

U. S. TREASURY DEPARTMENT
Internal Revenue Service
Washington 25, D. C.

IR-Mimeograph No. 55-116
Col. No. 57

October 4, 1955

Establishment of Internal Revenue Service Centers

Section 1. Purpose

The purpose of this Mimeograph is to provide for the establishment of Internal Revenue Service Centers, for the transfer to such Centers of the functions now being performed by the Processing Branch of the National Office Collection Division at Kansas City, Missouri, and for the abolition of that Branch.

Section 2. Background

During the calendar year 1955, a Service Center was activated on a pilot basis in conjunction with the Processing Branch at Kansas City, Missouri. This Center processed the 1040A income tax returns for all of the Districts of the Omaha Region. This operation was a mass production one, using high speed, large-volume office machines. It demonstrated the practicability of processing tax returns at a centralized location for a large number of District Offices and helped minimize the peak load problem in the District Offices during the income tax filing period.

Section 3. Establishment of Service Centers

.01 As a result of the experience described above and of a study of our long range plans and objectives, it has been determined that the establishment of approximately four Service Centers will enable us to derive the greatest possible advantage from the mechanized processing of tax returns and other data which lend themselves to this type of handling.

.02 Two Service Centers are hereby established effective immediately. One of them will be located at Kansas City, Missouri, and will be known as the Midwest Service Center. This center will service in 1956 all of the Districts of the Omaha Region and the Chicago and Springfield Districts of the Chicago Region. The other center will be located in Lawrence, Massachusetts, and will be known as the Northeast Service Center. This center will service in 1956 all of the Districts of the Boston and New York Regions and the Camden and Newark Districts of the Philadelphia Regions.

.03 It is contemplated that two additional centers will be established in the calendar year 1957.

Section 4. Transfer of Functions, and Abolition, of Processing Branch

The functions of the Processing Branch of the Collection Division, located at Kansas City, Missouri, are hereby transferred to the Midwest Service Center at the same location

or to other Service Centers as hereinafter indicated, and that Branch will be abolished as soon as the transfer of those activities can be completed.

Section 5. Service Center Director

Each Service Center will be operated under the supervision of a Service Center Director. This official will conduct the programs of the Service Center relating to the processing, analysis, and account keeping in connection with income, wage and excise tax returns, withholding tax documents, and information returns received from twelve to fifteen districts located in two or more Regions. He will be responsible for independent budget, fiscal and personnel operations of the Service Center in accordance with policies and procedures established by the Regional Commissioner in whose Region the Service Center is located. He also will participate with the National Office, through the Regional Commissioner in whose Region the Service Center is located, in planning, coordinating and evaluating experimental projects to develop improved methods and techniques for processing tax returns utilizing the latest types of office machines and equipment.

Section 6. Organizational Relationships

.01 Service Centers will be operated under the general direction of the Regional Commissioner in whose Region the Center is located, with Service Center Directors being responsible to the National Office through the Regional Commissioner for implementation of the various programs.

.02 Services to be performed for the Districts in the several Regions will be prescribed by the National Office and will be specified in sufficient detail both as to content and timing to constitute a complete program for implementation by the Service Center Director. The Regional Commissioner in whose Region the Service Center is located will be responsible to the National Office for supervision of the execution of this program and for recommendations for adjustments or modifications in the program prescribed by the National Office. He will exercise general supervision over the activities of the Service Center Director in coordinating and maintaining liaison with the several Regional Commissioners, District Directors, and the National Office in carrying out the policies and programs of the National Office.

Section 7. Service Center Operations for 1956

.01 The following operations will be performed in the Service Centers in the calendar year 1956:

- 1 Processing Form 1040A individual income tax returns to and including preparation of TDA assembly;
- 2 Processing Form 1040 individual income tax returns with the same characteristics as Forms 1040A but with income from wages only, to and including preparation of TDA assemblies;

- 3 Processing Form 1040ES estimated individual income tax documents through the issuance of all installment notices and the collating of remittance credits for matching purposes;
- 4 Mathematical verification of full paid 1040 returns;
- 5 Mailing of blank returns. (All at Midwest Service Center until each of the other Service Centers assumes its share);
- 6 Processing income information documents such as 1099's. (All at Midwest Center until each of the other Service Centers assumes its share); and
- 7 Matching of W-2 statements. (In 1956, this will be done only in the Midwest Service Center.)

02 In addition, the Service Centers will handle such other programs as may be determined by the National Office.

Section 8. Anticipated Employment and Production

It is anticipated that each of the Service Centers will eventually employ between 600 and 800 persons and will receive and process annually approximately 14,500,000 income, wage and excise tax returns, 32,000,000 withholding documents and 19,000,000 information documents, and will mail approximately 22,500,000 blank tax returns to taxpayers each year.

Section 9. Working Relationship of Service Centers to Districts and Regions

The division of work on the returns being processed in the Service Centers in the calendar year 1956 will be as follows:

- 1 The Districts will receive the returns filed by the taxpayers, deposit all remittances, and settle all questions about their returns (including notices of change of address) before sending the returns to the Service Center for processing. They will also endorse all notices of tax due issued by the Service Center on which payment is made and send them to the Service Center for posting.
- 2 The Service Center will list the returns on the assessment lists, send out even notices to taxpayers, prepare check-issue cards for the Disbursing Office, send out bills (first notices) on taxable-assessable and underpaid returns, send out second notices, prepare TDA's and unit ledger cards and turn unpaid accounts over to District Directors, all under proper memorandum accounting controls. These Service Center operations will be performed in the name of the appropriate District Director.

Section 10. Effect on other documents

Any internal management documents or parts thereof, the provisions of which are inconsistent or in conflict with the provisions of this Mimeograph, are hereby amended or superseded accordingly.

Section 11. Effective Date

This Mimeograph is effective October 1, 1955.

O. Gordon Delk
Acting Commissioner

Address correspondence to:
Collection Division (O:C:PI)

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12/31/55 - See LP Circular 57-1

U. S. TREASURY DEPARTMENT
Internal Revenue Service
Washington 25, D. C.

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December 7, 1955

Establishment of Internal Revenue Service Centers

Effective the close of business December 31, 1955, the Processing Branch of the Collection Division of the National Office will be abolished. All of its functions, personnel, records, and funds will be transferred to the Midwest Service Center on or before that date.

Russell C. Harrington
Commissioner

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