FTD COMPLIANCE CARD — M1d Penalty Abatement Analyzer

Fbaum Enterprises LLC d/b/a The Federal Tax Desk | Version 1.11 | Issued 2026-07-15 | Last verified 2026-07-31

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 the current IRM 20.1.1 subsection numbers and the IRS Automatic Exemption from Penalty (AEP) rollout status in Element 3 against current IRS.gov content.
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
M1d Penalty Abatement Analyzer, version 1.11

FTD issue date
2026-07-15

Most recent update
2026-07-31

Last verified against source
2026-07-31

Governing authority
IRM 20.1.1.3.3.2.1 (FTA, revised 03-29-2023); IRM 20.1.1.3.3.2.5 (AEP, added by IRM Procedural Update sbse-20-0626-0643, June 17, 2026); IRM 20.1.1.3.2, 20.1.1.3.2.2.1/.2/.3/.5 (Reasonable Cause); IRC §6651(a)(1), §6698(a)(1), §6699(a)(1); IRC §6651(a)(2), (a)(3); IRC §6656; IRC §6662 (exception §6664(c)); IR-2026-83, July 8, 2026 (AEP)

Threshold source
N/A — no dollar threshold; 3-year/12-quarter clean-compliance lookback, IRM 20.1.1.3.3.2.1

Source URLs
irs.gov/irm/part20/irm_20-001-001r; irs.gov/newsroom/irs-simplifies-penalty-relief-introduces-automatic-process-for-eligible-taxpayers (IR-2026-83); irs.gov/payments/administrative-penalty-relief

Note: An initial assumption — that 'FTA moved to automatic IRS application starting TY2025+' — was not quite accurate. A live fetch found the IRS instead created a NEW, separate program, Automatic Exemption from Penalty (AEP, IR-2026-83, announced July 8, 2026). AEP covers only failure-to-file/pay/deposit, not accuracy-related penalties. SUPERSEDED IN PART 2026-08-25: AEP is governed by its own subsection, IRM 20.1.1.3.3.2.5, added by IRM Procedural Update sbse-20-0626-0643 (June 17, 2026); the newsroom release is corroborating, not its sole authority. The initially assumed IRM 20.1.1 subsection numbers were also stale by one restructuring cycle: FTA is now 20.1.1.3.3.2.1 (previously assumed 20.1.1.3.6.1); death/serious illness is 20.1.1.3.2.2.1 (previously assumed 20.1.1.3.2.1); fire/casualty is 20.1.1.3.2.2.2 (previously assumed 20.1.1.3.2.2). This tool and its tests use the corrected, independently-verified citations.

Note: AEP/FTA BAND CORRECTION (2026-07-29): January 1, 2027 is the date FTA CEASES to exist as a request path — not the date AEP switches on. AEP has been phasing in since summer 2026 and is already the operative rule for some return periods today. This tool now branches on three bands rather than a single before/after date: Band A (eligible TY2024-and-earlier annual returns; eligible 2025-and-earlier quarterly returns) — FTA governs, request-based only, nothing automatic. Band B (eligible TY2025 annual returns; eligible 2026 quarterly returns) — AEP applies automatically, but a return processed before AEP switched on may still have generated a penalty notice requiring a manual FTA request; where this ambiguity exists and is unresolved, the tool shows both positions rather than silently picking one. Band C (eligible original returns due on or after January 1, 2027) — AEP only; FTA no longer exists as a request path. IRM 20.1.1.3.3.2.1 itself still carries its original 03-29-2023 revision date and still describes FTA as purely request-based with no AEP mention — the codified text is the citable authority until the IRM is itself revised; this tool's AEP-dependent bands rest on IR-2026-83 administrative guidance, not yet on IRM text.

ELEMENT 2 — WHAT THIS TOOL DOES

The M1d Penalty Abatement Analyzer evaluates First-Time Abate (FTA) eligibility against the three IRM 20.1.1.3.3.2.1 gates — the same compliance test AEP applies under IRM 20.1.1.3.3.2.5 — determines whether FTA/AEP has already resolved the period automatically, ranks any reasonable-cause factors the practitioner enters by argument strength, and recommends a sequencing of which argument to raise first.

Inputs

Penalty type; tax year; three FTA filing-compliance answers; whether FTA/AEP has already applied automatically (yes/no/not sure); any reasonable-cause factors with supporting narrative. No taxpayer-identifying information.

Output

Recommended approach; FTA gate-by-gate breakdown and status; ranked reasonable-cause arguments with strength, citation, and reasoning; recommended sequencing; a band-aware disclosure of where the codified IRM text and the announced AEP program disagree; limitation disclosure; a copy-paste-ready plain-text block.

What this tool IS

This tool produces a ranked-argument reference for practitioner use — a suggested sequence of what to argue and why, not a guaranteed outcome.

What this tool IS NOT

This tool does not produce tax advice, legal advice, or written advice subject to Circular 230 §10.37, and it does not predict IRS acceptance of any argument. Unlike a deterministic calculator (e.g., this firm's CSED or QBI tools), this tool's reasonable-cause strength ratings are a structured judgment call, not an arithmetic result. The practitioner retains full professional responsibility for all conclusions presented to clients.

ELEMENT 3 — ACCURACY AND VERIFICATION

Primary sources

IRM 20.1.1.3.3.2.1 (First Time Abate); IRM 20.1.1.3.3.2.5 (AEP, added by IRM Procedural Update sbse-20-0626-0643, June 17, 2026); IRM 20.1.1.3.2 (Reasonable Cause general standard); IRM 20.1.1.3.2.2.1 (death/serious illness/unavoidable absence); IRM 20.1.1.3.2.2.2 (fire/casualty/natural disaster); IRM 20.1.1.3.2.2.3 (unable to obtain records); IRM 20.1.1.3.2.2.5 (erroneous advice/reliance); IRC §6651(a)(1), §6698(a)(1), §6699(a)(1) (failure to file); IRC §6651(a)(2), (a)(3) (failure to pay); IRC §6656 (failure to deposit); IRC §6662 (accuracy-related reasonable cause); IRS News Release IR-2026-83 (Automatic Exemption from Penalty).

Placeholder citations

None. Every IRM/IRC citation traces to a fetched primary source (irs.gov/irm/part20/irm_20-001-001r, live fetch 2026-07-11). AEP itself is cited to the IRS newsroom release and administrative-relief landing page because, as of the 2026-07-11 fetch, it is not yet reflected as its own IRM subsection — this is disclosed in-tool, not treated as a gap requiring a placeholder citation.

Update trigger

This card and the tool are updated within 5 business days of the IRM 20.1.1 renumbering, an IRS update formally documenting AEP in the IRM, or a correction being discovered.

How to verify the penalty analysis

1. Navigate to irs.gov/irm/part20/irm_20-001-001r and confirm the current FTA and reasonable-cause subsection numbers for the applicable period.
2. Check irs.gov/payments/administrative-penalty-relief and the IRS newsroom for the current status of the Automatic Exemption from Penalty (AEP) rollout, since it is being phased in through 2027.
3. Pull the client's account transcript and confirm whether a TC 270/271 adjustment or an AEP-related literal already resolved the penalty before advising on next steps.
4. Independently assess whether the facts entered actually rise to reasonable cause under IRM 20.1.1.3.2.2 case-development practice — this tool's strength ratings are a starting point, not a determination.

Known limitations — KNOWN FAILURE MODES

- This tool ranks arguments; it does not compute a guaranteed dollar amount of relief or predict IRS acceptance of any reasonable-cause argument.
- The Automatic Exemption from Penalty (AEP) program is mid-rollout (Band B, summer 2026 through the end of 2026, before FTA ceases to exist as a request path for original due dates on/after 2027-01-01); in Band B the tool's automatic-vs-manual signal depends on the practitioner checking the account transcript, since AEP application is not yet independently queryable through any API this tool has access to — where that signal is unconfirmed, the tool shows both possible positions rather than guessing.
- Reasonable-cause strength ratings (strong/moderate/weak) are this tool's structured assessment based on category and narrative presence only; they do not model case-specific facts beyond what IRS 20.1.1.3.2.2

recognizes as a category, and do not account for prior penalty-relief history beyond the FTA lookback.
- Accuracy-related penalties (IRC §6662; reasonable-cause exception at §6664(c)) are never FTA/AEP-eligible in this tool, consistent with confirmed IRS guidance that neither program reaches that penalty type.

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 and narratives 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. Because this tool ranks arguments rather than computing a deterministic result, the practitioner's independent professional judgment is especially load-bearing here — the practitioner must independently verify tool outputs and the underlying account history 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, rules-based ranking engine, not a generative AI tool — given the same inputs, it always returns the same ranked output. Unlike this firm's CSED or QBI calculators, its output is a ranked recommendation rather than a single computed number, reflecting that penalty-relief argument strength is inherently a matter of professional judgment. The practitioner retains full obligation to exercise appropriate judgment and verify outputs before relying on them in client matters.

ELEMENT 7 — UPDATE AND CORRECTION LOG

Table A — Version History

Date	Version	Change Description	Trigger
2026-07-15	v1.0	Initial release — FTA gate evaluation, FTA/AEP status determination, reasonable-cause ranking and sequencing for failure-to-file/pay/deposit and accuracy-related penalties; IRM 20.1.1 citations verified against a live fetch	Initial build; build gate cleared 2026-07-02; deploy held pending Task Schedule v88 gate (M1b V-02 pass)
2026-07-26	v1.1	Surfaced aepCitation in calculatePenaltyAnalysis()'s returned result and added a distinguishing disclosure line in formatOutputText() whenever the already-auto-applied status is shown, so the output never implies IRM backing for the AEP half of a claim that may rest on AEP alone (AEP still has no IRM subsection; IR-2026-83 remains the only source, re-confirmed live 2026-07-21). Code change shipped 2026-07-21; this card's recorded source-file hash was not regenerated at that time and had gone stale until a later integrity sweep.	Citation fix; compliance-card integrity sweep

2026-07-29	v1.2	No logic change. Added a code comment above calculatePenaltyAnalysis() recording that accrued §6621 interest computation is deliberately out of scope for this tool (a fleet-wide interest audit found no calculator anywhere computes interest). The comment edit still changed lib/penalty-calculator.js's byte content, so the card's source-file hash was regenerated at the same time rather than left to go stale again.	Fleet-wide interest audit; new lib/__tests__/compliance-cards.test.js drift guard added at the same time
2026-07-29	v1.3	Corrected a live misunderstanding: January 1, 2027 is the date FTA ceases to exist as a request path, not the date AEP switches on — AEP has been phasing in since summer 2026. Replaced the single before/after framing with three explicit bands (A: FTA request-based only; B: AEP automatic with a transition caveat, both positions shown when unconfirmed rather than one silently picked; C: AEP only, no FTA path). Re-fetched IRM 20.1.1.3.3.2.1 live and reconfirmed its revision date is still 03-29-2023 with no AEP mention. Also fixed a sequencing defect found while building this update's tests: an already-resolved period with no reasonable-cause factors entered previously reported "No strong argument identified" instead of "already applied" — a real-outcome period was misreported as a no-argument one.	AEP/FTA divergence, tracked as a structured record in the new lib/regulatory-divergences.js so a future divergence is a data addition, not a code change

2026-07-30	v1.4	Fixed two rendered-text defects, no logic change: (1) the AEP/FTA divergence note (both the JSX result page and formatOutputText's plain-text copy) appended a literal "announced AEP." after announcingAuthority.citation, which already ends in "— Automatic Exemption from Penalty (AEP)" — produced a broken, self-referential "(AEP) announced AEP." string in every band; removed the redundant trailing clause so the citation stands on its own. (2) limitationDisclosure's returned-result opening sentence ("This tool ranks arguments for penalty relief; it does not guarantee an outcome and is not legal or tax advice.") duplicated the adjacent amber non-professional-use box almost verbatim; removed the duplicate opening from limitationDisclosure only, keeping both the amber box and the disclosure's own substantive FTA/AEP-specific content. Also added a "Threshold currency" heading above the previously unlabeled thresholdCurrencyStatement paragraph on the result page, matching the labeled-heading convention used elsewhere on the page. All three verified live in the browser across Bands A, B, and C. This card's recorded source-file hash was regenerated at the same time per the drift guard (lib/__tests__/compliance-cards.test.js).	Scope addendum (three pre-Layer-2 fixes); drift guard caught the resulting stale hash on first test run

2026-07-30	v1.5	Fixed two rendered-text defects, no logic change to the FTA gates or band determination themselves: (1) Band C's "First-Time Abate:" status line (both the JSX result page and formatOutputText's plain-text copy) read "Eligible — automatic (AEP only, no FTA path)" — asserting FTA eligibility on the same line that says no FTA request path exists for this band. Relabeled to "Not applicable — no FTA request path in this band," and added a guard test (lib/__tests__/penalty-calculator.test.js) that fails if any output surface pairs an affirmative "Eligible" token with the aep_automatic_no_fta_path status. (2) The rendered "Divergence verified {date}" string did not state what the date meant; a reader had to guess. Relabeled to "IRM page last confirmed unchanged {date}" to match the lastVerified field's own definition, and documented in lib/regulatory-divergences.js that this field is human-maintained — the weekly monitor (lib/irm-divergence-monitor.js) checks codifiedAuthority.revisionDate for drift but never writes back to lastVerified. lastVerified itself was not changed (still 2026-07-29; no new live re-confirmation was performed at this time). This card's recorded source-file hash was regenerated per the drift guard (lib/__tests__/compliance-cards.test.js).	Reader-facing wording corrections (Band C status label and divergence-date label)

2026-07-30	v1.6	Corrected the Band C (aep_automatic_no_fta_path) recommended-sequencing message, which previously told the practitioner AEP suppresses the assessment "with no notice ever issued" and to treat any notice as an AEP processing error to raise with the IRS. Per IR-2026-83, a notice IS the expected outcome for an eligible taxpayer — the IRS applies AEP and issues a notice confirming relief was granted; no practitioner action is required and a notice is not an error signal. Text now states: penalty not assessed during processing, no action required, IRS issues a confirming notice. Single source (lib/penalty-calculator.js's determineSequencing()) feeds both the JSX result page and formatOutputText's plain-text copy, so one change corrected both surfaces. This status is reached only in Band C; Bands A and B render different text and were not affected. lib/regulatory-divergences.js's own AEP description ("no notice, then a confirmation letter") was already consistent with the correction and required no change. This card's recorded source-file hash was regenerated per the drift guard (lib/__tests__/compliance-cards.test.js).	Reader-facing statement correction against primary source (AEP notice sequencing)

2026-07-30	v1.7	Stopped rendering DivergenceRecord.lastVerified to the reader anywhere in this tool (the AEP/FTA divergence line in both output surfaces, and AEP_CITATION's "as of the {date} verification fetch" clause). lastVerified was found to be human-maintained, and nothing in this codebase — including the weekly monitor — ever re-stamps it, so it silently implied an ongoing verification process that does not exist. Investigated whether the deployed scheduled function (netlify/functions/check-irm-divergence-monitor.js) has any persistent write target in this project's Netlify configuration: none exists (no database/KV dependency, no git remote, Functions have no durable disk across invocations); building one was out of scope for this update. Both surfaces now render codifiedAuthority.revisionDate instead — a static fact the monitor actually checks against a live IRS page and can flag as drifted. Added a guard test (lib/__tests__/penalty-calculator.test.js) asserting the rendered date is the monitored revisionDate, never the unmonitored lastVerified. This card's recorded source-file hash was regenerated per the drift guard.	lastVerified rendering removed in favor of the monitored revisionDate field
2026-07-30	v1.8	No logic/output change. Three sentences in PenaltyResult.jsx (the ftaWhy explanation and the transition_ambiguous block) were found to be independently hardcoded and had already drifted from lib/penalty-calculator.js's own wording — in fact all six ftaWhy branches had drifted, not just the two named. Extracted buildFtaWhyFragment() and TRANSITION_AMBIGUOUS_EXPLANATION as single definitions in lib/penalty-calculator.js; formatOutputText() and PenaltyResult.jsx both now read them (PenaltyResult.jsx applies a presentation-only capitalize+period transform for its standalone-paragraph layout). formatOutputText's plain-text output is byte-identical to before. This card's recorded source-file hash was regenerated per the drift guard.	Wording-drift consolidation between JSX and formatOutputText

2026-07-30	v1.9	Added a regression-guard test suite (lib/__tests__/penalty-aep-notice-regression.test.js) for the v1.6 AEP-notice correction, since no test had been added for that correction at the time. While building it, found the literal phrase "AEP processing error" also appears in the current, correct Band C sequencing text, negated ("not a sign of an AEP processing error") — a naive banned-substring test would have flagged the tool's own correct output. Reworded that clause to "does not indicate anything went wrong" (same meaning, no logic change) to avoid the collision rather than writing a more fragile negation-aware pattern. This card's recorded source-file hash was regenerated per the drift guard.	Regression-guard test addition for the v1.6 AEP-notice correction
2026-07-30	v1.10	Added a band-aware divergence disclosure (buildDivergenceDisclosure(), lib/penalty-calculator.js) making explicit, on every non-accuracy-related result on both output surfaces, what the tool previously only handled implicitly: where the codified IRM text and the announced AEP program disagree. Composed from new sharedStable/unresolvedDuringTransition fields on lib/regulatory-divergences.js's AEP_FTA_DIVERGENCE record (verified against primary source 2026-07-30) plus the existing codifiedAuthority/announcingAuthority fields — states what is settled (the eligibility test) separately from what is band-dependent (the mechanism/timing), renders the monitored codifiedAuthority.revisionDate per the v1.7 rule (never the unmonitored lastVerified), and states plainly that the tool reports the divergence rather than resolving it. Superseded the prior single-sentence "AEP/FTA divergence:" line this block replaces. This card's own top-level lastVerified bumped to 2026-07-30 to reflect this update's fact-check; source-file hash regenerated per the drift guard.	Band-aware divergence disclosure added

2026-07-31	v1.11	The Band C "This band" disclosure text (buildBandTransitionStatement(), lib/penalty-calculator.js) stated "the rule that will govern it once it does is already settled" — contradicting the same disclosure block's own "Codified" section, four lines earlier, which states IRM 20.1.1.3.3.2.1 has not been revised to incorporate AEP. Reworded to state plainly that no return has reached Band C yet (first eligible original due dates fall on or after January 1, 2027) and that the governing rule is announced (IR-2026-83) but not yet codified. No band-determination logic, eligibility test, or other band's text changed. This card's source-file hash regenerated per the drift guard.	Internal-consistency defect found in the Band C disclosure text

2026-08-25	v1.12	Corrected the statutes recorded as governing and the two FTA eligibility gates that asked the wrong question, against IRM 20.1.1.3.3.2.1's own scope sentence, which The Federal Tax Desk's TC 170 transaction-code page already quoted verbatim — so the site's published guidance carried the correct rule while this tool's governing logic and this card did not. (1) Citations: the FTF penalty reaches IRC §6698(a)(1) and §6699(a)(1) as well as §6651(a)(1), and the FTP penalty reaches §6651(a)(3) as well as §6651(a)(2); a late Form 1065 or 1120-S was previously captioned with the individual-return statute. Accuracy-related is now cited to §6662, the penalty, rather than to §6664(c), its reasonable-cause exception. (2) Gate 1 asked whether returns were filed; the test is that the same return type was TIMELY filed for the prior three years. (3) Gate 3 asked whether First-Time Abate had been USED in the lookback; the test is whether any penalty was ASSESSED and left unabated, disregarding an estimated tax penalty and any penalty later abated for reasonable cause or IRS error. Gate 3 previously failed OPEN — a client carrying an assessed, unabated penalty who had never requested FTA passed all three gates and was told to lead with First-Time Abate. (4) Added the lookback-cost warning to recommended sequencing: because FTA and AEP both require a clean three-year penalty history, relief taken now is itself a penalty event that can disqualify the next three years, while reasonable cause carries no such cost and no four-year limit; in Bands B and C AEP applies during processing, before any reasonable-cause review, so the choice can be foreclosed rather than made.	FTA gates tested the wrong facts; governing statutes understated

2026-08-25	v1.13	Corrected the governing authority recorded for AEP. This card, and the tool's logic, cited IRM 20.1.1.3.3.2.1 — the First Time Abate subsection — either as AEP's authority or as evidence that AEP had none. AEP has its own subsection: IRM 20.1.1.3.3.2.5, Automatic Exemption from Penalty Administrative Relief, added by IRM Procedural Update sbse-20-0626-0643 on June 17, 2026, which states that AEP is administrative relief granted at original return processing and officially replaces First Time Abate for all eligible original returns due January 1, 2027 and after. Four earlier reviews reached the opposite conclusion because each checked only the published consolidated IRM, which a procedural update amends ahead of. Verified against the live published IRM on August 25, 2026: its 20.1.1.3.3.2 series runs .1 through .4, with no .5 and no mention of AEP, so the tool now cites the procedural update by number and warns that the subsection cannot yet be looked up in the published text. Also restated the transition guidance as an instruction rather than a caveat: while both regimes run concurrently, a penalty notice on an AEP-eligible period is not evidence the taxpayer failed the eligibility test — it means AEP did not fire, and First Time Abate can still be requested manually.	AEP cited to the FTA subsection; AEP's own subsection missing

2026-08-25	v1.14		Second correction to gate 3 and Band C, made against the primary source (IRM Procedural Update sbse-20-0626-0643, fetched directly rather than relayed) rather than the seminar summary v1.12/v1.13 relied on. (1) Gate 3: the v1.12 fix corrected 'was relief USED' to 'was a penalty left UNABATED', which was real but incomplete. The Procedural Update's own text states the compliance test as met only if a penalty was never assessed, OR assessed and then abated for reasonable cause or IRS error AND NOT for AEP, First Time Abate, or tolerance. A penalty abated because of a prior FTA/AEP grant still fails the test; the v1.12 gate read any abated penalty as passing, the same false-positive shape one layer deeper. Gate 3 now instructs the practitioner to check the abatement REASON, not merely whether one occurred, and its citation now names AEP's subsection alongside FTA's since this test governs both. (2) Band C previously said 'no manual FTA request path in this band' and stopped, leaving no remedy stated for an eligible client with an assessed penalty. The Procedural Update points to IRM 20.1.1.3.3.2.6, Manually Grant AEP — IRS Error, a materially different mechanism from FTA (an error correction, not a compliance-history request) — added, conditioned on the penalty being actually assessed rather than the routine confirming notice, so it does not contradict the line preceding it. (3) Verified Form 1120-S already reaches this tool correctly via IRC §6699(a)(1), added in v1.12 — no separate return-type list exists in the shipped tool to omit it from.	Gate 3 tested abatement occurrence, not reason; Band C stated no remedy

Table B — Correction Log (OPS-002)

Date	Error Class	Description	Authority	Affected TCs

2026-07-11	Initial premise error (caught pre-build)	Initially assumed FTA itself became automatic for TY2025+; a live fetch found instead a new, separate program (AEP, IR-2026-83) being phased in alongside legacy FTA. The initially assumed IRM 20.1.1 subsection numbers (20.1.1.3.6.1, 20.1.1.3.2.1, 20.1.1.3.2.2) were also stale by one restructuring cycle; corrected to 20.1.1.3.3.2.1, 20.1.1.3.2.2.1, 20.1.1.3.2.2.2 respectively before any code was written.	IRM 20.1.1 (irs.gov/irm/part20/irm_20-001-001r); IR-2026-83	N/A — pre-build catch, no shipped code affected
2026-07-26	Stale integrity hash + implied-authority gap	This card's recorded sha256 is the SHA-256 of lib/penalty-calculator.js. On 2026-07-21, it was found that AEP_CITATION was defined but never surfaced in the tool's result or output text — the "already auto-applied" status line cited only the IRM-backed FTA_CITATION even though the same line says resolution could instead be via AEP, which has no IRM backing. Fixed by surfacing aepCitation and adding a disclosure line distinguishing the two. This card was never regenerated afterward — the recorded hash silently went stale for an extended period until caught by a later compliance-card audit. The FTA gate logic and reasonable-cause ranking were not affected by that change. Regenerated via scripts/compliance-penalty.js; determinism confirmed by running twice and diffing byte-identical output.	IRM 20.1.1.3.3.2.1 (FTA); IR-2026-83 (AEP) — SUPERSEDED 2026-08-25: AEP does have an IRM subsection, 20.1.1.3.3.2.5, added by IRM Procedural Update sbse-20-0626-0643; see the v1.13 change-log entry	N/A — FTA gate and ranking logic untouched

2026-07-30	Reader-facing statement wrong against primary source	The Band C recommended-sequencing message stated the AEP-suppressed penalty assessment carries "no notice ever issued" and instructed treating any notice as an AEP processing error to raise with the IRS. IR-2026-83 states the opposite for the notice: when eligible, the IRS applies AEP and issues a notice confirming relief was granted — a notice is the expected, routine outcome, not an error. The instruction to escalate a routine confirmation notice as a processing error was removed. Corrected in lib/penalty-calculator.js's determineSequencing(); both the JSX result page and formatOutputText read the same corrected string.	IR-2026-83 (IRS Newsroom, July 8, 2026)	N/A — Band C sequencing text only; FTA gate logic, band determination, and reasonable-cause ranking untouched
2026-07-30	Self-reported check date rendered as if it were an ongoing verification	The AEP/FTA divergence line (both output surfaces) and AEP_CITATION rendered DivergenceRecord.lastVerified — a human-maintained "we re-checked on this date" claim that nothing in this codebase, including the weekly monitor, ever re-stamps — implying an ongoing verification process that does not exist. Investigated whether the deployed scheduled function has any persistent write target in this project's Netlify configuration (none found: no database/KV dependency, no git remote, no durable Functions disk) before deciding not to build one. Both surfaces now render codifiedAuthority.revisionDate instead, the field the monitor actually checks against a live IRS page and can flag as drifted.	N/A — self-reported metadata field, not an IRS authority	N/A — rendering only; FTA gate logic, band determination, and reasonable-cause ranking untouched
				FIRM ADOPTION RECORD
				Tool reviewed and

	adopted by (practitioner name and credentials):
	Firm name:
	Date of initial review:
	IRM 20.1.1 subsections and AEP status verified against IRS.gov on:
	Initials:
	[ ] This card has been added to firm's §10.36 AI tool inventory.