

Instructions For Completing Form 8278

Form 8278 is an adjustment document for penalties not subject to deficiency procedures. Form 8278 reflects columns for penalty description applicable Penalty Code Section, Reference Number, Number of Violations, Amount of Penalty to be assessed or abated. If a specific penalty, Penalty Code Section, and Reference Number are not reflected on Form 8278, the originator should reflect the information on a blank line in the appropriate category (e.g. international, tax shelter).

Input of the Reference Number results in the issuance of a specific Notice to the taxpayer. The Notice paragraphs can be found in IRM Exhibit 4560-15.

Prepare one form for each separate penalty assessment. Multiple assessments of penalties with the same Reference Number against a single entity for a single period must be consolidated as a single assessment.

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

TIN _____	MFT _____	YEAR _____	NAME _____
TIN _____	MFT _____	YEAR _____	NAME _____
TIN _____	MFT _____	YEAR _____	NAME _____

Note: For returns prepared before 1/1/90 the IRC section 6694(a) penalty is assessed with Reference Number 622, and the section 6694(b) penalty is assessed with Reference Number 646.

1. Enter the name of the entity (taxpayer or preparer) against whom the penalty is to be assessed. For an individual, enter the last name first, then the first name and middle initial. For other than an individual, enter the entity's name (a preparer's business name, if applicable) as it appears on the return. **Do not** enter joint names, for individuals, even if a joint return was filed.

2. Enter address on the entity specified in #1 above. If a new address is input on this form, please be aware that the change will affect all tax returns filed under that SSN or EIN.

3. Check appropriate MFT box for assessment against an individual or business entity.

4. Please check box if **no statute exists** for the penalty. For example Reference Number 650 for IRC section 6694(b).

5. **Mandatory Completion** - For IRC section 6700 (Reference Number 628) and IRC Section 6701 (Reference Number 630 and 631), enter the period for the year the penalty is being assessed, i.e., the year the violation occurred against the taxpayer/entity being assessed the penalty. With few exceptions, preparer penalty cases will be consistently assessed against the individual, using the SSN and MFT 55. **All** other penalties should be assessed for the year the document was required to be filed. For example, for return preparer penalties, enter the year the return causing the penalty was required to be filed.

6. STATUTE DATE — USE RED INK FOR ENTRIES.
MANDATORY — Reference Codes 624, 626, & 645.
NO ENTRY — Reference Codes 628, 630, 631, 632, & 636.
OPTIONAL — All other Reference Numbers.
CAUTION: Statute may exist if return was filed. (See IRC section 6501.)

7. Enter SSN or EIN, not both. This is the identifying number of the taxpayer/entity being assessed the penalty. With few exceptions, preparer penalty cases will be consistently assessed against the individual using the SSN and MFT 55.

8. Check the function responsible for recommending the assessment or abatement of the penalty.

9. (a) Enter Code Section if not already printed.
(b) Circle the Reference Number of the penalty to be assessed.
(c) Enter the number of penalty violations that the taxpayer is being assessed.
(d) Enter the total dollar amount to be assessed per each Code section. Enter numbers only. Do not enter a dash (–) in place of the cents.
(e) Enter (if applicable) the total dollar amount to be abated. Enter numbers only.

10. Enter originator's name.

11. Enter date the case is forwarded from the originator's group. **USE RED INK**

12. Enter the four-digit organization code of the originator.

13. Enter originator's telephone number.

14. Enter the name of terminal operator.

15. Enter date action complete.

16. Enter reviewer's name.

17. Enter date review completed.