IRM PROCEDURAL UPDATE

DATE: 12/11/2014

NUMBER: WI-21-1214-1675

SUBJECT: ERS Routing and New Direct Deposit Reject Code

AFFECTED IRM(s)/SUBSECTION(s): 21.4.1

CHANGE(s):

IRM 21.4.1.3.1.2(4) - Corrected ERS routing for Status Code 4.

4. Input CC "FFINQ" and review the screen for the following information:
    - RESEQUENCE IND — If present, indicates the return has been held for review or delayed for some reason. If this indicator is not present use Status–CYC for time frame. If "1" add one cycle to the Status-CYC time frame to complete processing and refund to be issued.
    - Status CD –

If	Then
1	Refund should be issued in the cycle on Status-CYC (add one cycle if RESEQUENCE-IND=1)
2	Return should post or go to ERS. Taxpayer should be contacted within four weeks of cycle date if additional processing information is required.
3	Identifies ST 2 cases that are going to be processed. Refund should be issued in Status–CYC (add one cycle if RESEQUENCED-IND = 1).
4	Identifies those returns that have entered ERS. Research CC ERINV. See IRM 21.4.1.3.1.2.3, *Researching Rejected Returns with Command Code (CC) ERINV*. If four weeks (cycles) have elapsed from the FFINQ status code and there is no new information on CC ERINV, check CC NAMES to see if the return was processed under a different TIN. If still not found, prepare an e-4442, *Inquiry Referral* to the Submission Processing ERS area. Advise taxpayer he/she will be contacted within 30 days. **NOTE:** If the original returns were processed in Andover, send referrals to Cincinnati; and if the original returns were processed in Philadelphia, send referrals to Ogden.
5	The return has been corrected by ERS. The refund should be issued by the PROJECTED-DATE found on CC FFINQ. If four weeks have passed since this date and no new information on IDRS, advise the

	taxpayer to refile his/her return, attach all appropriate forms such as; schedules, forms, and copies of Form W-2. **NOTE:** If CC TRDBV shows the return was E-filed and has a balance due, address the balance due issue with the taxpayer and advise that the return will complete processing on the earlier of the date full payment is received (after normal processing time) or cycle 20, and the taxpayer will receive a notice of the balance due. Do not have the taxpayer refile the return.

- o RTN – The routing transit number indicates an electronic funds transfer was requested, but does not necessarily mean the direct deposit will occur.

IRM 21.4.1.3.1.2.4(1) Note - Corrected ERS routing for non-specific status codes.

1. Review the CC ERINV screen for the status codes. The following provides some of the most common ERS status codes and their time frames. Be sure to give taxpayer the correct time frames via telephone or "C" letter. For additional codes and time frames, see Exhibit 21.4.1-1, *Error Resolution System (ERS) STATUS CODES*, or Exhibit 21.4.1-2, *Error Resolution System (ERS) Action Codes (For use by ERS/Reject Unit)*.

NOTE: For any ERS Status Code not specifically noted below, allow the normal return processing time frame to pass before submitting a Form 4442, *Inquiry Referral*, to ERS. If the original return was processed in Andover, refer to Cincinnati; if the original return was processed in Philadelphia, refer to Ogden.

If the Status Code is	And	Then
100	It is an unworked error record that is usually a simple problem that is corrected in three to four days.	1. Advise taxpayer to allow normal processing time and to visit Where's My Refund at irs.gov, or from the IRS2Go phone application from a smart phone, for current information. Where's My Refund can inform the taxpayer of the projected date of the refund. Also advise the taxpayer not to

		call before the normal processing time frames have passed as no additional information will be available.
		2. If problem is not resolved, taxpayer will receive a letter during normal processing time explaining any additional requirements.
221	The taxpayer received a call/correspondence. The case is in unworkable suspense and waiting for the taxpayer's response. **NOTE:** Taxpayers will be contacted via Letter 12C, *Individual Return Incomplete for Processing: Form 1040, Form 1040A and 1040EZ.* CC ENMOD will display the selective paragraphs input on these letters except for selective paragraph 8 which is used for a narrative fill-in.	1. Advise taxpayer to provide requested information; **AND** 2. Advise them of the four week time frame. The case will **remain in suspense for 40 workdays.**
221	The taxpayer did not receive a call or correspondence.	1. Check CC ENMOD to determine if a letter was prepared. If a letter was prepared, and it has been 14 days or less from this date, inform the taxpayer he/she will receive a letter within the next 2 weeks. Do not prepare Form 4442, *Inquiry Referral*, **until more than 14 days have passed from letter preparation.** If the address has changed, see (5) below. 2. If a letter was prepared more than 14 days ago, prepare Form 4442, *Inquiry Referral*, and fax

			to ERS/Rejects. Advise taxpayer to expect a confirmation letter within three weeks.
			3. If CC ENMOD indicates no letter was sent, and CC ERINV shows the remaining days in suspense is greater than 30 days, **DO NOT** prepare a Form 4442, *Inquiry Referral*. Inform the taxpayer they will receive a letter within the next 2 weeks. If the address has changed, see (5) below.
			4. If CC ENMOD indicates no letter was sent, and CC ERINV shows the remaining days in suspense to be 30 days or less, prepare Form 4442, *Inquiry Referral*, and fax to the appropriate ERS/Reject Unit. Advise taxpayer to expect a letter within three weeks.
			5. Verify taxpayer's address. If address has changed, indicate new address on Form 4442, *Inquiry Referral*. See IRM 3.13.5.28, *Address Changes from Oral Statements/Telephone Contact*, for oral statement authority information. If the taxpayer does not meet oral statement authority for the address change, advise the taxpayer to obtain Form 8822, *Change of Address*, per IRM 21.3.6.4.1, *Ordering Forms and Publications*, and mail the form to the

		center where they filed their return. If the taxpayer filed electronically, provide the IRS address based on which state they would have sent a paper return.
If the Status Code is:	**And**	**Then**
321	No reply has been received	1. Reject Unit will work the case without the requested information. 2. It should be worked in five working days. 3. Advise taxpayer if they **do not receive** correspondence or the refund in **four weeks to contact us again.**
421	Correspondence has been received.	Cases should be **worked in five working days**. Taxpayer should **receive a refund within four weeks.**

IRM 21.4.1.4.8.1(1) Table - Added direct deposit reject code 49.

1. The following direct deposit (DD), reject reason code Indicators are found on IDRS under CC TXMOD and CC IMFOBT:

DIR-DEP-REJ-RSN-CD	**Indicates**
00	DD not requested.
07	No DD allowed.
10	DD passed the validity check.
21	Missing routing transit number (RTN), all blanks/zeros.
23	Invalid RTN, first two digits not in valid range.
24	Invalid RTN. RTN not on Financial Organization Master File Routing Transit Number File (FOMF-RTN-FILE).
25	Invalid RTN, failed internal RTN validity check.
31	Missing depositor account number, all blanks/zeros.

32	Invalid depositor account number, non-alpha-numeric characters (other than hyphen) present.
36	Direct deposit information is present on Form 8888 and on Form 1040.
37	Form 8888 is present and the return contains Injured Spouse information.
38	The sum of the deposits requested on Form 8888 does not match the refund amount on Form 1040 and the difference is NOT a math error.
41	Prior year return.
42	Centralized authorization file (CAF) indicator authorizes a third party to receive refund.
43	Computer condition code (CCC) "W" present.
44	The total tax is zero and withholding/excess Federal Insurance Contribution Act (FICA) is $10,000 or more. Advise taxpayer we are unable to comply with their request for a direct deposit due to programming limitations.
46	Return posted to wrong account.
47	Module contains a TC 971 AC 053 # #
48	Module contains a TC 971 AC 011 (Non-receipt of refund check) or TC 971 AC 850 (Flip direct deposit to paper)
49	Module contains a TC 971 AC 850 (flip direct deposit to paper); the number of direct deposit refunds (3) allowed to the same bank account has been exceeded. CP 53D is issued to the taxpayer as notification.
50	DD rejected by bank; block and serial number "77777" in DLN indicates issuance of paper check.
56	One or more split refund DDs rejected by bank; block and serial number "77777" in DLN indicates issuance of paper check.

58	DD rejected by bank; TC 841 with block and serial number:
	
	   ○ "77711" in DLN indicates a rejection due to name mismatch between the name on the refund and the name on the bank account. CP 53A will be issued advising that the refund may take up to 10 weeks.
	   ○ "77712" in DLN indicates ID Theft where the financial institution has been notified or believes as a result of internal fraud investigation that an ACH credit entry is related to a case where a taxpayer's identity has been stolen. Letter 5253C will be issued advising that the refund may take up to 10 weeks. In January 2014 this letter will be replaced by CP 53B.
	   ○ "77713" in DLN indicates a questionable refund where account characteristics, history, investigation and/or other key markers identified through filters implemented by the financial institution indicate that

	an ACH credit entry is questionable, invalid, erroneous or obtained through fraudulent filings. Letter 5254C will be issued advising that the refund may take up to 10 weeks. In January 2014 this letter will be replaced by CP 53C. The account will have a P- freeze and will be reviewed automatically by the IVO external leads program. See IRM 21.5.6.4.31(4), *P- Freeze*, for additional guidance.
59	Split DD rejected by bank; TC 841 with block and serial number: "77711" in DLN indicates a rejection due to name mismatch between the name on the refund and the name on the bank account. CP 53A will be issued advising that the refund may take up to 10 weeks. "77712" in DLN indicates ID Theft where the financial institution has been notified or believes as a result of internal fraud investigation that an ACH credit entry is related to a case where a taxpayer's identity has been stolen. Letter 5253C will be issued advising that the refund may take up to 10 weeks. In January 2014 this letter will be replaced by CP 53B. "77713" in DLN indicates a questionable refund where account characteristics, history, investigation and/or other key markers identified through filters implemented by the financial institution indicate that an ACH credit entry is questionable, invalid, erroneous or obtained through fraudulent filings. Letter 5254C will be issued advising that the refund may take up to 10 weeks. In January 2014 this letter will be replaced by CP 53C. The account will have a P- freeze and will be reviewed automatically by the IVO external leads program. See IRM 21.5.6.4.31(4), *P- Freeze*, for additional guidance.
60	Savings bond purchase request was not allowed because the refund per taxpayer from the posted return is not equal to the refund amount per the computer calculation.
61	Savings bond purchase request was not allowed because the SSN/TIN is on the IRS Liability file.
62	Savings bond purchase request was not allowed because the requested amount was not divisible by $50.
63	Savings bond purchase request was not allowed because the requested amount was more than $5,000.
64	Savings bond purchase request was not allowed because the return contained computer condition code 'F', '9', 'A' or the word 'DECD' was present in the current tax year controlling

	name line.
66	Savings Bond purchase request was not allowed because the name lines contain "&" or other special characters.
67	Savings bond purchase request was not allowed because the beneficiary bond registration is checked on the Form 8888 but the 1st bond name line and the 2nd bond name line are not present.
68	Savings bond purchase request was not allowed because the Form 8888 2nd name line is present but the 1st name line is not present on a MFJ return (FSC2).
69	Savings bond purchase request was not allowed because the 1st and/or 2nd bond name lines are present on the Form 8888 but the amount of the requested bond registration is NOT significant.