

PRESENTATION DOCUMENT

IRS External Leads Program

Outreach Meeting on Credit Gateway

May 23-24, 2012

This document is confidential and is intended solely for the use and information of the audience to whom it is addressed.

Introduction and Participants

- ▶ Participants on this call include IRS organizations and partner financial institutions
- ▶ External Leads team is conducting multiple briefings that will include all 80 partner financial institutions

IRS Participants

Organization
▶ Accounts Management Taxpayer Assurance Program (AMTAP)
▶ Submission Processing (SP)
▶ Communications & Liaison (C&L)
▶ Division Counsel (Wage & Investment)
▶ Criminal Investigations (CI)

Purpose of Outreach Meeting

- ▶ **IRS External Leads Program, focused on the recovery of returned questionable refunds received from financial institutions, is formally reaching out and engaging both external financial institutions and internal IRS stakeholders to:**
 - **Share significant program updates**
 - **Introduce the new electronic Credit Gateway service**

Today's Agenda

- ▶ **External Leads Program Overview**
- ▶ **Credit Gateway Overview**
- ▶ **Enrollment Steps**
- ▶ **External Leads Instructions**
- ▶ **Current Program Enhancements**
- ▶ **IRS Contact Information**

IRS External Leads Program has full-time staff dedicated to processing an increased volume of returned questionable refunds from financial institutions and other external stakeholders

IRS External Leads Program Overview

- ▶ Currently, External Leads is supported by staff in Fresno, CA and Cincinnati, OH
 - IRS Accounts Management Taxpayer Assistance Program (AMTAP) works to receive questionable leads, screens and validates leads, and requests the recovery of refunds from financial institutions
 - In conjunction, IRS Submission Processing (SP) works to reconcile and process all taxpayer accounts
 - Leads are sent from over 80 financial institutions (bank, state and local organizations), as well as internal leads from business units throughout the IRS
 - This year, the External Leads Program has recovered a significant amount of questionable refunds thus far:
 - Over \$298 million in CY2012 (January 1 – May 16)
 - Over \$327 million in FY2012 (October 1 – May 16)

“External Lead” Definition

- External Leads involve questionable Federal Tax Refunds from financial institutions and various other sources
- Leads may involve Treasury Checks, direct deposits/ACH, Refund Anticipation Loans or checks, Pre-paid Debit Cards, etc.

Source: IRM 21.9.1.11.1 (10/01/2010)

External Leads is introducing a new service to electronically submit questionable and fraudulent refunds, in addition to the current paper check method

IRS External Leads Program Overview *(cont.)*

- ▶ External Leads partnered with FMS to implement a permanent electronic method for returning funds to the IRS using the Credit Gateway System which will allow for more timely, efficient and safe transfer of funds
- ▶ IRS successfully piloted Credit Gateway with a major financial institution in February-March 2012, with a recovery of over \$13.7M funds in eight weeks electronically
 - Credit Gateway is now fully functional at both External Leads IRS staff locations
- ▶ Throughout 2012, the IRS aims to rollout the use of Credit Gateway to the 80 financial institutions participating in the External Leads Program
 - In 2013, the IRS plans to partner with other interested financial institutions in possession of identified questionable leads

In November 2011, the IRS established an account with FMS Credit Gateway to allow banks to electronically send returned refunds as ACH credits to the IRS

Credit Gateway Overview

- ▶ FMS Credit Gateway is able to process Automated Clearing House (ACH) and Fed Wires for federal agencies, but the IRS focuses on receipt of ACH credits only
- ▶ All monies flow through Treasury's routing number at the Federal Reserve
 - US Bank (commercial partner) processes the Credit Gateway transactions
 - Funds are tracked using an Agency Locator Code
- ▶ For financial institutions to initiate a Credit Gateway funds transfer, the IRS will provide the ACH payment instructions and Credit Gateway account number to financial institutions
 - Reference: Sample ACH Remitter form/ACH Credit Transfer form
- ▶ Transactions are received by Credit Gateway and immediately posted to the Credit Gateway account (within 24 hours)
 - Treasury requires a 5-day advanced notice for transfers greater than \$50M
- ▶ ACH debits are not permitted
 - Credit Gateway only accepts credits
 - Any debits received will be automatically returned to the remitter

Sample ACH Remitter Form

ACH Credit Transfer Form for _____

Please provide the following instructions to your Financial Institution for the remittance of ACH credit payment to the _____

<u>Field Name</u>	<u>Value</u>
STANDARD ENTRY CLASS (SEC)	CCD
TRANSACTION TYPE	22
RECEIVING ABA NUMBER	051036706
DFI ACCOUNT NUMBER	812345678001 (example)

*RECEIVING COMPANY INFORMATION (example: 2628)

*Please provide the four digits XYZ organization code, followed by additional payment information. (Such as document#, NPS Accounting Information, contact name)
If you have any questions, please contact _____ at (111) 111-1111.

REMITTER INFORMATION:

DATE: _____

NAME: _____

ADDRESS: _____

PHONE NUMBER: _____

TAX ID/S.S. NUMBER: _____

ACCOUNT NUMBER: _____

AMOUNT: \$ _____

Starting today, financial institutions can immediately enroll in FMS Credit Gateway and begin returning questionable refunds in an efficient, electronic manner

Credit Gateway Enrollment Steps

- ▶ Each financial institution should already possess the internal capacity to access Credit Gateway
 - For more information on Credit Gateway, visit the FMS website: fms.treas.gov/creditgateway
- ▶ To enroll, financial institutions should follow these three easy steps:

1. Submit a lead to the External Leads mailbox (efleads@irs.gov), per the Excel spreadsheet provided by External Leads
2. In the email subject, indicate the method your financial institution would like use to submit leads: **“Credit Gateway”** or **“paper check”**
3. Once the IRS receives the request to submit funds electronically, the financial institution will receive all appropriate account information and routing codes

Returning refunds electronically is laid out below in the current External Leads instructions for submitting questionable refunds

Current External Leads Instructions

1. Submit External Leads account spreadsheet (to be provided by IRS)
2. Send secure format email with External Leads account spreadsheet
 - Email to efleads@irs.gov and copy dexter.brown@irs.gov (AMTAP POC)
 - Subject line must include bank name, date and note “External Leads” and “Credit Gateway”
 - Body must include the reasoning, POC information and indemnification letter (if applicable)
 - Attach the completed External Leads spreadsheet
3. Once submitted, the External Leads team will research the lead and inform the financial institution of the amount of funds to return, along with account details and further instructions for submitting leads electronically (ALC, DBA, routing number, transaction type, etc.)
4. Upon notification from the IRS, the financial institution will send funds via Credit Gateway

Already making significant strides in program enhancements, External Leads Program continues to identify additional recovered refund opportunities

Program Enhancements

- ▶ In the last twelve months, External Leads has increased the amount of its trained resources aligned to the program to accommodate the increase in workload that might increase as a result of implementing Credit Gateway
- ▶ Current External Leads efforts include:
 - Developing a comprehensive automated tool to shorten processing time for lead research and verification
 - Enhancing the External Leads Program to increase the number of financial institution partners and overall volume of leads
 - Reorganizing IRS accounts to streamline the processing and improve the traceability of funds received
 - Exploring partnerships with financial institutions to address emerging tax preparer issues and trends
 - Expanding communications on IRS.gov to generate increased awareness of the program

The External Leads Program has a team of available personnel available to assist financial institutions, particularly with the transition to Credit Gateway

IRS External Leads Contacts

Name	IRS Organization	Phone	Email
External Leads Mailbox	External Leads Program	N/A	efleads@irs.gov
Tamara Powell	Accounts Management Taxpayer Assurance Program (AMTAP): External Leads	(512) 460-8130	tamara.s.powell@irs.gov
Dexter Brown	Accounts Management Taxpayer Assurance Program (AMTAP): External Leads	(404) 338-8822	dexter.brown@irs.gov
Michael Gonzales	Submission Processing (SP)	(859) 669-5549	michael.a.gonzales@irs.gov

QUESTIONS?