

IRM PROCEDURAL UPDATE

DATE: 08/13/2013

NUMBER: WI-03-0813-1348

SUBJECT: Suspense Code 50 Processing for W-2 Name Mismatch and Routing of Forms 1040X

AFFECTED IRM(s)/SUBSECTION(s): 3.21.263

CHANGE(s):

IRM 3.21.263.4.8.1(2) Added S 50 definition.

2. The following table offers a brief description of the suspense reason codes and provides a reference to Form W-7.

Suspense Reason Codes	Definition
S 01	Supporting identification documentation is missing.
S 02	Supporting identification documentation that was submitted is unacceptable.
S 03	Supporting identification documentation is not original, certified or notarized.
S 04	Line 3, foreign residence address is missing.
S 05	Line 3, foreign residence address has a P. O. Box or c/o address.
S 06	Applicant's date of birth is missing, Line 4.
S 07	Applicant's place of birth is missing, Line 4.
S 08	(Reserved)
S 09	Applicant's country(ies) of citizenship is missing, Line 6 a.
S 10	(Reserved)
S 11	The type of supporting identification documentation and the Country issuing it is undeterminable, Line 6 d.
S 12	Visa type, number or expiration date is missing, Line 6 c.
S 13	Applicant's reason for submitting Form W-7 is missing.
S 14	Applicant's signature is missing or the signature requirement is not met.
S 15	Applicant's supporting identification documentation cannot be translated locally and needs a certified translation.

- S 16 The Certifying Acceptance Agent (CAA) did not attach the Certificate of Accuracy.
- S 17 Applicant's country of birth is not a foreign sovereignty identified by the U.S. State Department, Line 4.
- S 18 Applicant's country of citizenship is not a foreign sovereignty identified by the U.S. State Department, Line 6 a.
- S 19 Applicant's date of entry in the U.S. is missing, when required Line 6 d.
- S 20 The applicants name on Form W-7 does not match name on U.S. federal tax return or is not recognizable.

NOTE: This suspense code is no longer used and no text generates in the CP 566.

- S 21 Supporting exception documentation is missing.
- S 22 Reserved
- S 23 Applicant selected reason for submitting Form W-7 as a U.S. resident alien filing a U.S. tax return and did not provide a U.S. mailing address, Line 2.
- S 24 The IRS has found that the ITIN has not been used for federal tax reporting or filing for the past 5 years (systemically generated).
- S 25 The dependent application is suspended awaiting primary/secondary application resolution. (systemically generated).
- S 26 Passport reviewed is not valid.
- S 27 National identification card reviewed is not valid.
- S 28 U.S. driver's license reviewed is not valid.
- S 29 Civil birth certificate reviewed is not valid.
- S 30 Medical records reviewed is not valid.
- S 31 Foreign driver's license reviewed is not valid.
- S 32 U.S. state identification card reviewed is not valid.
- S 33 Foreign voter's registration card reviewed is not valid.
- S 34 U.S. military identification card reviewed is not valid.
- S 35 Foreign military identification card reviewed is not valid.
- S 36 School records reviewed is not valid.
- S 37 U.S. visa reviewed is not valid.
- S 38 U.S. citizenship and Immigration Services (USCIS) photo identification card reviewed is not valid.
- S 50 Name on Form W-2 does not match name on tax return.

IRM 3.21.263.4.8.3(2) Updated 4939 processing to show replaced with S 50 processing.

2. The following table describes the Hard Reject reason codes that are displayed on the ITIN-RTS when a Hard Reject condition is identified.

Hard Reject Reason Codes	Definition
HR 1	<p>The attached U.S. federal tax return was not valid.</p> <p>NOTE: In 2012 and 2013, the Hard Reject 1 status was also used to process applications with Form W-2s that did not match the name of the primary or secondary Form W-7 taxpayer on the tax return. The remarks screen was updated to show that local Letter 4939 requesting a corrected Form W-2 or other proof of income was sent to the primary taxpayer on the return and CAA. See Exhibit 3.21.263-45 and see IRM 3.21.263.5.3.2. Suspense code 50 was added to CP 566 in mid-August 2013 to replace Letter 4939.</p>
HR 2	<p>The attached U.S. federal tax return was not signed.</p>

IRM 3.21.263.4.9(1) Added statement that S 50 replaced Letter 4939 in August 2013.

1. The table below lists the types of ITIN Notices that are issued to applicants.

Notice	Title	Description
Notice 1051 EN/SP	Return of Documents (English/Spanish)	<p>This notice is used to return original supporting identification documentation back to the applicant (e.g., passport, national identification card, etc.)</p> <p>This notice is mailed by ITIN Operation employees with the documents being returned.</p>
CP 565 A /565 A-SP	Original Assignment Notice	<p>This notice advises the applicant of their assigned ITIN.</p> <p>NOTE: Since December 2003, applicants</p>

		are advised of their ITIN on watermarked security paper; issuance of the ITIN card was discontinued.
CP 565 B / 565 B-SP	Reissue Assignment Notice	This notice advises the applicant of their previously assigned ITIN.
CP 566 / 566 - SP	Suspense Notice	This notice advises the applicant their application is not processable and additional information must be submitted.
CP 567 / 567- SP	Reject Notice	This notice advises the applicant their application is rejected based on the information they provided and a new Form W-7 must be submitted with the appropriate supporting identification and/or exception documentation.
CP 569 / 569 - SP	Hard Reject Notice	<p>This notice advises the applicant their application is being rejected, because the federal tax return did not reflect a filing requirement. The Hard Reject Notice or CP 569 generates locally in the ITIN Operation.</p> <p>CAUTION: The Hard Reject 1 status was also used in 2012 and part of 2013 to process applications with Form W-2s that did not match the name of the primary or secondary taxpayer. Letter 4939 was sent to the primary taxpayer on the return and CAA requesting a corrected Form W-2 or other proof of income in lieu of the CP 569. See IRM 3.21.263.5.3.2. CP 566 Suspense Code 50 replaced Letter 4939 process in mid-August 2013.</p>

IRM 3.21.263.5.2.6.5.1(2) Corrected 1040X routing.

- The work is grouped in baskets on the tower based on the type of document and the destination/stop number as outlined below:

Batching Stop 6054	Outgoing Mail	Files - Stop 6722	Accounting	Extraction Stop 6052	Suspense Team (Tax
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					Examiner Floor)
Annotated Returns	Form 1040X with U.S. address R&C Batching Stop 6054	Form 9856 Attachment Alert	Remittance Copies	State Returns	IRSN (ITIN Rejects)
Domestic Form 1040	Form 1040X with foreign address AM stop 6567	Re-files (volume required)			
Form 1040NR (International Returns)	Statute Returns Stop 6824				

IRM 3.21.263.5.3.2(7) Deleted Letter 4939 instructions.

7. Use the entire table below to determine if a return shows a tax filing need.

If ...	And ...	Then...
Return has money amounts shown,	They are other than the standard deduction and exemption amounts,	Return shows a tax filing need. Select "Yes" for RTS question "Is the tax return valid?"
Return has income listed,	No Form W-2, Form W-2G or Form 1099-R or other acceptable substantiation is attached,	Return shows a tax filing need. Select "yes" for the RTS question "Is the tax return valid?"
Return has income listed,	Only Form 4852, Substitute for Form W-2, Wage and Tax Statement, is attached,	Return shows a tax filing need. Select "yes" for the RTS question "Is the tax return valid?"
Return has "zero" line entries,	Schedules or attachments with dollar amounts to support the "zero" line entries are	Return shows a tax filing need. Select "Yes" for the RTS question "Is the tax return valid?"

	attached,	
Return has "zero" line entries,	No schedules or attachments with dollar amounts to support the "zero" line entries are attached,	<p>return does not show a tax filing need. . Select "<i>no</i>" for the RTS question "Is the tax return valid?" and "<i>Cannot calculate tax liability</i>" from "Invalid tax return reason."</p> <p>CAUTION: Do not select "<i>Tax return not signed</i>" from the "Invalid tax return reason" menu.</p>

IRM 3.21.263.5.3.4.2.3(1) Added S 50 to Exception.

1. All original supporting identification documentation and certified copies from the issuing agency submitted with an application are maintained in a secure location in the ITIN Operation until the Form W-7 is processed to assigned or rejected status.

EXCEPTION:

- Suspended for other than questionable ID (S 02), or
- Suspended for other than W-2 name mismatch (S 50), or
- Suspended for other than Letter 4939 response.

Once the application is processed to assigned, rejected, or suspended for other than questionable ID or Letter 4939 response, the original and certified ID are mailed back to the applicant. Copies remain attached to the original application.

IRM 3.21.263.5.3.4.2.4(1) Added S 50.

1. If you have received original supporting identification documentation with the application, it is to support an entry on Form W-7. After you have completed entering all application information into RTS and the account is assigned, rejected, or suspended for other than questionable ID (S 02), Form W-2 name mis-match (S-50), or Letter 4939 response, you must return all original supporting identification documentation and certified copies from the issuing agency to the applicant.

EXCEPTION: Only original documentation and certified copies from the issuing agency are returned to the applicant. If the applicant requests their notarized copy be returned to them, make a copy for the file and return the applicant's document.

NOTE: When applicants suspended for S 02 status or Letter 4939 response request (by Form 4442 or correspondence) the return of their supporting ID, review the ID for questionable traits (see IRM 3.21.263.5.3.4.4). Copy both sides of all ID showing information on both sides and return the ID to the applicant.

Update the Remarks Screen to show:

- Actions taken (for example, "*returned XX and XX per Form 4442*")
- Whether ID is valid/invalid
- Any questionable characteristics identified (for example, "*MX VC has different fonts, no hologram*")

IRM 3.21.263.8.3.1(3) Added new fields "W-2 Attached?" and "Is the Name on the W-2 the Same on the Tax Return?"

1. The content of the *Preliminary W-7 Application Data Screen* includes the following:

Preliminary W-7 Application Data Screen Content	Description	Comment
Batch Number	<p>Enter the batch number. This is an 11 digit number that is located on the Batch Cover Sheet. The elements of the batch number include the following:</p> <ul style="list-style-type: none"> ○ Julian Date = Batch Creation Date ○ Campus Location (NN 20 = Austin Submissions Processing Center) ○ Cart Number (NNN) ○ Slot Number (NN) ○ List Year (N) 	If the batch number is not entered, or is entered incorrectly, the system will display an error message.
IRS Received Date	Enter the Received date as stamped on Form W-7 in MMDDYYYY format.	If the Received Date is missing on Form W-7 enter this field using the following priority order:

	<p>MM values = 1 to 12</p> <p>DD values = 1 to 31</p> <p>CAUTION: Once the application is submitted this field can not be changed.</p>	<p>a. Received Date on tax return or other application(s) in the same Family Pack</p> <p>b. Postmark date on envelope</p> <p>c. Signature Date</p> <p>d. Today's date minus 10 days.</p>
W-7 Year	<p>Refers to the Form W-7 revision year. Select one of the following from the drop down box:</p> <ul style="list-style-type: none"> ○ 2011 ○ 2010 ○ 2009 ○ 2008 ○ 2007 ○ 2006 ○ 2005 ○ 2003 ○ 2002 ○ Other Year <p>NOTE: If more than one revision year is present on Form W-7 select the latest year.</p>	<p>The <i>W-7 Application Input (Other Year) Screen</i> will generate if "Other Year" is selected from this drop down box and all of the other required information for the <i>Preliminary W-7 Application Data Screen</i> is entered and passes system validations. This screen has limited fields for entry which include the following:</p> <ul style="list-style-type: none"> ○ Remarks ○ Applicant Legal Name ○ Applicant Name at Birth ○ Applicant Mailing Address ○ Applicant Foreign Address <p>NOTE: Once these fields are entered the application will be rejected (R 25).</p>
Single or Family Pack?	<p>Refers to the input of either a single Form W-7 application or a group (Family Pack) of related applications that are associated with a tax return. Select one of the following from the drop down box:</p> <ul style="list-style-type: none"> ○ Single 	

	<ul style="list-style-type: none"> Family Pack 	
Is this the first W-7 in Family Pack?	Select the appropriate radio button Yes or No in response to the question.	Selection is based on the application that is being entered.
DLN of First W-7 in Family Pack	<p>The DLN is a 14 digit number that is assigned to each application once it has been processed through the RTS. The elements of the DLN are as follows:</p> <ul style="list-style-type: none"> FLC: 20 (Austin) Tax Class: 2 Doc Code: 94 = W-7 (English) Doc Code: 92 = W-7 (Spanish) Julian Date: XXX-Batch Creation Date Block Series: 000-299 without return and 300-999 with return Serial#: XX (00-49) List Year: X 	<p>This field is available only if the response to the preceding question is "No".</p> <p>The system will auto-populate the DLN of the next W-7 in the family pack after the first W-7 application has been submitted.</p>
Notice/Correspondence Language	<p>Select one of the following from the drop down box based on the type of Form W-7 in hand:</p> <ul style="list-style-type: none"> English Spanish 	This field determines the language of any ITIN notices issued to the applicant.
Dependent Mailing and Foreign Addresses Same As Primary	This field is enabled for Family Pack applications. Select the appropriate radio button Yes or No based on the information on Form W-7.	If the address information for the dependent is the same as the primary (or first application in the Family Pack), selecting "yes" will allow the dependent address fields to auto-populate.
Submission Source	This field identifies the	The Submission Source

	<p>originator of Form W-7. Select one of the following from the drop down box:</p> <ul style="list-style-type: none"> ○ Applicant Direct ○ Acceptance Agent ○ Certified Acceptance Agent <p>NOTE: Select only if a Certificate of Accuracy is attached.</p> <ul style="list-style-type: none"> ○ IRS Office <p>NOTE: Choose IRS office when:</p> <p>FA-DAS is attached, OR</p> <p>Form W-7 "FOR IRS USE ONLY BOX" shows IRS employee number, AND</p> <p>TAC received date stamp is present.</p>	<p>determines who receives ITIN related correspondence/ notices:</p> <ul style="list-style-type: none"> ○ If "Applicant Direct" is selected, the system will generate correspondence to the applicant using the mailing address for Form W-7. <p>If the application is submitted by a "Delegate", the submission source will be treated as Applicant Direct.</p> <ul style="list-style-type: none"> ○ If "Acceptance Agent" is selected, the system will generate correspondence to the applicant and the Acceptance Agent if authorized to receive taxpayer correspondence. The mailing address of the applicant and the AA's address of record will be used. <p>EXCEPTION: If Acceptance Agent is a Financial Institution, the correspondence will only be generated to the AA.</p> <p>Enter the EIN in the AA EIN field. If the EIN is invalid, follow the RTS response: <i>"The AA EIN is not found. Please input a valid AA EIN or change the submission source to Applicant Direct. "</i>. If RTS determines the AA is a CAA, follow the RTS response: <i>"The AA EIN is not</i></p>
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		<p><i>found. Please input a valid AA EIN or change the submission source to Applicant Direct. "</i></p> <p>The field "AA Office Code" is required when an AA EIN is present. Follow the RTS response <i>"The AA Office Code found in the manual input box is not valid. Please enter a valid code or select 'Not Found' from the AA Office Code drop down"</i>. A notice will only generate to the applicant for these cases.</p> <ul style="list-style-type: none"> ○ If Certified Acceptance Agent (CAA) is selected, correspondence is generated to both the applicant and the CAA using the applicant's mailing address and the CAA's address. Select "Yes" or "No" to the RTS query <i>"Valid CAA Certificate of Accuracy attached"</i> Enter the EIN in the "CAA EIN" field. ○ If "IRS Office" is selected, the system will generate correspondence to the applicant using their mailing address.
Tax Return Attached?	<p>Select one of the following from the drop down box:</p> <ul style="list-style-type: none"> ○ Yes, but attached to the Single ○ Yes, but attached to the Family Pack ○ No 	<p>Select "Yes" if box "c" applies, and multiple returns are attached for the applicant and the date of entry matches at least one of the tax return periods.</p> <p>Select "No" when any of the following conditions apply:</p>

	<p>CAUTION: Form 1040NR with entries on any line (for example only line 22 is completed) should be considered a valid return. Do not reject.</p>	<ul style="list-style-type: none"> ○ A tax return is not present, or ○ The applicant is not listed on an attached tax return, or ○ You can not confirm that the person on an attached tax return is the same person on the Form W-7, or ○ Box "c" applies and date of entry is after the tax period of attached tax return listing the applicant. Enter in Remarks, "Substantial Presence Test not met per DOE and year of tax return" <p>NOTE: If Form 1040PR or 1040SS is attached to Form W-7, input W-7 as if no tax return was attached (these applicants qualify for a SSN). Enter "Form 1040PR" or "Form 1040SS" in the Remarks screen. Flag the case for the Lead to override and change the R 17 to R 07.</p> <ul style="list-style-type: none"> ○ Form W-7 is from the taxpayer filing under the Tax Return Extension Filing temporary exception (see IRM 3.21.263.4.6) and all required documents are not present. Update the Remarks Screen to explain what documents are missing for this temporary exception.
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Does Applicant Name Match Tax Return?	Radio button selections are Yes or No . CAUTION: Do NOT select "No" for any reason as an incorrect status will generate. See preceding instructions for "Tax Return Attached?"	Always select "Yes" to confirm that the applicant is listed on the tax return. Applicant must be listed on at least one of the tax returns in a "dual status" same year tax package.
W-2 Attached?	Radio button selections are Yes or No .	Select "Yes" or "No" as appropriate.
Is the name on the W-2 the Same on the Tax Return?	Radio button selections are Yes or No .	Select "Yes" if the Form W-2 name matches the name on the tax return or proof of W-2 identity or income is attached. Select "No" if the W-2 name differs, is altered, or has been whited-out or if the only item of income or credit shown on the return is not that of the applicant.
Tax Return Type	Select one of the following from the drop down box for the earliest tax return year on which the applicant is claimed: <ul style="list-style-type: none"> ○ 1040 ○ 1040A ○ 1040EZ ○ 1040NR ○ 1040NR-EZ ○ 1040X 	Choose the tax return type for the return annotated "dual status". If both or neither is annotated ("dual status" statement attached), choose Form 1040NR.
Tax Return Year	Enter the tax return year. If multiple tax returns are attached enter the earliest tax year for the applicant. EXAMPLE: Single W-7 applicant has returns attached for 2008 and 2009. Enter 2008. CAUTION: The tax year for individual	Enter any year from the previous 12 years up to the present year. If tax return is earlier than 12 years , input the earliest year RTS will accept. REMINDER: The tax Return Extension Filing is a temporary exception to the interim procedures for taxpayers with an approved extension to file tax year 2011. See IRM

	<p>members of a Family Pack may be different.</p> <p>EXAMPLE: Tax returns are attached for 2007, 2008 and 2009. Primary applicant is listed on all returns. Enter 2007 for the primary. A dependent is listed only on the 2008 and 2009 return. Enter 2008 for the dependent.</p>	<p>3.21.263.4.6. When multiple tax year returns are received with the required documents for this exception, one of the tax years must be 2011.</p>
Is the Tax Return Valid?	<p>Select the appropriate radio button Yes or No.</p>	<p>Select "No" only if the return does not have any information to establish a tax reporting or filing requirement (no tax liability). Otherwise, select "Yes". Select "yes" even when you have a family pack and multiple returns are attached (at least one must be valid) but the dependent W-7 applicant is only listed on an invalid return). See IRM 3.21.263.5.3.2 for more information on valid tax returns.</p>
Invalid Tax Return Reason	<p>If the answer to the preceding question is No, the system will enable the drop down box below. Select one of the following:</p> <ul style="list-style-type: none"> ○ Tax return not signed <p>NOTE: This is no longer a valid selection.</p> <ul style="list-style-type: none"> ○ Cannot calculate tax liability on the tax return (no numbers present or zeros on all lines). Note: Tax 	<p>Be careful when reviewing Form 1040NR. If any entries are present (i.e. Line 22), the return is valid.</p>

	return includes schedules and attachments.)	
Number of Additional Tax Returns Attached	<p>Select one of the following from the drop down box :</p> <ul style="list-style-type: none"> <input type="radio"/> 0 <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9 <input type="radio"/> 10 	Pertains to additional tax returns that list the applicant.
Number of W-7 Associated to the Tax Return	<p>Select one of the following from the drop down box based on the number of Form W-7 applicants that are listed on the tax return for the year noted in RTS:</p> <ul style="list-style-type: none"> <input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9 <input type="radio"/> 10 	Pertains to tax return year as noted on RTS.
IRS Office Employee Badge Number	This field will be enabled when the submission source of the application is "IRS Office".	Enter the IRS employee badge number from Line 2 of the <i>For IRS Use Only Box</i> on Form W-7. The badge number represents the IRS employee who received the application and reviewed the documentation at the TAC.

		<p>Format consists of two boxes with seven spaces:</p> <p>two in the first box and five in the second box with a dash in between. If the TAC employee omitted their badge number but additional information on the application, such as a TAC stamp and information in the <i>For IRS Use Only</i> box clearly indicates that the application was received from a TAC, enter the number as all zeros. If the ID number is greater than seven, use the last 7 digits.</p>
Next	Click on this button to process the information on the W-7 Preliminary Application Data Screen.	<p>If the information on this screen was entered correctly, the system will direct you to the W-7 Application Data Screen to continue entering the application.</p> <p>If the information on this screen was not entered correctly the system will prompt you to reenter the required information.</p>
Cancel	Click the Cancel button and the following warning message will appear: "You will lose data on the current screen, would you like to continue?"	<p>Click the Okay button and the system will direct you back to the ITIN Home Screen or,</p> <p>Click the Cancel button and the system will return you back to the current screen.</p>