or deviation to an IRM procedure must be elevated through appropriate channels for executive approval. This will ensure that other functional areas are not adversely affected by the changes and that it does not result in disparate treatment of taxpayers.

(2) See guidelines in IRM **1.11.2**, Internal Management Documents System, **Internal Revenue Manual(IRM) Process**. Request for an IRM deviation must be submitted in writing and signed by the Field Director, following instructions from IRM **1.11.2.2.4**.

(3) Any disclosure issues will be coordinated by the Program Owner. No deviations can begin until they are reviewed by the Program Owner and approved at the Executive Level. All requests must be submitted to the Submission Processing Headquarters IRM Coordinator.

3.28.3.3.1
(01-01-2019)
Acronyms

(1) An acronym is an abbreviated word formed from the initial letter or letters of each major part of a compound term, such as IDRS for Integrated Data Retrieval System.

(2) A list of some of the acronyms and definitions used in this IRM are listed in the chart below.

ACRONYM	DEFINITION
CAF	Centralized Authorization File
DIF	Discriminant Index Function
IDRS	Integrated Data Retrieval System
IRM	Internal Revenue Manual
IT	Information Technology
POA	Power of Attorney
SB/SE	Small Business/Self-Employed
SP	Submission Processing
W&I	Wage & Investment

3.28.3.4
(01-01-2019)
Processing Returns and Accounts of the President and Vice President

(1) Follow the instructions in this subsection of the manual when processing the individual tax returns and accounts of the President and Vice President of the United States in office at the time of filing.

(2) This IRM provides procedures for:

- Individual and Gift Tax Returns Processing
- Account Data Storage and Access
- Mandatory Examination

3.28.3.4.1
(01-01-2019)
Individual and Gift Tax Return Processing

(1) Follow the normal return-processing procedures for all tax returns of the President and Vice President of the United States.

(2) Maintain the privacy of the tax return of the President and Vice-President **at all times** during processing.

- Ensure that other employees in the immediate area cannot view the returns.
- Keep the returns locked in a secure drawer or cabinet while you are away from your work area and the returns are still under your control.

(3) Once the individual income tax return has posted, make a photocopy of the return and stamp “COPY” in the top margin of the copy. Route the copy to Files.

(4) Forward the **original** processed individual income tax return in double-sealed envelopes to prevent any damage to the return to:

Internal Revenue Service
Deputy Commissioner for Services and Enforcement
1111 Constitution Ave NW, Room 3000 IR
Washington, DC 20224

(5) The tax returns of both the President and Vice President are permanent records under the Records Control Schedules Document 12990, RCS 8, Item 12, since they are deemed permanent records by the National Archives.

(6) Process gift tax returns in accordance with the same procedures relating to all taxpayers.

3.28.3.4.2
(01-01-2019)
Account Data Storage and Access

(1) Carry the account data of the President and Vice President on the appropriate Master File.

(2) Do not subject the accounts to restricted access procedures.

3.28.3.4.3
(01-01-2019)
Mandatory Examination

(1) Individual income tax returns for the President and Vice President are subject to mandatory examinations. See IRM 4.2.1.11, *Processing Returns and Accounts of the President and Vice President*.

(2) The Small Business/Self-Employed (SB/SE) Director of Examination will determine the area office responsible for the examination of the return.

(3) Copies of the returns to be examined will be transmitted after the examining office with jurisdiction is selected. Copies of returns must bear the word **Copy** in the top right margin. The transmittal memorandum will contain the following directions:

a. Regardless of the Discriminant Index Function (DIF) score, the returns will be examined.
b. IRS personnel, including specialists, will be assigned to the examination as appropriate.
c. The Examination Area Director, or his/her designee, will arrange for contact with the authorized representatives of the President and Vice President for the beginning of the examination.
d. All relevant IRM procedures will apply to these return examinations.
e. The examination papers of the President and Vice President are subject to regular retention procedures Document 12990, RCS 23, Item 43a.

3.28.3.5
(01-01-2019)
Blind Trust Form 1040 Returns

(1) Follow the instructions in this subsection of the IRM when processing blind trust individual income tax returns.

(2) The instructions include the following procedures:

- General Information and Instructions
- Blind Trust Tax Return Processing
- Document Perfection Procedures
- Accounts Management Centralized Authorization File (CAF) Procedures - Processing the Form 2848

3.28.3.5.1
(01-01-2019)
General Information and Instructions

(1) The President, Vice President, or a political appointee will be considered to have shown good cause for receiving permission and will **automatically be granted permission** to have their return filed by a trustee when both of the following conditions are met:

a. The President, Vice President, or political appointee has an interest in a blind trust that meets the requirements of Section 102(f)(3) of the Appendix 4 to Title 5 of the United States Code (USC) or any successor provision of the USC.
b. The President, Vice President, or political appointee in accordance with Rev. Proc. 2010–11 submits with the income tax return both a letter requesting permission for the trustee to prepare and file the income tax return on behalf of the eligible individual and a power of attorney.

Note: A separate request must be made for each tax year (tax period).

(2) The trustee must attach both of the following to their filed return:

- A letter requesting permission for the trustee to prepare and file the President's, Vice President's, or political appointee's return.
- A valid power of attorney authorizing the trustee to represent the taxpayer that includes a statement specifically authorizing the trustee to prepare and file the taxpayer's return on behalf of the taxpayer.

(3) The IRS must use extreme caution not to violate a blind trust.

a. Address all correspondence and refunds concerning the blind trust tax return to the authorized trustee.
b. Do not disclose any information regarding the source(s) or nature of the blind trust income to the taxpayer.

(4) Generally, the taxpayer's name will be in the Entity, but the address will belong to the trustee to ensure that any correspondence and/or refund is mailed only to the trustee. Any attached Power of Attorney (POA) should be reviewed for completeness using the criteria in IRM 3.28.3.5.2.1, *Document Perfection Procedures* by the Code and Edit tax examiner, then faxed to the Ogden CAF Unit to be posted.

(5) **Do not** disclose information regarding the source of the blind trust income if contact with the taxpayer is ever required.

3.28.3.5.2
(01-01-2019)
Blind Trust Tax Return Processing

(1) Blind Trust returns can generally be identified by the presence of any of the following:

- The notation "Blind Trust" in the signature area
- An income statement or schedule indicating "Income from Blind Trust"
- A trust agreement which specifies "Blind Trust"
- A POA attached indicating "Blind Trust," or posted to the CAF with a Blind Trust Authorization Indicator or
- A letter requesting permission for the trustee to prepare and file the President's, Vice President's or political appointee's return

(2) The letter requesting permission and the POA must be attached to the return. It is the responsibility of the Code and Edit tax examiner to determine that the POA is complete before routing it to the Ogden CAF Unit. If the POA is already posted, the Code and Edit tax examiner should ensure that the Blind Trust Authorization Indicator is posted on the account. See IRM 3.28.3.5.2.1, *Document Perfection Procedures*.

(3) If the Form 2848 is an original, or the CAF needs to be updated with the Blind Trust Authorization Indicator, the Code and Edit tax examiner will:

a. Perfect the Form 2848. See IRM 3.28.3.5.2.1(3) for specific procedures
b. Call the Ogden CAF Unit Manager to alert him/her that they are faxing a POA for a "Blind Trust" to the unit
c. Edit "Blind Trust" in the top margin of the Form 2848
d. Fax the original Form 2848 to the Ogden CAF Unit
e. Staple the Form 2848 to the back of the return

(4) If the request letter is attached and the POA is posted correctly, continue processing the return. Leave the request letter (and any POA) attached to the return.

(5) If the POA is posted to the CAF, but the Blind Trust Authorization Indicator needs updating, refer to IRM 3.28.3.5.2.1(6) for instructions on how to contact the Ogden CAF Unit to update that field.

3.28.3.5.2.1
(01-01-2019)
Document Perfection Procedures

(1) Determine that the letter requesting permission for the trustee to prepare and file the President's, Vice President's, or political appointee's return is present and the POA is attached when "blind trust" is indicated on the return.

Note: The POA authorization may be contained in the trust agreement when a blind trust agreement is attached. If **all** of the items required to be included in a valid POA authorization, including the specific acts, are listed in the blind trust agreement, then it is acceptable. Edit the taxpayer's name and social security number (SSN), and "See Attached" on a Form 2848. Then, fax the "Form 2848" package to the Ogden CAF Unit for processing.

(2) If a Form 2848 is attached, check Command Code (CC) CFINK to determine if it is an **original** or **copy** of the POA. If the CAF is up to date (including the blind trust Authorization Indicator), then continue processing the return and leave the **copy** of the Form 2848 attached to the return.

(3) If an **original** Form 2848 is attached to the return, the Code and Edit tax examiner will edit **"BLIND TRUST"** in the top-center margin of the Form 2848 and ensure that the following applicable parts of the Form 2848 are completed.

a. **Line 1 - Taxpayer information**: Taxpayer name(s) and address, SSN(s).
b. **Line 2 - Representative(s)**: Representative(s) name(s) and address, CAF number, telephone number.
c. **Line 3 - Acts authorized**: Description of matter (type of tax form number (e.g., Form 1040), tax period (must be only ONE tax period)
d. **Line 4 - Specific use not recorded on Centralized Authorization File (CAF)**: **Box should be checked**.
e. **Line 5a - Additional acts authorized** - Sign a return box should be checked. A statement should be included granting the trustee permission to sign the tax return. "This power of attorney is being filed pursuant to Treasury Regulation section 1.6012-1(a)(5), which requires a power of attorney to be attached to a return if a return is signed by an agent by reason of **specific permission granted by IRS**" **Line 5a** may also include the following authorizations:

- Waiver of restriction on assessment or collection
- Waiver of notice of disallowance
- Consent to extend the period for assessment or collection
- Closing agreement

f. **Line 5b - Specific acts not authorized -** Should be blank.
g. **Line 6 - Retention/revocation of prior power(s) of attorney**: If the box is checked, research CC CFINK to determine if it should have been checked.
h. **Line 7 - Signature of taxpayer(s) and date**: The signature of the taxpayer(s) and the date is required.
i. **Part II - Declaration of Representative**: Designation, jurisdiction, signature, and date of agent is required. Correspond with the agent if this is missing.

(4) If the Form 2848 is complete:

1. Detach the Form 2848 from the return and call the Ogden CAF Unit Manager to notify him/her that you are faxing a blind trust POA for **expedite** processing
2. Fax the original Form 2848 to the Ogden CAF unit.
3. Upon acknowledgement of receipt from the Ogden CAF Unit Manager that the POA was input correctly to the CAF, staple the Form 2848 to the back of the return and continue processing.

(5) Correspond with the political appointee for the missing items or authorizations when the POA does not grant the trustee authority to perform all of the specific acts (Line 5 on Form 2848) on behalf of the political appointee, or any other required items are missing, except Part II. If Part II is incomplete, correspond with the trustee.

(6) The request letter and POA **must be** present. If either one is missing or incomplete, use the table below to determine the proper action:

If a POA is:	**and request letter is:**	**Then:**
1) **Attached**, or already correctly posted on the CAF with the Blind Trust Authorization Indicator	**Attached**	Continue processing.
2) On the CAF, but the Blind Trust Authorization **Indicator is not** present	**Attached**	Contact the Ogden CAF Unit Manager. Fax the request letter to them for verification to allow the update to the CAF with the Blind Trust Authorization Indicator.
3) **Not** found on the CAF, or attached to the return	**Attached**	Correspond with the trustee for the missing POA. **Suspend** the return while corresponding for the missing POA.
4) **Attached**, or already posted on the CAF	**Not** attached	Correspond with the trustee for a copy of the request letter. **Suspend** the return while corresponding for the missing request letter.
5) **Not** found on the CAF, or attached to the return	**Not** attached	There is an indication of a ″blind trust.″ Code and Edit should correspond with the ″trustee″ for the missing documents. **Suspend** the return while corresponding for the missing documents.

(7) If the request letter is attached, a valid POA has posted, and other correspondence conditions are present on the return, **suspend** the return and correspond with the trustee.

3.28.3.5.2.2
(01-01-2019)
Accounts Management Centralized Authorization File (CAF) Procedures - Processing the Power of Attorney (POA)

(1) The Form 2848 (POA) for the “blind trust” can be **mailed or faxed** directly to any CAF unit by the agent or taxpayer. If any CAF Unit, other than Ogden, receives a Form 2848 (POA) with indication of “blind trust”, they should contact the Ogden CAF Unit Manager, and fax the Form 2848 directly to him/her for processing.

(2) When the Form 2848 (POA) is **attached** to a blind trust tax return, the Code and Edit tax examiner should review the Form 2848 for completeness, then phone the Ogden CAF Unit Manager and immediately fax the Form 2848 to him/her for input to the CAF. The CAF Unit Manager will acknowledge receipt and input the Form 2848. After input to the CAF, the Code and Edit tax examiner will continue processing the return.

(3) **Ogden CAF Unit Only** – Process the blind trust POA according to instructions. in IRM 21.3.7.8.10, *Blind Trust Authorizations*.