



TAXPAYERS DEFENSE INSTITUTE

**AN ASSOCIATION OF TAX PROFESSIONALS IN
DEFENSE OF TAXPAYERS' RIGHTS**

Dan Pilla's E-Bulletin

Dear TDI Member:

In the process of examining IMF files over the past year or so, I have noticed a phenomenon that I'm sure you have noticed as well. I am talking about the IRS's increasing use of Transaction Code 971. For example, in one IMF I reviewed this morning, the IRS used TC 971 twenty-six times over the span of a five-page transcript.

The real problem is that the IRS's *Transaction Codes Pocket Guide* defines TC 971 as merely a "miscellaneous transaction." There is no further guidance as to what TC 971 addresses. But with that many entries in a given transcript, you certainly need to know what the IRS is talking about with all those "miscellaneous transactions."

So I did some research and here's what I found. Each TC 971 entry has a separate "action code" associated with it. The action code tells you what the specific transaction is that's codified by the TC 971. As you might imagine, there are dozens of action codes. You find the action code on the line beneath the document locator number and to the far right. Here's an example of how it looks on a transcript:

```
971 09032007 ----- 20073508 28277-001-99999-7  
XREF- 971 CD-060
```

Beneath the document locator number on the right, you see "971 CD-060." That is a reference to the action code. In this case, the action code is 060. This tells us what that TC 971 is recording. Action code 060 means "Generated to denote Continuous Levy Program."

How do I know this? I pulled this out of IRS Publication 6209, *IRS Processing Codes and Information*. All the action codes relative to TC 971 are found on pages 8-146 through 8-153.

The current edition of Publication 6209 is found on the TFI Members Only web page, under the heading, "Special Reports." If you don't regularly refer to that document, you need to begin to familiarize yourself with it.

Dan Pilla
Executive Director