FTD COMPLIANCE CARD — M1j CNC Eligibility Calculator

Fbaum Enterprises LLC d/b/a The Federal Tax Desk | Version 1.0 | Issued 2026-08-12 | Last verified 2026-08-12

HOW TO USE THIS CARD FOR §10.36 COMPLIANCE

OPR Alert 2026-19 (June 24, 2026) requires firms to vet third-party tools and document that vetting under Circular 230 §10.36. To satisfy this requirement using this card:

1. Print or save this PDF. Date your review in the space provided at the bottom of this card.
2. Add this card to your firm's AI tool inventory or WISP third-party provider list.
3. Before first use with any client matter, verify that the IRM 5.16.1.2.9 hardship test and the reused IRM 5.15.1 Collection Financial Standards figures match current IRS.gov content by following the verification steps in Element 3.
4. Document that verification with the date and your initials.
5. Your completed card constitutes the §10.36 vetting documentation for this tool.

ELEMENT 1 — TOOL IDENTIFICATION

Tool name / version
M1j CNC Eligibility Calculator, version 1.0

FTD issue date
2026-08-12

Most recent update
2026-08-12

Last verified against source
2026-08-12

Governing authority
IRM 5.16.1; IRM 5.16.1.2.9 — Hardship; IRM 5.15.1 — Financial Analysis Handbook; IRM 5.8.5 — Quick Sale Value

Threshold source
IRM 5.16.1 live-fetched 2026-08-12 directly from irs.gov/irm/part5/irm_05-016-001r; National/Local Standards figures reused from lib/form433-autopopulator.js's own live-fetched dataset (effective 2026-06-29, fetched 2026-07-18)

Source URLs
irs.gov/irm/part5/irm_05-016-001r; irs.gov/irm/part5/irm_05-015-001 (National/Local Standards, reused via form433-autopopulator.js)

Note: IRM 5.16.1 was live-fetched three separate times during this build to cross-check the subsection map, the Hardship test language, and the Tolerance/CIS-waiver thresholds. Manual Transmittal effective March 3, 2025, incorporating IGM SBSE-05-1122-0079 (Nov. 22, 2022).

Note: GENUINE JUDGMENT-CALL BOUNDARY, DELIBERATELY NOT AUTOMATED: when net monthly income (income minus allowable expenses) is at or below zero, but the taxpayer has net realizable equity in assets, the live IRM text supplies no bright-line resolution — a revenue officer decides whether that equity is exempt/necessary property, must be liquidated first, or is not worth pursuing relative to collection cost. This tool reports that fact pattern as a third status, 'borderline,' rather than forcing it into eligible or not eligible.

Note: REDACTED PUBLIC-SOURCE FIGURES: the Tolerance (IRM 5.16.1.2.5) closing-code-09 dollar threshold and the Collection-Information-Statement verification-waiver dollar threshold (also in IRM 5.16.1.2.9) are both rendered as redacted sensitive-but-unclassified content in the public IRM text as fetched 2026-08-12. This tool does not fabricate a placeholder figure for either — it surfaces the aggregate balance for reference only and directs the practitioner to confirm the current amount with the assigned revenue officer or via IDRS.

Note: NO IRC ANALOG: unlike the Guaranteed IA (IRC §6159(c)) or OIC (IRC §7122), no specific IRC section creates 'Currently Not Collectible' status — it is purely an IRM administrative determination. IRC §6343(a)(1)(D) (release of levy for economic hardship) is the closest statutory analog and is surfaced as informational context only.

ELEMENT 2 — WHAT THIS TOOL DOES

The M1j CNC Eligibility Calculator evaluates the Hardship CNC path (IRM 5.16.1.2.9) only: it compares gross monthly income against IRM 5.15.1 National, Local Housing/Utilities, and Local Transportation Standard allowable expenses, and computes net realizable equity in any assets entered (IRM 5.8.5 quick-sale-value methodology, reused from the OIC Pre-Qualifier). It returns a three-way status — eligible, not eligible, or borderline (requires practitioner/revenue-officer judgment) — rather than forcing every fact pattern into a binary.

Inputs

Taxpayer type (individual, sole proprietorship, partnership with a personally liable general partner, LLC with an individual owner, or other business entity); gross monthly income; household size and each member's age; state and county (for the Housing/Utilities standard); Census region, optional metro area, and vehicle count (for the Transportation standard); optional list of assets (description, fair market value, secured debt); optional aggregate unpaid balance (reference only). No taxpayer-identifying information.

Output

Hardship CNC status (eligible / not eligible / borderline) with reasoning and citation; income-vs.-expense breakdown; asset-equity breakdown; recommended closing-code range when eligible; a reference-only tolerance/CIS note when an aggregate balance is supplied; threshold currency statement; limitation disclosure; a copy-paste-ready plain-text block.

What this tool IS

This tool produces a calculation reference for practitioner use, scoped to the Hardship CNC path only.

What this tool IS NOT

This tool does not produce tax advice, legal advice, or written advice subject to Circular 230 §10.37. It does not evaluate Unable to Locate/Contact, Statute Expiration, Bankruptcy, Decedent, Tolerance, Defunct Entity, In-Business Unable to Pay, Insolvent Financial Institution, or International CNC closures, and it does not resolve the borderline (equity-present) case for you. The practitioner retains full professional responsibility for all conclusions presented to clients.

ELEMENT 3 — ACCURACY AND VERIFICATION

Primary sources

IRM 5.16.1 (Currently Not Collectible, effective 2025-03-03); IRM 5.16.1.2.9 (Hardship); IRM 5.15.1.9 (National Standards); IRM 5.15.1.10.1 (Housing and Utilities); IRM 5.15.1.10.2 (Transportation); IRM 5.8.5 (Quick Sale Value).

Placeholder citations

None for the Hardship test itself. The Tolerance (IRM 5.16.1.2.5) and CIS-verification-waiver dollar thresholds are NOT computed by this tool because their controlling figures are redacted in the public IRM text — this is disclosed, not silently omitted.

Update trigger

This card and the tool are updated within 5 business days of an IRM 5.16.1 revision, a change to the reused IRM 5.15.1 standards dataset, publication of the currently-redacted Tolerance/CIS-waiver thresholds, or a correction being discovered.

How to verify the CNC calculation

1. Navigate to irs.gov/irm/part5/irm_05-016-001r and confirm IRM 5.16.1.2.9's Hardship test language is unchanged and that the section's revision date has not moved.
2. Confirm the Tolerance (5.16.1.2.5) and CIS-verification-waiver dollar thresholds remain redacted; if either has since been published, this tool should be updated to compute against it rather than surface a reference-only note.
3. Confirm the National/Local Standards figures this tool reuses from lib/form433-autopopulator.js are still current by checking that tool's own STANDARDS_RECHECK_BY guard and compliance card.
4. Independently verify the taxpayer's actual monthly income, household composition, and asset equity — this tool takes all of it as given input and does not query IDRS or any transcript.

Known limitations — KNOWN FAILURE MODES

- This tool evaluates only the Hardship CNC path (IRM 5.16.1.2.9). Every other CNC closing-code category (Unable to Locate/Contact, Statute Expiration, Bankruptcy, Decedent, Tolerance, Defunct Entity, In-Business Unable to Pay, Insolvent Financial Institution, International) is out of scope.
- The borderline status (income shows hardship, but asset equity exists) is a deliberate non-answer — the IRM does not supply a bright-line rule for it, and the tool does not manufacture one.
- Tolerance and CIS-verification-waiver dollar thresholds are not computed — their controlling figures are redacted in the public IRM text at the time of this build.
- Business entity types outside IRM 5.16.1.2.9's reach (corporations, exempt organizations, multi-member LLCs

not electing individual-owner treatment, etc.) are always reported not_eligible for this tool's hardship path — a different closing-code subsection may still apply and is not evaluated.
- The asset-equity test uses the same 80% quick-sale-value discount the OIC Pre-Qualifier uses; it does not model exempt property, necessary-for-production-of-income determinations, or dissipated-asset add-backs.

ELEMENT 4 — DATA HANDLING

This tool does not receive or store tax return information. No §7216 consent is required for use of this tool.

Data retention: No inputs are logged. Amounts entered are processed entirely in your browser and are never transmitted to or stored by FTD. Anonymous, aggregate usage events (for example, that a calculation was run) are recorded with no input values and no personal data.

ELEMENT 5 — CIRCULAR 230 / SSTS 1.4 COMPLIANCE STATEMENT

This tool is designed for use by tax practitioners subject to Circular 230. Use of this tool does not satisfy the practitioner's obligation to exercise due diligence under Circular 230 §10.22 or to possess technological competence under Circular 230 §10.35. The practitioner must independently verify tool outputs before relying on them in client matters or submissions to the IRS. OPR Alert 2026-19 (June 24, 2026) confirms that practitioners may not delegate professional judgment to software tools.

ELEMENT 6 — TOOL CLASSIFICATION

TOOL CLASSIFICATION: This tool is a deterministic calculation engine, not a generative AI tool. Given the same taxpayer type, income, household details, standards lookups, and asset entries, it always returns the same hardship status. It does not generate, infer, or predict outputs. The practitioner retains full obligation to exercise appropriate judgment and verify outputs before relying on them in client matters — including, and especially, the borderline status this tool deliberately declines to resolve.

ELEMENT 7 — UPDATE AND CORRECTION LOG

Table A — Version History

Date	Version	Change Description	Trigger
2026-08-12	v1.0	Initial release — Hardship CNC (IRM 5.16.1.2.9) two-pronged test (income vs. IRM 5.15.1 allowable expenses, and net realizable asset equity reused from the OIC Pre-Qualifier's QSV methodology), three-way eligible/not-eligible/borderline output, reference-only tolerance/CIS disclosure for the redacted public thresholds; all citations live-fetched and cross-checked against irs.gov/irm/part5/irm_05-016-001r	Initial tool build

Table B — Correction Log (OPS-002)

Date	Error Class	Description	Authority	Affected TCs

2026-08-12	Governing-section assumption confirmed correct (pre-build verification)	Before this tool was built, it was flagged that CNC determination itself may live in IRM 5.16.1 rather than 5.15.1 (the ALE reference point) and needed a live check rather than an assumed citation. A live fetch confirmed exactly that split: 5.16.1 governs the CNC determination and closing-code structure; 5.15.1 supplies the ALE figures the Hardship test measures against. No correction was needed — the assumption was confirmed, not contradicted.	IRM 5.16.1; IRM 5.15.1 (irs.gov, fetched 2026-08-12)	N/A — pre-build verification, no shipped code affected

	FIRM ADOPTION RECORD
	Tool reviewed and adopted by (practitioner name and credentials):
	Firm name:
	Date of initial review:
	CNC / Collection Financial Standards figures verified against IRS.gov on:
	Initials:
	[ ] This card has been added to firm's §10.36 AI tool inventory.