

Form **8278**
(February 2010)

Assessment and Abatement of Miscellaneous Civil Penalties

1. Taxpayer's Name: Last, First, Middle Initial <i>(single name only)</i>	5. Year <i>(mandatory)</i>	6. Statute Date <i>(mandatory)</i> (mmddyyyy)
2. Address	7. (a) SSN: [] [] [] - [] [] [] - [] [] [] [] or (b) EIN: [] [] [] - [] [] [] [] [] [] [] []	
3. MFT ("x" one): <input type="checkbox"/> IMF 55 <input type="checkbox"/> BMF 13	4. "X" if no ASED: <input type="checkbox"/>	8. Function ("x" one): <input type="checkbox"/> LMSB <input type="checkbox"/> SB/SE <input type="checkbox"/> W&I <input type="checkbox"/> TE/GE <input type="checkbox"/> Appeals

CAUTION: FOR CORRECT LINE ITEM ENTRIES, FIRST IDENTIFY THE APPROPRIATE PENALTY CODE SECTION. (* See Instructions under "Important Reminders" #7)

9. Item	(a) Penalty Code Section	Penalty Description	(b) Penalty Reference Number	(c) Number of Violations	(d) Amount Assessed	(e) Amount Abated	(f) Penalty Reason Code
A. Failure to File/Failure to Pay Penalties (IRM 20.1.2)							
	6651(f)	Fraudulent failure to file (See IRM 20.1.2.7)	635				
B. Return Related Penalties (IRM 20.1.5)							
	6676	Penalty for erroneous claim for refund or credit	565				
C. Preparer/Promoter/Appraiser/Tax Shelters Penalties (IRM 20.1.6)							
	6694(a)	Understatement due to unrealistic position* - for income tax returns prepared on or prior to May 25, 2007	645				
		Understatement due to unreasonable position* - for tax returns prepared on or after May 26, 2007	645				
	6694(b)	Willful or reckless conduct* - for income tax returns prepared on or prior to May 25, 2007	650				
		Willful or reckless conduct* - for tax returns prepared on or after May 26, 2007	650				
	6695(a)/(b)/(c)/(d)/(e)	Preparer's failure to: (a) furnish a copy to taxpayer (b) sign return (c) furnish identifying number (d) retain copy or list (e) file correct information returns	624				
	6695(f)	Preparer negotiating taxpayer's refund check	626				
	6695(g)	Preparer EIC due diligence	627				
	6695A	Substantial and gross valuation misstatements attributable to incorrect appraisals *	581				
	6700	Promoting abusive tax shelter	628				
	6701	Aiding and abetting - preparer/promoter/appraiser	631				
	6707	Failure to furnish information on reportable transactions	634				
	6707A	Failure to include reportable transaction with return	648				
	6708	Failure to maintain list of investors/advisees - IRC sec. 6112	636				
	6713	Return preparer disclosure or use of information	633				
Remarks:							

10a. Originator	10b. Manager	11a. Date	11b. Date	12. Organization Code	13. Phone
14. Reviewer		15. Date		16. Terminal Operator	17. Date

Assessment and Abatement of Miscellaneous Civil Penalties

1. Taxpayer's Name: Last, First, Middle Initial <i>(single name only)</i> _____ _____ _____	5. Year <i>(mandatory)</i> 	6. Statute Date <i>(mandatory)</i> <i>(mmd/yyyy)</i>
2. Address _____ _____ _____	7. (a) SSN: - - or (b) EIN: -	
3. MFT ("x" one): <input type="checkbox"/> IMF 55 <input type="checkbox"/> BMF 13	4. "X" if no ASED: <input type="checkbox"/>	8. Function ("x" one): <input type="checkbox"/> LMSB <input type="checkbox"/> SB/SE <input type="checkbox"/> W&I <input type="checkbox"/> TE/GE <input type="checkbox"/> Appeals

CAUTION: FOR CORRECT LINE ITEM ENTRIES, FIRST IDENTIFY THE APPROPRIATE PENALTY CODE SECTION.

9. Item	(a) Penalty Code Section	Penalty Description	(b) Penalty Reference Number	(c) Number of Violations	(d) Amount Assessed	(e) Amount Abated	(f) Penalty Reason Code
---------	--------------------------	---------------------	------------------------------	--------------------------	---------------------	-------------------	-------------------------

D. Information Returns Penalties (IRM 20.1.7)

	6682	False Information on Forms W-4 / W-9	616				
	6721	Failure to file information return	600				
	6721	Failure to file information returns or registration statements by due date	607				
	6721 or 6722	Returns relating to higher education tuition and expenses - IRC sec. 6050S (Form 1098-E)	637				
	6721	Failure relating to Form 8027 - IRC sec. 6053	638				
	6721	Failure to file or to file complete and correct Form 8300 - IRC sec. 6050I	651				
	6721	Failure to file Form 8300 - intentional disregard	652				
	6721	Return regarding mergers/acquisitions - IRC sec. 6043A (BMF)	672				
	6721(e)	Failure to file correct information returns - intentional disregard	537				
	6722	Failure to provide payee statement	612				
	6722	Failure to provide (or provide complete and correct) Form 8300 payee statement	653				
	6722	Failure to provide Form 8300 payee statement - intentional disregard	654				
	6723	Failure to comply with other information reporting requirements	621				
	6723	Failure to comply with other information reporting requirements - Notice of partnership exchange	674				

E. TEGE Penalties (IRM 20.1.8)

	527(j)(1)	Failure to make required disclosure (BMF)	662				
	6652(c)(1)(A)	Failure to file a return (IRC sections 6033/6012(a)(6)) (BMF)	663				
	6652(c)(1)(C)	Failure to provide public inspection of annual return or report - See IRC sec. 527(j) - (IMF)	528				
	6652(c)(1)(D)	Failure to provide public inspection of application or notice - See IRC sec. 527(i) - (IMF)	527				
	6652(c)(2)(A)	Failure to file a return (IRC sections 6034/6043(b)) (BMF)	658				
	6652(c)(3)(A)	Failure to file a disclosure required of tax-exempt entity	611				
	6652(c)(3)(B)(ii)	Failure to comply with demand required of an entity or manager	629				
	6684	Penalty for willful and flagrant act by any person relating to private foundations and certain other tax-exempt organizations.	566				

Remarks:

10a. Originator	10b. Manager	11a. Date	11b. Date	12. Organization Code	13. Phone
14. Reviewer		15. Date		16. Terminal Operator	17. Date

Assessment and Abatement of Miscellaneous Civil Penalties

1. Taxpayer's Name: Last, First, Middle Initial <i>(single name only)</i>	5. Year <i>(mandatory)</i>	6. Statute Date <i>(mandatory) (mmdyyyy)</i>
2. Address	7. (a) SSN: <input type="text"/> - <input type="text"/> - <input type="text"/> or (b) EIN: <input type="text"/> - <input type="text"/> - <input type="text"/>	
3. MFT (" <i>x</i> " one): <input type="checkbox"/> IMF 55 <input type="checkbox"/> BMF 13	4. "X" if no ASED: <input type="checkbox"/>	8. Function (" <i>x</i> " one): <input type="checkbox"/> LMSB <input type="checkbox"/> SB/SE <input type="checkbox"/> W&I <input type="checkbox"/> TE/GE <input type="checkbox"/> Appeals

CAUTION: FOR CORRECT LINE ITEM ENTRIES, FIRST IDENTIFY THE APPROPRIATE PENALTY CODE SECTION.

9. Item	(a) Penalty Code Section	Penalty Description	(b) Penalty Reference Number	(c) Number of Violations	(d) Amount Assessed	(e) Amount Abated	(f) Penalty Reason Code
E. TEGE Penalties (IRM 20.1.8)							
	6693(a)(2)(B)	Failure to file a report relating to Archer MSAs required under IRC section 220(h)	553				
	6693(a)(2)(C)	Failure to file a report relating to health savings accounts required under section 223(h)	554				
	6693(a)(2)(D)	Failure to file a report relating to qualified tuition programs required under section 529(d)	555				
	6693(a)(2)(E)	Failure to file a report relating to Coverdell education savings accounts required under section 530(h)	556				
	6693(b)(1)	Overstatement of designated nondeductible contributions - IRC sec. 408(o)(4)	557				
	6693(b)(2)	Failure to file a form relating to nondeductible contributions - IRC sec. 408(o)(4)	558				
	6693(c)	Failure to furnish certain information to participants in simple IRA plans - IRC section 408(i) or 408(l)(2)	573				
	6704(b)	Failure to keep required records	639				
	6710(a) & (c)	Failure to disclose nondeductible contributions	647				
	6711	Failure by tax-exempt organization to disclose certain information or service available from federal government - intentional disregard	567				
	6714	Failure to disclose quid pro quo contributions - IRC sec. 6115 (BMF)	614				
	6720	False acknowledgment regarding vehicle donation (Form 1098-C) - IRC sec. 170(f)(12)	630				
	6652(c)(2)(C)(ii)	Failure to file a return by a split-interest trust with gross income in excess of \$250,000	589				
	6652(a)	Failure to file returns for payments of dividends aggregating less than \$10 under section 6042(a)(2), or 6652(a)(2) - Failure to file returns for payments of dividends aggregating less than \$10 under section 6044(a)(2)	590				
	6652(c)(1)(B)(ii)	Failure to comply with demand by managers of any organization	591				
	6652(c)(2)(B)	Failure to comply with demand by managers of exempt organization or trust	592				
	6685	Willful failure to file a return or application required by IRC sec. 6104(d)	564				

Remarks:

10a. Originator	10b. Manager	11a. Date	11b. Date	12. Organization Code	13. Phone
14. Reviewer		15. Date		16. Terminal Operator	17. Date

Assessment and Abatement of Miscellaneous Civil Penalties

1. Taxpayer's Name: Last, First, Middle Initial (<i>single name only</i>) 2. Address	5. Year (<i>mandatory</i>) 	6. Statute Date (<i>mandatory</i>) (mmddyyyy)
3. MFT (" <i>x</i> " <i>one</i>): <input type="checkbox"/> IMF 55 <input type="checkbox"/> BMF 13	4. "X" if no ASED: <input type="checkbox"/>	7. (a) SSN: - - or (b) EIN: -
8. Function (" <i>x</i> " <i>one</i>): <input type="checkbox"/> LMSB <input type="checkbox"/> SB/SE <input type="checkbox"/> W&I <input type="checkbox"/> TE/GE <input type="checkbox"/> Appeals		

CAUTION: FOR CORRECT LINE ITEM ENTRIES, FIRST IDENTIFY THE APPROPRIATE PENALTY CODE SECTION.

9. Item	(a) Penalty Code Section	Penalty Description	(b) Penalty Reference Number	(c) Number of Violations	(d) Amount Assessed	(e) Amount Abated	(f) Penalty Reason Code
F. International Penalties (IRM 20.1.9)							
	9999 (for ERCS only)	Failure to file required information returns (voluntary disclosure) - 5%	595				
		Failure to file required information returns (voluntary disclosure) - 20%	596				
	6038	Form 5471/Form 8865 - Foreign corporation/ foreign partnership (initial penalty)	623				
		Information not provided after 90 days (continuation penalty)	619				
	6038A	Form 5472 - Information on foreign-owned corporations (initial penalty)	625				
		Information not provided after 90 days (continuation penalty)	619				
	6038B	Form 926/Form 8865 Sch O - Information on transfers and distributions	676				
	6038C	Failure of foreign corporation to furnish information or maintain record	603				
	6039E	Information on passport/residency (IMF)	679				
	6039F	Form 3520 - Report of foreign gifts	668				
	6039G	Form 8854 - Expatriation (IMF)	671				
	6652(f)	Failure of foreign person to file return for investment in real property	604				
	6677	Form 3520 - Transactions with foreign trusts - IRC sec. 6048 (initial penalty)	659				
		Form 3520A - Foreign trust with U.S. owner - IRC sec. 6048 (initial penalty)	660				
		Information not provided after 90 days (continuation penalty)	619				
	6679	Form 5471 Sch O/Form 8865 Sch P - Foreign corporation/foreign partnership acquisitions, dispositions, etc. - IRC sec. 6046 or 6046A (initial penalty)	613				
		Information not provided after 90 days (continuation penalty)	619				
	6686	Failure to file return or supply information by DISC or FSC	605				
	6688	Form 8898 - Residence in a U.S. possession (IMF)	669				
	6689	Failure to file notice of redetermination of foreign tax required by IRC section 905(c)	570				
	6712	Failure to disclose treaty-based return position	664				

Remarks:

10a. Originator	10b. Manager	11a. Date	11b. Date	12. Organization Code	13. Phone
14. Reviewer		15. Date		16. Terminal Operator	17. Date

Assessment and Abatement of Miscellaneous Civil Penalties

1. Taxpayer's Name: Last, First, Middle Initial <i>(single name only)</i>	5. Year <i>(mandatory)</i> 	6. Statute Date <i>(mandatory)</i> <i>(mmdyyyy)</i>
2. Address	7. (a) SSN: - - or (b) EIN: -	
3. MFT (" <i>x</i> " one): <input type="checkbox"/> IMF 55 <input type="checkbox"/> BMF 13	4. "X" if no ASED: <input type="checkbox"/>	8. Function (" <i>x</i> " one): <input type="checkbox"/> LMSB <input type="checkbox"/> SB/SE <input type="checkbox"/> W&I <input type="checkbox"/> TE/GE <input type="checkbox"/> Appeals

CAUTION: FOR CORRECT LINE ITEM ENTRIES, FIRST IDENTIFY THE APPROPRIATE PENALTY CODE SECTION.

9. Item	(a) Penalty Code Section	Penalty Description	(b) Penalty Reference Number	(c) Number of Violations	(d) Amount Assessed	(e) Amount Abated	(f) Penalty Reason Code
G. Excise (IRM 20.1.10)							
	6675	Excessive claims with respect to the use of certain fuels	661				
	6715	Dyed fuel sold for use or used in taxable use, etc.	656				
	6715A	Tampering with or failing to maintain security requirements for mechanical dye injection systems	665				
	6717	Refusal of entry or inspection - IRC sec. 4083(d)(1)	655				
	6718	Failure to display tax registration on vessels - IRC sec. 4101(a)(3)	657				
	6719	Failure to register/reregister - IRC sec. 4101(a)	670				
	6720A	Penalty with respect to certain adulterated fuels	673				
	6725	Failure to report a vessel/facility - IRC sec. 4101(d)	667				

H. Other (IRM 20.1.10)

	6652(j)	Failure to file certification with respect to certain residential rental projects required under section 142(d)(7)	587				
	6652(k)	Failure to make reports required under sec. 1202	588				
	6652(l)	Failure to file Form 8806 - IRC sec. 6043(c)	649				
	6653	Willful failure to pay, evade or defeat stamp tax	574				
	6673(a)	Sanctions and costs awarded by Tax Court	643				
	6673(b)	Sanctions and costs awarded by other courts	644				
	6674	Fraudulent statement or willful failure to furnish statement to employee - IRC sec. 6051 or 6053(b)	575				
	6697	Penalty with respect to tax liability of regulated investment company	582				
	6702(a)	Frivolous tax return	666				

Remarks:

10a. Originator	10b. Manager	11a. Date	11b. Date	12. Organization Code	13. Phone
14. Reviewer		15. Date		16. Terminal Operator	17. Date

Assessment and Abatement of Miscellaneous Civil Penalties

1. Taxpayer's Name: Last, First, Middle Initial <i>(single name only)</i>	5. Year <i>(mandatory)</i>	6. Statute Date <i>(mandatory) (mmdyyyy)</i>
2. Address	7. (a) SSN: <input type="text"/> - <input type="text"/> - <input type="text"/> or (b) EIN: <input type="text"/> - <input type="text"/>	
3. MFT ("x" one): <input type="checkbox"/> IMF 55 <input type="checkbox"/> BMF 13	4. "X" if no ASED: <input type="checkbox"/>	8. Function ("x" one): <input type="checkbox"/> LMSB <input type="checkbox"/> SB/SE <input type="checkbox"/> W&I <input type="checkbox"/> TE/GE <input type="checkbox"/> Appeals

CAUTION: FOR CORRECT LINE ITEM ENTRIES, FIRST IDENTIFY THE APPROPRIATE PENALTY CODE SECTION.

9. Item	(a) Penalty Code Section	Penalty Description	(b) Penalty Reference Number	(c) Number of Violations	(d) Amount Assessed	(e) Amount Abated	(f) Penalty Reason Code
H. Other (IRM 20.1.10)							
	6702(b)	Penalty for specified frivolous submissions	543				
	6705	Broker failure to notify payor	632				
	6706	Failure to file an information return (Form 8281) relating to OID	678				
	6709(a)	Penalties with respect to mortgage credit certificates – negligence	578				
	6709(b)	Penalties with respect to mortgage credit certificates – fraud	579				
	6709(c)	Failure to timely file report relating to mortgage credit certificate required under IRC section 25(g)	580				
	6716(a)	Failure of the executor to make a return required under IRC sec. 6018 relating to large transfers at death and gifts	559				
	6716(a)	Failure to furnish information required by sec. 6018(b)(2) relating to certain transfers of gifts received by decedent within 3 years of death	560				
	6716(b)	Failure to furnish information required by sec. 6018(e) or 6019(b) relating to certain transfers at death and gifts	561				
	6716(d)	Failure to furnish information required by IRC sec. 6018(e) or 6019(b) relating to certain transfers at death and gifts – intentional disregard	562				
	6720B	Fraudulent identification of exempt use property under section 170(e)(7)(C)	551				
	6720C	Penalty for failure to notify health plan of cessation of eligibility for COBRA premium assistance	563				
	9707	Failure to pay premium	593				

Remarks:

10a. Originator	10b. Manager	11a. Date	11b. Date	12. Organization Code	13. Phone
14. Reviewer		15. Date		16. Terminal Operator	17. Date

IMPORTANT REMINDERS AND INSTRUCTIONS FOR COMPLETING FORM 8278

BACKGROUND

Form 8278 is an adjustment document (ADJ54) used for the manual assessment or abatement of miscellaneous civil penalties that are not subject to deficiency procedures. The Penalty Reference Number (PRN) is keyed in with a dollar amount and a Transaction Code (TC) 290 with a zero (.00) dollar amount in MFT 13 (BMF) or 55 (IMF). The posted TC 240 with a PRN indicates a miscellaneous civil penalty assessment. The PRN dictates the language in the CP 15 (IMF) or 215 (BMF) Notice that provides an explanation of the penalty being assessed, the amount due, and the taxpayer's recourse in contesting the assessment or paying the balance due.

Abating a penalty is just the opposite of assessing the penalty. Input the PRN for a negative amount and a Transaction Code (TC) 290 with a zero (.00) dollar amount in MFT 13 (BMF) or 55 (IMF). This will generate a TC 241 (as the secondary TC) with the TC 290 for .00 (as the primary TC). Note: If TC 241 is used instead of the corresponding PRN with a negative amount, the adjustment will not post.

IMPORTANT REMINDERS:

1. Always use the most current version of Form 8278 for applicable RNs, as other source documents (e.g., Doc. 6209, IRMs, etc.) might contain outdated PRN information.
2. Select the appropriate code section of the applicable miscellaneous civil penalty on the form first, and then choose the corresponding PRN.
3. If the PRN is not listed on Form 8278, enter all information in a blank line under the appropriate Penalty Category A, B, C, D, E, F, G or H.
4. Use only the PRN listed for the Code section of the penalty that is to be assessed. Note: All listed miscellaneous civil penalty PRNs apply to tax years after 12-31-89.
5. Prepare a separate form for each penalty assessment.
6. Multiple assessments of identical penalties for the same taxpayer in the same tax period must be consolidated as a single assessment.
7. "*" -- At the conclusion of the penalty investigation, please provide the taxpayer with a copy of a detailed calculation worksheet.
8. IRC section 6751(b) requires that for Chapter 68 (*Additions to the Tax, Additional Amounts, and Assessable Penalties*) penalty assessments, the immediate supervisor of the individual making the determination (or a higher level official the Secretary may designate) must personally approve the assessment in writing. Exceptions are additions to tax under section 6651, 6654, 6655, or any other penalty automatically calculated through "electronic means."
9. For IRC sections 6700 and 6701 penalties, the tax period is a calendar year period (12/31/XXXX) for all taxpayers, including fiscal year filing taxpayers. The penalty is imposed for actions during the calendar year. See Line-by-Line Instructions for Completing the Form, item # 5.

IMPORTANT REMINDERS AND INSTRUCTIONS FOR COMPLETING FORM 8278

LINE-BY-LINE INSTRUCTIONS FOR COMPLETING THE FORM:

1. Enter the name of the taxpayer against whom the penalty is being assessed. For Form 1040 joint returns, enter only one name. MFT 55 does not accept joint assessments. For joint assessments, follow established procedures for that IRC.
2. Enter address. A new address input on this form will affect all returns filed under the same TIN.
3. Check appropriate MFT: 55 for individuals (IMF), 13 for business entities (BMF).
4. Check box if there is no statute of limitations on the assessment, e.g., PRN 650 for IRC section 6694(b).
5. Enter the ending date (year and month) of the tax period for which the penalty is being assessed. For IRC sections 6700 and 6701, enter the year the violation occurred. For IRC sections 6694 and 6695, enter the year the return causing the penalty was required to be filed. Other penalties are routinely assessed for the year the document, report, or return was required to be filed.
6. Enter the expiration date for the statute of limitations on assessment (ASED). If the ASED is less than 90 days from the date shown in Box 11, complete Form 2859, Request for Quick or Prompt Assessment, attach Form 8278 behind it, and route the forms accordingly.
7. Enter the SSN of the individual taxpayer or the EIN of the entity that the penalty is being assessed against.
8. Check box to indicate the function asserting the penalty.
9. Complete appropriate columns 9(a) - (f). When entering a penalty on a blank line for a penalty that is assessable, but not listed on the form, always circle the PRN. Enter only numbers for the dollar amount of the adjustment. Do not use a dash (-) in place of cents. When abating a penalty, or not assessing a penalty that is otherwise applicable, enter the appropriate Penalty Reason Code (PRC) to identify why the penalty is being abated or suppressed. See IRM Exhibit 20.1.1-3 for a list of appropriate PRCs and explanations.
10. Both the Originator and the Manager are required to sign. Management approval for the assessment of the penalty is required (see Reminder #8). Before Form 8278 is input, verify that item 10 is complete. If item 10 does **not contain a signature** by the Originator AND the Manager, the Form 8278 and the associated case file should be returned to the sender using Form 3210 procedures. Note: Expedite return for imminent statute cases.
11. Self-explanatory.
12. Enter designated organization code: three-digit primary business code for Exam, two-digit code for Collection, or equivalent indicator for any other organizations.
- 13., 14., 15., 16., 17. Self-explanatory.

PENALTIES FOR IRC SECTIONS 6694, 6695, 6695A, 6700, 6701, 6707, 6707A AND 6708

Enter identifying information for return(s) on which the penalty is based. If there are more than three, provide information on the three most representative cases.

Name _____ TIN _____ Year _____ MFT _____

Name _____ TIN _____ Year _____ MFT _____

Name _____ TIN _____ Year _____ MFT _____