

Here is some information I have on the distinction between the Invalid SSN Freeze Indicator (VAL-) and the SSN Validity Digit. Below is a portion of a review I did of an IMF decoding done by Joe Bannister. Since the time I wrote that review, I have actually seen some documents from the IRS with an asterisk following the SSN, as described in the enclosed Exhibit 2. I have also seen information dealing with the “invalid segment” of Master Files in the Internal Revenue Manual. A search in the IRM may further clarify the distinction between the two codes. I hope this is helpful to you.

If you are aware of anything which would disprove any of this, I'd appreciate hearing about it, so I can make any necessary corrections. If you have any other comments, feel free to pass them along too. My email is greb@save-a-patriot.org.

In Liberty,

Dick

Joe's analysis concentrates pretty heavily on one particular entity code—the VAL indicator. According to page 2 of Exhibit 1, the INVALID SSN FREEZE INDICATOR can have the following meanings:

- “0 or blank—*Invalid SSN Freeze is in effect.*
- 1—*Invalid SSN Freeze has been released by TC 290 or 300 or Scrambled SSN Indicator of '2'. This release is effective during the current calendar year only.*
- 2—*Invalid SSN Freeze has been released by TC 150 Document Code 72 or 73 posting to the Temporary SSN. This release is effective during the current calendar year only.*
- 4—Account on the invalid segment *and the Invalid SSN Freeze has been released* by a transaction (other than TC 100, 90X, 92X, or 99X) which has posted to the account and the transaction name control matches the name control for this account on a file of update records received from SSA, which have not yet updated the DM-1 file. The DM-1 file is updated on a quarterly basis.
- 5—Combination of 1 and 4 above.
- 6—Combination of 2 and 4 above.
- 8—*Account on invalid segment and TC 510 posted to account.*
- 9—Combination of 1 and 8 above.
- A—Combination of 2 and 8 above.
- C—Combination of 4 and 8 above.
- D—Combination of 1, 4 and 8 above.
- E—Combination of 2, 4 and 8 above.
- F—Combination of 1, 2, 4 and 8 above. [Emphasis added]”

I'll get back to this definition in just a minute. But first, notice that in addition to the meaning shown for #1 above, Joe claims that this indicator also means:

- “0— The SSN is valid for the taxpayer using it..
- 1— *The SSN is not valid for the taxpayer using it..*” [Emphasis added]

He finds this latter definition in the section concerning the “Entity Account Number” in the Law Enforcement Manual (LEM), which is reproduced as Exhibit 2. However, it needs to be recognized right away that these two meanings are contradictory. That is, the “invalid SSN freeze” is in effect (presumably because the SSN is *invalid*) when the freeze indicator is “0”;

but, according to the latter definition, the indicator is *valid* when it is “0”. I admit ~~that at first~~ I was puzzled by this contradiction, but I finally found the problem. Exhibit 2 doesn’t define the INVALID SSN FREEZE INDICATOR, but rather, it defines a separate code called the SSN VALIDITY DIGIT. This validity digit is described in paragraph (6) of Exhibit 2 as follows:

“(6) IMF and IRAF. For printing on other than taxpayer notices and transcripts, a tenth digit (either zero or one and referred to as the SSN Validity Digit) is shown to the right of the 9-digit SSN. An asterisk (*) appears next to the SSN on taxpayers notices and transcripts to indicate the SSN is invalid for the particular taxpayer.”

The validity digit is a check digit which prints out at the end of an SSN, as if it were a 10th digit thereof; it is not the code which attaches to the Entity section of the IMF as “VAL”. If this validity digit actually was set to “1”, then any notices or transcripts you receive from the IRS should have an asterisk immediately following your SSN, wherever it appears. (NOTE: On the first line of page 3 of Exhibit 8, you can see an example of this SSN Validity Digit—*IRCHG 000-28-1411**) Thus, since the transcripts you’ve received don’t show the asterisk there, then that should mean that the validity digit in your case is “0”, and that “the SSN is valid for the taxpayer using it”.

Since we can now see that the analysis erroneously equates two distinct codes, thereby resulting in a bad definition, we must re-examine the meaning of the code ‘VAL=1’. First, what is the purpose of the indicator? It gives information with respect to the “Invalid SSN Freeze”—that is, if such a freeze is in effect, and if not, why not. Looking at the 13 choices quoted above for the indicator, it can be seen that there are really only five separate conditions: 1 ‘on’ condition, and 4 ‘off’ conditions; plus eight additional combinations of the latter four. The emphasized portions of conditions 1, 2 and 4 clearly show that each of them indicates that the “Invalid SSN Freeze has been released”. Releases under 1 or 2 are explicitly “effective during the calendar year only.” A release under 4 appears to relate to accounts during the time between updates by the Social Security Administration (by way of a file called the Data Master file, or “DM-1”). That leaves condition 8, part of which is the posting of TC 510 to the account. Transaction Code 510 is defined as:

“Releases Invalid SSN freeze indefinitely, as long as SSN/Name Control remain unchanged.”

The bottom line is this: the Invalid SSN Freeze is either in effect, or it has been released by one or more of the four methods discussed above. It doesn’t appear that there is any other option. Since all of the non-freeze conditions are releases, the implication is that the default condition must be the freeze condition. This is confirmed somewhat by the fact that the code for the freeze condition is “0” or “blank”. That is, if you don’t assign a code, then the blank means that the freeze is on; so you must assign some code, but all the non-freeze codes are releases, implying that an underlying freeze exists. This is also somewhat confirmed by the fact that conditions 1 and 2 are only temporary releases of that underlying freeze. It may be interesting to note that the transaction codes listed as releasing the freeze under these two conditions are very common—TC 290 and TC 300 are assessment codes which are used for most deficiency assessments (that I’ve seen); and TC 150 is the code indicating the filing of a return. These actions being so common, an automatic freeze like this could conceivably be used as a basic check for returns—that is, every year could start out with a freeze in effect until a return is filed, unfreezing it.

Exhibit 35(65)0-17

Transcript Format—IMF Entity Data Display

- 1. IMF Entity Heading—All transcripts except for IMF Literal Transcripts (see Exhibit 35(65)0-19 Cont. (4))
 - a) Format

	1-9	11-19	21-29	31-39	41-49	51-59	61-69	71-79	
	1234567890123456789012345678901234567890123456789012345678901234567890								
1									1
2									2
3									3
4									4
5	1 2		3						5
6			4						6
7			6						7
8	5		7	8	9	SPOUSE SSN- 10			8
9						PRIOR NAME CONTROL- 11	PZ- 12 - 13		9
10	LOC- 14 - 15	TDI- 16	ACS- 1	AIMS- 18	MFR- 19	VAL- 20	IRA- 21	CAF- 22	10
11	YEAR REMOVED- 23	ENT EXT CYCLE- 24			FYM- 25	SCS- 26	CRINV- 27	130- 28	29
12					RPTR- 30	PMF- 31	SHELT- 32	BANKRPT- 33	12
13					ENT RWMS QUE- 34	TDI PRIOR RES- 35			13
14					ENT TDA YLD SCR- 37				14
15					ENT TDI YLD SCR- 38				15
16					ACCRETION- 39		MIN SE- 36		16
17									17
18	50 5		52			53			18
19									19
20	CVPM		54						20
21									21
22	LAST RET- 55	M/E- 57	COND- 5	FLC- 60	61				22
23									23
24									24
	1234567890123456789012345678901234567890123456789012345678901234567890								
	1-9	11-19	21-29	31-39	41-49	51-59	61-69	71-79	

b) Record Element Description

Item	Description
1	NAME LINE YEAR
2	FILING STATUS CODE—See LEM 3(27)(68)0
3	PRIMARY NAME LINE
4	SECOND NAME LINE (if present may be CONTINUED NAME LINE or FOREIGN ADDRESS; LINE, or CARE OF NAME LINE).
5	ADDRESS CHANGE CYCLE—Cycle the latest address change posted
6	STREET ADDRESS
7	CITY
8	STATE
9	ZIP CODE
10	SPOUSES SSN
11	PRIOR NAME CONTROL
12	LEFT HAND FREEZE CODES—See LEM 3(27)(68)0
13	RIGHT HAND FREEZE CODES—See LEM 3(27)(68)0
14	PRIMARY LOCATION CODES
15	TDA LOCATION CODES
16	TDI INDICATOR
17	AUTMATED COLLECTION SYSTEM (ACS) INDICATOR
18	AIMS INDICATOR
19	MAIL FILE REQUIREMENTS—See LEM 3(27)(68)0 for appropriate codes

Exhibit 35(65)0-17 Cont. (1)

Transcript Format—IMF Entity Data Display

Item	Description
20	<p>INVALID SSN FREEZE INDICATOR</p> <p>0 or blank—Invalid SSN Freeze is in effect.</p> <p>1 —Invalid SSN Freeze has been released by TC 290 or 300 or Scrambled SSN Indicator of "2". This release is effective during the current calendar year only.</p> <p>2 —Invalid SSN Freeze has been released by TC 150 Document Code 72 or 73 posting to the Temporary SSN. This release is effective during the current calendar year only.</p> <p>4 —Account on the invalid segment and the Invalid SSN Freeze has been released by a transaction (other than TC 100, 90X, 92X or 99X) which has posted to the account and the transaction name control matches the name control for this account on a file of update records received from SSA, which have not yet updated the DM-1 file. The DM-1 file is updated on a quarterly basis.</p> <p>5 —Combination of 1 and 4 above.</p> <p>6 —Combination of 2 and 4 above.</p> <p>8 —Account on invalid segment and TC 510 posted to account.</p> <p>9 —Combination of 1 and 8 above.</p> <p>A —Combination of 2 and 8 above.</p> <p>C —Combination of 4 and 8 above.</p> <p>D —Combination of 1, 4 and 8 above.</p> <p>E —Combination of 2, 4 and 8 above.</p> <p>F —Combination of 1, 2, 4 and 8 above.</p>
21	<p>IRA FILING HISTORY CODES—Carries the history of IRA Accounts from 1975 (left most position), through 1989. Indicator will appear for those years an IRA Account is present. See LEM 3(27)(68)0 for description of the values which can appear for each year.</p>
22	<p>CAF CODE</p>
23	<p>YEAR REMOVED—will be significant only for accounts which have aged off from the Regular IMF to the Dropped Master File, which has only a minimum amount of data. Refer to the Microfilm Retention Register for more information, if desired</p>
24	<p>ENTITY EXTRACTION CYCLE—According to Master File processing, this is the cycle that the account was last extracted to the IDRS Taxpayer Information File. If no record of the last extraction, this field is blank.</p>
25	<p>FISCAL YEAR MONTH—from the most current First Name Line on the Master File entity.</p>
26	<p>SCRAMBLED SSN INDICATOR—</p> <p>Blank—No scrambled SSN</p> <p>1—Two taxpayers are using the same SSN</p>
27	<p>CRIMINAL INVESTIGATION INDICATOR—Blank—No freeze set</p> <p>Z—Indicates a posted unreversed TC914 or TC916 is present in a tax module. See tax module displays for further information. Indicates account is under investigation by the Criminal Investigation Division.</p> <p>Y—Indicates a Refund Scheme Freeze (TC918).</p>
28	<p>TC130 INDICATOR—Transaction Code 130 Freeze Indicator, displays code of Service Center which currently controls the 130 freeze.</p> <p>Blank—No 130 Freeze</p> <p>NN—TC130 present (Refer to LEM 3(27)(68)0 for S.C. codes)</p>
29	<p>POTENTIALLY DANGEROUS TAXPAYER LITERAL or KILLED IN TERRORIST ACTION LITERAL or HOSTAGE LITERAL. "**PDT*" or "KITA" or "HSTG" or blanks (if none apply)</p>
30	<p>TAXPAYER REPEATER INDICATOR</p> <p>1—Initial issuance of TDI/Notice for One Tax Module</p> <p>2—Multiple module issuance of TDI/Notice</p> <p>3—At least one module is in First Notice Status 19 or 21, and No Other Modules are in Status 23 or 60.</p>
31	<p>PAYER MASTER FILE INDICATOR. If set, value is "1".</p>
32	<p>TAX SHELTER INDICATOR</p>
33	<p>BANKRUPTCY INDICATOR</p>
34	<p>RESOURCES AND WORKLOAD MANAGEMENT SYSTEM QUEUE INDICATOR (TIF only)</p> <p>0—Not Significant</p> <p>1—TDA Account is in the queue</p> <p>2—TDI Account is in the queue</p>

3(27)(68)1.4 (1-1-80)

Authority for Other Documents

LEM 3(27)(68)0 provides the authority for two other documents, the contents of which are extracted from this manual. They are (1) Document 6209—ADP and IDRS Information, and (2) Document 5576—Vest Pocket Edition ADP Transaction Codes. Only Document 6209 is for Official Use Only.

3(27)(68)2 (1-1-80)

Entity Codes

3(27)(68)2.1 (1-1-80)

General

The Entity Codes identify the taxpayer as to account number, filing requirements, location, etc., and are recorded in the Entity Section of a taxpayer's account on the Master File.

3(27)(68)2.2 (1-1-80)

Entity Account Number

(1) Each taxpayer account is maintained on the BMF, IMF, IRAF, or EPMF in Entity Account Number sequence. All returns and transactions processed must contain the taxpayer's correct account number. The Entity Account Number (EAN) or Taxpayer Identification Number (TIN) are also referred to as Employer Identification Number (EIN) or Social Security Number (SSN).

(2) BMF Entity Account Number—a nine-digit number assigned by the Internal Revenue Service Centers (SC) to taxpayers who must file business returns, officially entitled Employers' Identification Number. The printed format is: xx-xxxxxxx. Form 706 and 709 accounts will be in Social Security Number (SSN) sequence.

(3) IMF and IRAF Entity Account Number—The nine-digit Social Security Number assigned by the Social Security Administration to all individuals required to file individual returns. The printed format is: xxx-xx-xxxx.

(4) EPMF Accounts—Accounts are maintained in Employer Identification Number sequence.

(5) Temporary IMF or IRAF Social Security Number—a nine-digit temporary number assigned by the Service Center: (9xx)-(xx)-(xxxx).

- (a) 900 through 999—indicates number is a temporary SSN.
- (b) The code of the service center assigning the number.
- (c) Numbers assigned consecutively beginning with 0001.
- (d) The printed format of a Temporary IMF or IRAF Entity Account Number is Txxxxxxx.

(6) IMF and IRAF: For printing on other than taxpayer notices and transcripts, a tenth digit (either zero or one and referred to as the SSN Validity Digit) is shown to the right of the 9-digit SSN. An asterisk (*) appears next to the SSN on taxpayers notices and transcripts to indicate the SSN is invalid for the particular taxpayer.

SSN Validity Digit	Explanation
0	The SSN is valid for the taxpayer using it.
1	The SSN is not valid for the taxpayer using it.

3.13.5.8.12.1 (01-01-2001)**Using CC IRCHG**

1. To IRS validate an account, input must be made to the account (with the new name) which is posted on the invalid segment of Master File.
2. The input procedures are the same for CC IRCHG as it is for CC INCHG.
 - A. First enter CC ENMOD,
 - B. Overlay with CC ENREQ.
 - C. A Command Code definer of "R" on CC ENREQ will bring up CC IRCHG.
3. CC IRCHG requires a "Justification indicator" to be used when posting the transaction to the Master File.
 - A. The indicator is visible in the Entity portion of the master file.
 - B. When the "Justification indicator of (1)" is present, the account is treated as valid.
 - C. An indicator of "2" will reverse the validity to invalid.
4. Additionally, when CC IRCHG is used (TC016 will generate), a computer generated TC510 releases any overpayment due the taxpayer.
5. The account will also be subject to DM-1 quarterly updating.
6. To validate the name of a taxpayer, whose account must be established (TC000) on the MF, the following data is needed. See Figure 3.13.5-30.
 - A. Input CC ENMOD, then overlay with CC ENREQR to bring up CC IRCHG.
 - B. Document code 63 will generate.
 - C. Justification indicator "1" .
 - D. New name control.
 - E. Primary name.
 - F. Address.
 - G. Year name line.
 - H. Transaction code 000.
 - I. Filing status.
 - J. Enter your reason for the change in the remark's field, then transmit.

Figure 3.13.5-30

7. To validate the name of a primary taxpayer, the following information is needed. See Figure 3.13.5-31.
 - A. Input CC ENMOD, then overlay with CC ENREQR to bring up CC IRCHG.
 - B. Document Code 63 will generate.
 - C. Justification indicator "1" .
 - D. Enter your reason for the change in the remarks field, then transmit.
 - E. This will generate transaction code 016.

Figure 3.13.5-31

8. To validate the name of a spouse, the following information is needed. See Figure 3.13.5-32.
 - A. Input CC ENMOD on the primary taxpayer's TIN that resides on the valid segment.
 - B. Overlay with CC ENREQR to bring up CC IRCHG.
 - C. Document Code 63 will generate.
 - D. Justification indicator "1" .
 - E. Year name line.
 - F. Spouse TIN
 - G. Enter your reason for the change in the remarks field, then transmit.
 - H. This will generate transaction code 017.

Figure 3.13.5-32

9. To reverse IRS validity for a spouse,
 - A. A justification indicator of "2" must be used.
 - B. Input CC ENMOD, then overlay with CC ENREQR to bring up CC IRCHG.
 - C. Document Code 63 will generate.
 - D. Justification indicator "2" .
 - E. Year name line.
 - F. Spouse TIN.
 - G. Enter your reason for the change in the remarks field, then transmit.
10. To reverse IRS validity for the primary taxpayer,
 - A. A justification indicator of "2" must be used.
 - B. Input CC ENMOD, then overlay with CC ENREQR to bring up CC IRCHG.
 - C. Document Code 63 will generate.
 - D. Justification "2" .
 - E. Enter your reason for the change in the remarks field, then transmit.
11. When a reversal of IRS validity is done on a primary account, the account will remain on the valid segment of the master file, although the "IRS name control" is now considered invalid. If the taxpayer files in the future using the reversal "name," the document will post to the invalid segment of master file.
12. At the sites option, Management approval may be required. In addition, a quality review should be performed on changes when using this CC. Where the review is done in the process, is at the sites discretion.

Figure 3.13.5-30

```
IRCHG 000-28-1411*                                NM-CTRL>BROW
DOC-CD>63      JUST-IND>1
*****
NEW-NAME-CTRL>BROW          PRIMARY NAME>ELLEN] BROWN      <
      CONTINUATION-OF-PRIMARY-NAME>                       <
      MAIL-STREET-OR-FOREIGN-CITY/ZIP>123 ANYTOWN RD       <
      MAIL-CITY/STATE/ZIP-OR-FOREIGN-COUNTRY>KANSAS CITY,KS,66110 <
*****
TC>000      YEAR-NM-LINE>2000  FS>1      SPOUSES-SSN>    - -
REMARKS>ESTABLISH AND VALIDATE NEW TP ENTITY
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Figure 3.13.5-31

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IRCHG 000-28-1011*                                NM-CTRL>BLAC
DOC-CD>63      JUST-IND>1
*****
NEW-NAME-CTRL>          PRIMARY NAME>                       <
      CONTINUATION-OF-PRIMARY-NAME>                       <
      MAIL-STREET-OR-FOREIGN-CITY/ZIP>                       <
      MAIL-CITY/STATE/ZIP-OR-FOREIGN-COUNTRY>               <
*****
TC>          YEAR-NM-LINE>          FS>          SPOUSES-SSN> . - -
REMARKS>TO VALIDATE NAME OF PRIMARY TAXPAYER
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