EFFECTIVE DATE

(10-02-2023)

PURPOSE

(1) This transmits a revised IRM 21.5.2, Account Resolution, Adjustments Guidelines.

MATERIAL CHANGES

(1) IRM 21.5.2.3 (IPU 22U1228 issued 12-20-2022) - Added IDRS research to adjustment guidelines.

(2) IRM 21.5.2.3 (IPU 23U0353 issued 03-06-2023) - Removed “M” status from contact exception; Updated guidance for “unsettled” accounts.

(3) IRM 21.5.2.3 (IPU 23U0751 issued 06-16-2023) - Added link to Case Management Guidelines.

(4) IRM 21.5.2.3 - Added guidance for employees not profiled/trained on CII, added information regarding open TAS controls.

(5) IRM 21.5.2.4.2 - Subsection deleted and subsequent subsections renumbered.

(6) IRM 21.5.2.4.8.2 (IPU 23U0353 issued 03-06-2023) - Added guidance for notice suppression when TP requests a hold on collection.

(7) IRM 21.5.2.4.9.2 (IPU 23U0415 issued 03-16-2023) - Updated cross referenced IRM for Daily Deliquency Penalty (DDP) for Employee Plan (EP) returns.

(8) IRM 21.5.2.4.9.2 (IPU 23U0571 issued 05-01-2023) - Updated cross reference IRM for Daily Delinquency Penalty (DDP).

(9) IRM 21.5.2.4.11 - Updated X- Freeze information.

(10) IRM 21.5.2.4.19 (IPU 22U1106 issued 11-22-2022) - Added a link to IRM 21.1.1.3.1 in the Exception in (1).

(11) IRM 21.5.2.4.22 - Added information regarding input of Blocking Series.

(12) IRM 21.5.2.4.23 (IPU 22U1160 issued 12-05-2022) - Added BMF reprocessable returns to statute clearance exception.

(13) IRM 21.5.2.4.23 (IPU 22U1228 issued 12-20-2022) - Added Exception for Exempt Organization (EO) return coding.

(14) IRM 21.5.2.4.23 (IPU 23U0751 issued 06-16-2023) - Updated tax year for statute clearance exception.

(15) IRM 21.5.2.4.26 (IPU 22U1160 issued 12-05-2022) - Added instructions for Form 9000, Alternative Media Preference received date.

(16) Various editorial changes were made throughout this IRM and cross references were added, removed or revised as appropriate.

EFFECT ON OTHER DOCUMENTS

IRM 21.5.2, Adjustment Guidelines, dated September 12, 2022 (effective October 2, 2022) is superseded. This IRM includes the following IRM Procedural Updates (IPUs): IPU 22U1106 issued 11-22-2022, IPU 22U1160 issued 12-05-2022, IPU 22U1228 issued 12-20-2022, IPU 23U0353 issued 03-06-2023, IPU 23U0415 issued 03-16-2023, IPU 23U0571 issued 05-01-2023, IPU 23U0751 issued 06-16-2023.

AUDIENCE

All IRS organizations - Small Business / Self Employed (SB/SE), Large Business & International (LB&I), Tax Exempt and Government Entities (TE / GE) and Wage and Investment (W&I), Appeals, Employee Plans (all employees performing account work).

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Wage and Investment Division

21.5.2
Adjustment Guidelines

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21.5.2.1
(10-01-2021)
Program Scope and Objectives

(1) **Purpose:** This Internal Revenue Manual (IRM) provides standard operating procedures for employees to follow when correcting, adjusting or resolving taxpayer accounts concerns. These guidelines provide step-by-step actions to take to attain resolution. There are links within subsections created to provide additional guidance if needed to help the employee reach resolution.

(2) **Audience:** The primary users of the IRM are all IRS employees in Business Operating Divisions (BODs) who are in contact with taxpayers by telephone, correspondence, or in person.

(3) **Policy Owner:** The Director of Accounts Management is the policy owner of this IRM.

(4) **Programmer Owner**: Policy and Procedures (PPI), is the program owner of this IRM.

(5) **Primary Stakeholders:** The primary stakeholders are organizations that Accounts Management collaborates with; for example, Return Integrity & Compliance Services (RICS), Compliance and Submission Processing.

(6) **Program Goals:** Program goals for this type of work are:

- Achieve a high customer accuracy rate for phone calls and paper adjustments
- Efficiency in resolving general adjustment cases
- Continuous assessment for program vulnerabilities and opportunities for improvement
- Effective communication with customers

The *Accounts Management Program Letter* provides additional information regarding these and additional program goals.

21.5.2.1.1
(09-11-2017)
Background

(1) Employees in the Accounts Management (AM) organization respond to taxpayer inquiries by telephone in our customer service centers, in addition to processing amended returns, claims, duplicate filed returns, loose forms, correspondence, etc., and address all other internal adjustment requests.

21.5.2.1.2
(10-01-2019)
Authority

(1) The authority for this IRM include:

- Policy Statement 21-1, Service Commitment to Taxpayers Service Program
- Policy Statement 21-2, The public impact of clarity, consistency and impartiality in dealing with tax problems must be given high priority
- Policy Statement 21-4 (Formerly P-6-13), One-stop service defined
- Policy Statement 21-5 (Formerly P-6-40), Assistance furnished to taxpayers in the correction of accounts

21.5.2.1.3
(10-01-2021)
Responsibilities

(1) The Wage and Investment Commissioner oversees all policies related to this IRM which is published on an annual basis.

(2) The Accounts Management Director oversees the instructions in this IRM.

(3) Accounts Management Policy and Procedures IMF (PPI) Tax Analyst(s) oversees the content in this IRM and acts as a point of contact for all Accounts Management sites.

(4) Managers and leads ensure compliance with the guidance and procedures in this IRM for Adjustment Guidelines.

(5) Employees input adjustments following procedures in this IRM.

21.5.2.1.4
(10-01-2021)
Program Controls

(1) **Program Reports**: The program reports provided in this IRM are for identification purposes for the Accounts Management Contact Representatives (CRs) and Tax Examiners (TEs). For reports concerning quality, inventory aged listing, refer to IRM 1.4.16, Accounts Management Guide for Managers. Aged listings can also be viewed by accessing Control Data Analysis, Project PCD, are on the Control-D / Web Access server, which has a login program control.

(2) **Program Effectiveness**: Program Effectiveness is measured and controlled through:

a. Managerial reviews
b. Quality reviews

(3) **Program Controls**: Goals, measures, and operating guidelines are listed in the yearly Program Letter. Quality data and guidelines for measurement are referenced in IRM 21.10.1, Embedded Quality (EQ) Program for Accounts Management, Campus Compliance, Field Assistance, Tax / Exempt / Government Entities, Return Integrity and Compliance Services (RICS) and Electronic Products and Services Support.

21.5.2.1.5
(10-01-2021)
Acronyms

(1) See the table below for a list of acronyms commonly used in this IRM. For a comprehensive listing of any IRS acronyms, refer to the *Acronym Database*.

Acronym	Definition
AC	Action Code
AMS	Account Management Services
CDS	Centralized Distribution Site
CII	Correspondence Imaging Inventory
CFOL	Corporate Files on Line
CR	Contact Representative
DLN	Document Locator Number
EQ	Embedded Quality
FTF	Failure To File
FTP	Failure To Pay
MeF	Modernized e-File
RCA	Reasonable Cause Assistant
RICS	Return Integrity and Compliance Services

Acronym	Definition
RRD	Return, Request, Display Application
TE	Tax Examiner

21.5.2.1.6
(10-01-2021)
Related Resources

(1) Related resources for this IRM include (list is not all inclusive):

- *W&I IRS Source - Accounts Management*
- *Servicewide Electronic Research Project (SERP)*
- *IRS.gov*
- Publication 17, Your Federal Income Tax
- Applicable sections of IRM 21, Customer Account Services (refer to the table of contents for a list of available sections)
- IRM 20.1, Penalty Handbook
- Internal Revenue Code (IRC)
- *Correspondex Letters*
- IRM 1.2.1.13, Policy Statements for Customer Account Services Activities
- The Taxpayer Bill of Rights (TBOR) lists rights that already existed in the tax code, putting them in simple language and grouping them into 10 fundamental rights. Employees are responsible for being familiar with and acting in accord with taxpayer rights. See IRC 7803(a)(3), Execution of Duties in Accord with Taxpayer Rights. For additional information about the TBOR, see *https://www.irs.gov/taxpayer-bill-of-rights.*

21.5.2.2
(06-08-2016)
What Are Adjustment Guidelines?

(1) Adjustment guidelines are a set of Internal Revenue Service (IRS) rules to follow when working with adjustments to an account. Specific topics are explained in more detail in chapters dealing with those topics.

21.5.2.3
(10-02-2023)
Adjustment Guidelines – Research

(1) When processing general requests, you must:

a. Obtain all documents, returns, and taxpayer supplied information necessary to make adjustments.

Exception: If you are staffing the toll-free lines and a document is needed that is not available on Correspondence Imaging Inventory (CII), do not order any document that will not be received by close of business on the day of the taxpayer telephone contact. Complete Form 4442/e-4442, Inquiry Referral, and route to the campus Accounts Management (AM) paper function within your directorate. **Use "ESTABD" as the referral category**. Some local procedures allow for campus employees to order the document and keep the case in their individual inventory.

Reminder: Taxpayers have the option to electronically amend the current tax year and two prior year Form 1040 and Form 1040-SR returns that were originally e-filed through the Modernized e-File Return (MeF) application. The amended return documentation is reviewed via the MeF Return Request Display

(RRD) application. These cases are identified on IDRS by Control Base Category Codes. Category Codes **MEFP** and **MEFS** will identify MeF 1040-X cases assigned to Submission Processing and Category Codes **MEFA** (1040-X MeF), **MEFC** (Carryback 1040-X MeF), **MEFI** (International 1040-X MeF) and **MEFR** (International Carryback 1040-X MeF) for 1040-X cases assigned to Accounts Management.

b. Research IDRS for conditions that may affect the processing of the adjustment.
c. Research IRS publications, Internal Revenue Codes and other IRMs as appropriate.
d. Obtain technical assistance, if the issue is beyond training level. See IRM 21.5.3.4.7.2.1, Examination Technical Assistance Request.

(2) Taxpayer inquiries are completed by the site receiving the call or correspondence. **DO NOT** refer cases to another campus or call site unless an IRM specifically instructs you to do so. If you are staffing the toll-free phone lines and are not profiled or trained to work CII cases, do not work the case or close the CII control.

Exception: Your campus may have a local agreement to send paper cases to another site or group. Those cases are worked following the rules in the local agreement and not shipped to the campus that processed the original return.

Note: Whenever possible, multiple cases from the same taxpayer are processed by the same employee. Coordination of these same taxpayer, multi-year cases is necessary to ensure consistent processing. See *Case Management Guidelines* for more information.

Note: Cases meeting Taxpayer Advocate Service criteria are referred as outlined in IRM 21.1.3.18, Taxpayer Advocate Service (TAS) Guidelines. Contact the Taxpayer Advocate Service (TAS) when the case has an open TAS control prior to taking any case actions. See IRM 21.1.3.18, Taxpayer Advocate Service Guidelines.

(3) Returns are kept at campuses for only a short time, dependent upon the storage space at that campus. Returns are subsequently sent to the Federal Records Center (FRC). IRS also transships returns from one campus to another to perform the original processing.

(4) If there is a Transaction Code (TC) 604 on the module, check with the proper Collection insolvency group to obtain approval to adjust the account. Ask Collections to reverse the TC 520 and TC 971 Action Code (AC) 031. This action is taken to allow your adjustment to post. If this is an International account, contact the proper Collection insolvency group at the Philadelphia Campus, who processes and adjusts these types of accounts. Refer to the *Bankrupcy Inquiries* for the updated telephone listing.

(5) Research may show an OPEN control base. **ALWAYS** contact the employee with an open control base prior to taking any action on a case, except in the following instances:

a. DO NOT initiate contact if there is a HISTORY item but **NO OPEN** control.

b. DO NOT initiate contact if the control is in "B" status **(For Campus employees only, if the phone call will resolve the correspondence issue and the CII case received date is less than 23 days old, use the "Update Case Data" button on the CII case to "turn off" the interim letter feature in CII)**. Regardless if the interim letter has already been issued or not, ensure the caller is aware this issue has been resolved and leave a CII case note indicating a closing letter is not needed.

Exception: If control bases are "CII to CII", follow the *Case Management Guidelines* Job Aid, Section 2, Multiple Control Bases, and refer to IRM 21.5.1.5.2, Cases Currently Assigned in CII, for additional information.

Exception: If there is a TC 841 with a P - Freeze on the taxpayer's account, complete Form 4442/e-4442, Inquiry Referral, with the information you obtain from the taxpayer and refer the case to the employee or unit with the open control. For cases with Return Integrity Verification Operations (RIVO) involvement, refer to IRM 21.5.6.4.31.2, P- Freezes with RIVO Involvement, for additional information.

Exception: If any control bases have identity theft or Return Integrity and Compliance Services (RICS) involvement, contact the assigned employee before taking action on the account, see IRM 25.23.4.3.2, Case Transfer within IDTVA. If multiple controls are present with specialized inventory outside your scope (e.g., IDT8), after contacting the specialized area, link the CII case and close your case as MISC. For Business Master File (BMF) returns selected by RICS as potential identity theft, refer to IRM 25.23.9.4.1, BMF Returns Selected for Return Integrity and Compliance Services (RICS) Review.

c. DO NOT initiate contact if the only open control is a nullified unpostable with category code NLUN.

d. DO NOT initiate contact with the employee if the control is to a clerical unit. Clerical assignee numbers represent workflow designations rather than individual employees. These non-employee assignee numbers are frequently distinguished by zeros in the last five digits of the employee number; however, numerics other than zero may also be used. Lists of these numbers are provided in either campus IDRS bulletins or the IDRS MESSG file. Refer to IRM 21.5.2.4.3, Adjustments Requiring an Amended Return or Taxpayer Documentation, for additional information on resolving the telephone inquiry.

e. DO NOT initiate contact if the open control is assigned to the Accounts Management Centralized Distribution Site (CDS) or Site Specialization Number. See *Accounts Management CDS/Site Specialization Temporary Holding Numbers.* The CDS uses individual's IDRS numbers as temporary holding numbers for specialized work until the case can be reassigned or distributed.

Note: Accounts Management employees can reassign a case to the CDS temporary IDRS holding number. Employees are required to suspend the case to their manager or lead for approval.

Reminder: AM managers or leads are reminded to "activate" the case to active inventory prior to reassigning it. Do not reassign the case directly from the Suspense inventory.

f. Accounts Management uses Site Specialization Numbers to assign cases to a temporary holding IDRS number only used for case assignment by the Inventory Control Manager (ICM) or Head Quarters (HQ). See *Accounts Management CDS / Site Specialization Temporary Holding Numbers.* The link provides a listing for the CDS and Site Specialization IDRS numbers.

g. DO NOT initiate contact if the open control is assigned to a site "generic employee number", see IRM 21.5.1.5.1(1), CII General Guidelines.

Note: Generic employee numbers for Submission Processing (SP) can be found within IRM 3.11.6.3, Controlling Cases on the Integrated Data Retrieval System (IDRS), and IRM 3.11.6.9.3, MEFP and MEFS Accounts Management Rejected Queue.

h. DO NOT initiate contact by phone or E-mail if a Form 4442/e-4442, Inquiry Referral, is the proper action based on Exhibit 21.3.5-1, Referral IRM Research List.

(6) DO NOT give employee phone numbers to taxpayers.

(7) Current year balance due returns with TC 150 with "00000000s" in the Posted Date field are "unsettled" balance due tax returns and the xMend tool cannot determine what the current value is. Since these tax modules are actually "partially-posted" and NOT FULLY SETTLED, not all of the credits are posted on TXMOD until the module is settled (i.e. EITC). DO NOT adjust the account until the account becomes settled. Current year returns will settle in cycle 20, after which they will remain unsettled for 2 cycles only. After the 2 cycles, the return will settle and the CP 14 is issued providing the module is in balance due. Reassign CII cases received prior to the settlement cycle to the IDRS number listed for "Unsettled Balance Due Accounts" on the *AM Site Specialization Temporary Holding Numbers* website.

Note: Only current tax period accounts with a TC 150 that display "00000000" in the Posted Date are reassigned to the IDRS holding number. Unpostable or Rejected returns are not considered "unsettled" and are not reassigned to the IDRS holding number.

Caution: TC 971 Action Codes 010, 012 thru 015 will resequence on ″unsettled″ accounts until the tax return fully posts. Amended Returns received on ″unsettled″ accounts will not post any Freeze Conditions.

(8) Due to the Bipartisan Budget Act (BBA) of 2015, the IRS's BBA unit requires a review of amended returns submitted by partners of a partnership or partnerships under examination before the next step in the partnership audit procedures can proceed. These amended returns can be identified by the literal ″BBA Partner Modification Amended Return″ across the top of page 1. The dedicated BBA units may process an amended return currently assigned to an AM CR on CII. In such cases, a BBA agent will notate on CII ″Accepted as filed. TC 290 $$$ RC 188 - Ptr Modification, BBA Unit Closed.″ or something similar to indicate that the BBA unit has worked the return and that

no actions are necessary. AM CRs can close the case ″no action,″ as the BBA unit agent will prepare the required documentation for their closing team to input any required adjustments.

Note: If the amended return has not been posted on CII, the BBA unit agent will monitor CII for the creation of the CII case. Once the amended return has been posted to CII, the BBA unit agent will input the notation that the BBA Unit has already worked the amended return. AM CRs can also identify an adjustment input by the BBA unit agent by researching IDRS for the year in question for a posted adjustment if the account has an adjustment with Reason Code (RC) 188 for Non-Pass Through Partners or RC 189 for Pass-Through Partners. If AM identifies an adjustment with either RC, leave a CII case note stating ″Prior BBA unit action″ and close the CII case no action.

(9) Disclosure guidelines apply to **ALL** adjustment actions taken. Do not discuss the account with unauthorized parties.

21.5.2.4
(10-01-2007)
Adjustment Guidelines – Procedures

(1) Use the guidelines in IRM 21.5.1, General Adjustments, when making account adjustments.

(2) For information on received dates when adjusting an account, refer to IRM 21.5.1.4.2.4, Received Date – Determination, and IRM 21.5.1.4.2.5, Received Date – Grace Periods.

(3) IRM 21.3.3.4.9, Taxpayer Inquiries and Complaints, contains information on the reasons taxpayers contact the IRS. It provides the IRMs, forms, letters, technical functions for referrals, and telephone numbers, which will enable you to contact a specific function for technical help.

21.5.2.4.1
(09-11-2017)
Statutory Exceptions and Administrative Waivers

(1) Various Administrative Waivers and Statutory Exceptions assist in processing adjustment requests timely and efficiently. For additional information that are specific to penalties, refer to IRM 20.1.1.3.3, Statutory Exceptions and Administrative Waivers.

(2) We receive requests for adjustments to tax, penalty, interest, and other issues, in two main forms:

- Written
- Verbal

(3) Authorities and Waivers are sometimes granted:

a. For the good of the taxpayers.
b. For the good of IRS.
c. Or both.

21.5.2.4.1.1
(10-01-2015)
Designation of Federal Tax Deposits (FTD)

(1) Under IRC 6656(e) and Rev. Proc. 2001-58, taxpayers may designate the period or periods to which IRS applies a deposit. See IRM 21.5.2.4.9, Penalty Overview.

(2) The designation may be made orally or in writing. Oral statement ceiling amounts do not apply.

21.5.2.4.1.2
(10-01-2007)
Service Errors (Effect on Penalty and Interest)

(1) Sometimes IRS makes errors in the assessment of tax, penalty, or interest.

(2) When correcting these errors, oral statement ceilings do not apply.

(3) For additional information regarding the effects of Service errors on penalty and interest, refer to the following:

- IRM 20.2.7, Abatement and Suspension of Debit Interest
- IRM 20.1.1.3.4, Correction of Service Error

21.5.2.4.1.3
(10-01-2014)
Reasonable Cause

(1) For reasonable cause criteria, see IRM 20.1.1.3.2, Reasonable Cause.

#

quest (Reasonable Cause) FTF, FTP & FTD Penalties.

(3) For relief from penalties, see IRM 20.1.1.3, Criteria for Relief from Penalties.

21.5.2.4.2
(10-03-2022)
Adjustments with Oral Statement

(1) The IRM 21.1.3.20, Oral Statement Authority, outlines the oral statement authorities for Accounts Management. This IRM contains the procedures that Accounts Management must apply to any questions concerning oral statements.

Note: See IRM 21.7.1.4(2), Business Master File (BMF)/Non-Masterfile (NMF) Adjustment Procedures, for specific instructions regarding BMF and NMF oral statement.

a. Payment / Credit Transfers – There are no oral statement ceiling amounts / dollar limits. See IRM 21.5.8.2, Credit Transfers Overview.
b. Credit Elect Problems – See IRM 21.4.1.5.6, Credit Elect Problems.
c. Reverse Credit Elect Payments Shown on the Return – See IRM 21.4.1.5.6.1, Credit Elect Reversals.
d. Invalid SSN Refund Releases – See IRM 21.6.1.6.7, Resolving CP 54 with Math Error Involvement.
e. Withholding Adjustment (to Ceiling Amount) – See IRM 21.6.3.4.2.2, Withholding (W/H) Tax Credit, or IRM 21.5.1.4.12, Tolerances.
f. Math Error Substantiated Protests – See IRM 21.5.4.5.4, Math Error Substantiated Protest Processing.
g. Certain Freeze Releases – See IRM 21.5.6.4, Freeze Code Procedures.
h. True Duplicate Return (Except Form 1065, U.S. Return of Partnership Income) – For Individual Master File (IMF), see IRM 21.6.7.4.14, True Duplicate Return. For Business Master File (BMF), see IRM 21.7.9.4.1.3, True Duplicate.
i. Math Errors, IRS Errors or Decimal Point Errors – See IRM 21.5.4, General Math Error Procedures.
j. Penalty Relief Request – IRM 21.5.2.4.9.2, Oral Statement and Penalty Relief Request.
k. Name, Taxpayer Identification Number (TIN), Address, Filing Status, and Filing Requirement Changes – See IRM 3.13.5, Individual Master File (IMF) Account Numbers, and IRM 3.13.2, BMF Account Numbers, IRM 21.6.1.4, Filing Status Research. IRM 21.7.13.6.5.6, Authority for Making Primary Name Line Changes, and IRM 21.7.13.7.2.2, Cases Forwarded to Submission Processing BMF Entity.

l. BMF Changes to Item Reference Code / Numbers (not tax) – See IRM 21.7.1.4, Business Master File (BMF) Non-Master File Adjustment Procedures.
m. Earned Income Tax Credit – See IRM 21.6.3.4.2.7.9, EITC - Adjusting the Account.

(2) If an address change is necessary and the taxpayer requests the address change using an oral statement, the address change may be input into IDRS based on Rev. Proc. 2010-16. Refer to IRM 3.13.5.29, Oral Statement / Telephone Contact Address Change Requirements, (IMF) and IRM 3.13.2.4.6, Change of Address, (BMF) for additional information.

Reminder: Once a taxpayer indicates they have an address change, discuss with the taxpayer whether the address change is a permanent or temporary address change (e.g., student at college). If taxpayer indicates a temporary address change, do not update the address on master file. Record a note within Account Management Services (AMS) stating that you informed the taxpayer that you did not update the address because the taxpayer indicated it was a temporary address change.

Exception: If a Large Corp Indicator (LCI) is on the account, do not use oral statement authority to change address. Refer to IRM 21.7.1.4.11.3, Routing Large Corp Cases and Inquiries, for additional information.

(3) An oral statement adjustment made prior to the due date of a return does not constitute superseding information or a superseding return as outlined in IRM 21.6.7.4.10, Superseding Returns.

21.5.2.4.2.1
(10-05-2010)
Case Files/Actions on-line with Oral Statement

(1) Adjustment actions completed on-line with an oral statement do not require case files unless required in specific IRM procedures. Do not prepare unnecessary case files. Oral statement adjustments are generally input as a Non-Source Document (NSD) adjustment. Refer to IRM 21.5.2.4.5, Source Documents, for more specific information.

(2) Create case files for actions not completed on-line using Form 4442/e-4442, Inquiry Referral, describing inquiry and actions taken to resolve the account. Destroy the Form 4442 after review as authorized by Document 12990, IRS Records Control Schedule (RCS) 29, Item 191.

21.5.2.4.3
(01-06-2021)
Adjustments Requiring an Amended Return or Taxpayer Documentation

(1) Generally adjusting an item not shown on the original return requires a signed amended return. Inform the taxpayer and order the required tax forms, if needed. See IRM 21.3.6, Forms and Information Requests.

(2) An amended return is not necessary:

If	Then
The taxpayer listed the item on the original return, but did not include the necessary schedule	• A math error notice will be issued. • The item may not appear on RTVUE / BRTVU.
The taxpayer received a math error notice and provides substantiation in the case of a math error	• Accept oral statement (up to the amount shown on the original return) even if the **–G** Freeze is no longer on the account. • See IRM 21.5.4.5, Math Error Procedures Processing.

(3) The following actions require a written request:

a. Penalty abatements (above ceiling amounts) for reasonable cause. Refer to IRM 21.5.2.4.9.2, Oral Statement and Penalty Relief Request, for additional information.
b. Abatements of interest.

(4) Use the taxpayer's written request as a source document. Refer to the following IRMs for additional information:

- IRM 4.19.3, IMF Automated Underreporter Program
- IRM 4.119.4.21.1.2, Abatement of Interest
- IRM 20.1, Penalty Handbook
- IRM 20.2.7, Abatement and Suspension of Debit Interest
- IRM 4.19.10, Examination General Overview

(5) When you speak to the taxpayer and realize the taxpayer's request requires written documentation / substantiation, you **must** determine if the documentation can be faxed while you are on the telephone with the taxpayer (e.g., penalty abatement based on reasonable cause over the oral statement allowable amount), follow the table below:

If	Then
The required documentation can be faxed while you are on the telephone with the taxpayer ***Note:*** When available, use Enterprise Electronic Fax, (EEfax in lieu of manual faxing).	a. Provide the specific fax number to the taxpayer. b. Retrieve the documentation. c. Adjust the account as necessary. d. Input the adjustment as a "Source Document" adjustment if there is no CII case. If there is a CII case, attach the missing information and / or information received from the taxpayer to the case as an attachment (if CII access).

If	Then
The required documentation cannot be faxed while you are on the telephone with the taxpayer	a. Advise the taxpayer to call back when able to fax the required documents. b. If the taxpayer is unable to fax or prefers not to fax the required documents, advise the taxpayer to attach the required documentation to the notice and mail it to the address indicated on the notice or upload the required documents using the Document Upload Tool (DUT) if the taxpayer's notice or letter allows it. c. Advise the taxpayer of the normal processing time frame for a response to correspondence (30 days). d. Input a STAUP, if needed, as outlined in IRM 21.5.2.4.8.2, Suppressing Balance Due Notices. e. Do not open a control base. f. Do not complete a Form 4442/e-4442. ***Reminder:*** Cases meeting Taxpayer Advocate Criteria (e.g., hardship situations) are referred as outlined in IRM 21.1.3.18, Taxpayer Advocate Service (TAS) Guidelines.

(6) For information on Form 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund (including the Form 941-X(PR)), refer to IRM 21.7.2.4.7, Form 941, Employer's QUARTERLY Federal Tax Return.

21.5.2.4.3.1
(04-05-2022)
Adjustments Not Requiring an Amended Return or Taxpayer Documentation

(1) Campuses may receive Form 4442/e-4442, or adjustment request, such as Duplicate Filings (DUPF), related to return processing errors. The returns posted as partial, zero / or other determinable transcriptions errors (no freeze codes, not ERS or math error related). Full account research and the original tax return are required to adjust the account. Follow the table below for procedures on processing. These cases are centralized in Fresno and Philadelphia (International). Convert the CII category code to SPC 5 and reassign the case per the *AM Site Specialization Temporary Holding Numbers* website. Tax returns involving transcription errors are outlined in IRM 21.4.1.4.1.2.2, Return Found-Processing Errors Identified.

If	Then
The CII case does not contain an original return / or a fax copy of the return	a. Request the document using CC ESTAB(S) for the document and suspend case in CII. b. When the original return is received, adjust per (b) and (c) in Box (2) below. c. If unable to secure the request after two previous requests, input another request as “Special Search” using Form 2275, Records Request, Charge and Recharge. If unable to secure the return, send Letter 418C Amended / Original Return Unavailable; Copy Requested, to the taxpayer to request copy of the original return. ***Note:*** Do not send Letter 418C if return is charged out to another area. Contact the area for complete copy of the return or request the copy be scanned into the CII case.
The CII case contains the required documentation (e.g., complete original file return / or a fax copy of the return)	a. Verify return is complete and processable. ***Note:*** If the return is incomplete refer to IRM 21.5.1.5.6, Incomplete CII Claims. b. Verify income and withholding per CC IRPTR if available. If CC IRPTR is not available for current year, verify income and withholding with the W-2 or Form 1099 provided with the original return. c. Adjust the account as necessary, using source code (4). Input a CII Case Note “Erroneous Zero Return- Transcription Error”. ***Note:*** For cases meeting the criteria for setting a math error, refer to IRM 21.5.4.5, Math Error Procedures Processing. d. Cases meeting DIF score criteria are referred as outlined in IRM 21.5.2.4.23.6, Discriminant Index Function (DIF) SCORE of CLASSIFICATION “Send Return(s) to Examination for Review”. ***Note:*** If Erroneous Refund procedures apply, refer to IRM 21.4.5, Erroneous Refunds.

If	Then
The CII case does not contain the required documentation (e.g., the original file return / or fax copy of the return is incomplete)	a. If the original return or fax copy of the return is incomplete and the issue can be resolved by having the taxpayer / authorized representative fax in missing information, you may attempt to contact the taxpayer / authorized representative by telephone and request the missing information be faxed within three (3) business days. Refer to IRM 21.5.1.5.6, Incomplete CII Claims. b. If unsuccessful in reaching the taxpayer / authorized representative after two (2) attempts, ESTAB(S) for the document and suspend case in CII. c. When the original return / or fax copy of the return is received, adjust per (b) and (c) in Box (2) above. d. If unable to secure the request after two previous requests, input another request as "Special Search" using Form 2275, Records Request, Charge and Recharge. If unable to secure the return, send Letter 418C, Amended / Original Return Unavailable; Copy Requested, to the taxpayer to request copy of the original return. ***Note:*** Do not send Letter 418C if return is charged out to another area. Contact the area for the return.

(2) For information on Form 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund (including the Form 941-X(PR)), refer to IRM 21.7.2.4.7, Form 941, Employer's QUARTERLY Federal Tax Return.

21.5.2.4.4
(10-01-2004)
Document Locator Number (DLN)

(1) The DLN for IMF and BMF accounts is distinct and contains information useful for processing cases.

(2) The DLN is the 14-digit number assigned to every return or document processed through the Automated Data Processing (ADP) system. DLNs are printed on computer documents in XXXXX-XXX-XXXXX-X format. Refer to *DLN Composition* in Document 6209, IRS Processing Codes and Information, for detailed information.

21.5.2.4.5
(10-23-2015)
Source Documents

(1) Source documents (SD) are required for some adjustments completed with an oral statement:

a. If an erroneous refund was issued, follow erroneous refund procedures. See IRM 21.4.5, Erroneous Refunds.
b. Missing schedules.
c. Penalty determinations – Refer to IRM 20.1.1.3.6.6, Attaching RCA Determination.

Note: Source Documents are not required for credit transfers taken over the phone. SeeIRM 21.5.8.3.1, Determining Source Document Requirement for Credit Transfers.

(2) Verify disclosure requirements before giving account information. Refer to IRM 21.1.3.2.3, Required Taxpayer Authentication, as applicable. Also, see IRM 21.1.3.2.4, Additional Taxpayer Authentication, and IRM 21.3.7, Processing Third Party Authorizations onto the Centralized Authorization File (CAF).

(3) Request taxpayers send documentation required for adjustments listed in (1) above. The taxpayers may fax the information. Provide the taxpayers with your fax number, including area code. See IRM 21.5.2.4.3, Adjustments Requiring an Amended Return or Taxpayer Documentation, and also refer to IRM 21.3.5, Taxpayer Inquiry Referrals Form 4442, for additional instructions.

Note: When available, use Enterprise Electronic Fax (EEfax) in lieu of manual faxing.

21.5.2.4.6
(06-22-2021)
Remarks Field

(1) Specific elements in the "Remarks" field are required for each type of IDRS input (entity, tax, penalty change, or credit transfer, etc.). Oral statement authority adjustments have different requirements. See IRM 21.1.3.20.2, Oral Statement Documentation Requirements, when inputting the remarks for an oral statement account change.

(2) If the input is not completed with an oral statement, input the adjustment with "SD", "NSD", or "SDR" in the remarks field (or Y, N, or R on the Command Code (CC) ADJ54 screen).

- SD (Source Document) indicates the document is being forwarded to files for attachment to the IDRS transaction record
- NSD (Non Source Document) indicates the document will not be attached to the IDRS transaction record, such as with an image in the Correspondence Imaging Inventory (CII)

  Note: Taxpayers have the option to electronically amend the current tax year and two prior year Form 1040 and Form 1040-SR returns that were originally e-filed through the Modernized e-File Return (MeF) application. The CII cases created by Account Management Services (AMS) will not contain a digital CII image; however, the documentation will remain available within the MeF Return Request Display (RRD) application. When adjusting these cases, use NSD.

- SDR (Source Document Retained) indicates the document is being held for follow up case actions, but will later be attached to the IDRS transaction record

Use the remaining positions in the remarks field to briefly explain the reason for the adjustment or credit transfer.

(3) When completing both an adjustment and a credit transfer, input the required items on the adjustment and reference them in the "remarks" section of the credit transfer.

21.5.2.4.7
(10-01-2003)
Remarks on Type of Adjustment

(1) Briefly explain the reason the adjustment was made, such as "credit transfer". Also, indicate per letter or other justification:

If	And	Then
You are taking multiple actions (e.g., TC 29X, 670 / 672, 971, etc.,)	Actions are for the: • Same taxpayer • Same tax period, • Same TIN, and a TC 29X is one of the TCs used.	• Record the necessary elements in Command Code **ADJ54** Remarks Section. • Indicate in the remark's section for the related transactions, **NSD** and where the backup is for your actions.

Exception: Disregard the instructions in the table above when making entity adjustments. Always record the necessary elements on all entity changes regardless of the source or the number of actions being taken.

(2) If there is a conflict between oral statement adjustments procedures in this IRM compared to specific IRMs, work the case according to specific IRMs.

21.5.2.4.8
(10-01-2009)
Notice Suppression

(1) Notices are suppressed in various ways depending on the type of notice and the issue. Notices are suppressed with:

- Command Code (CC) STAUP
- Hold Codes
- Notice Suppression Codes or Indicators

(2) The input screens for some IDRS Command Codes have a field which is overlaid to indicate if a notice should or should not be issued. Notice Suppression instructions are given as needed throughout IRM 21, Customer Account Services.

(3) When CC STAUP cannot be used because actions will result in a settled module, and offset is likely (January - May for IMF, about 8 weeks after due dates for BMF), input a TC 470 without closing code.

(4) When a CC STAUP or a TC 470 is used to suppress a balance due notice, input a history item on the Account Management Services (AMS) to document the reason for the action (e.g., Taxpayer to file Form 1040-X or Taxpayer to send check).

21.5.2.4.8.1
(10-01-2014)
Notice Suppression Indicator

(1) A notice suppression indicator (NSI) is input in the "CP-NTC-SUPP-IND" field on the Command Code ADJ54 screen to suppress small balances from being printed on the adjustment notice.

Note: Currently only used in Business Master File (BMF) applications.

(2) The specific requirements for BMF's use of the notice suppression indicator 1 are outlined in IRM 21.7.1.4.2, Notice Suppression Indicator (NSI).

21.5.2.4.8.2
(03-06-2023)
Suppressing Balance Due Notices

(1) Suppress balance due IDRS Notices with Command Code (CC) STAUP. This includes cases referred to other functions or sites.

a. If the time frame remaining before the next scheduled notice will allow time to complete the action, a STAUP is unnecessary. There are 5 weeks between each status, except status 58 to 22 there are 5 to 10 weeks.

Note: A STAUP is only input if you want to delay the next notice from generating. If it will take more than two weeks for the account to settle and it is in NOTICE status, you need to input a STAUP if another *NOTICE* is due to generate, see IRM 5.19.10-1, Restrictive Conditions, for exceptions.

b. As of April 19, 2021, Accounts Management (AM) no longer negotiates payments on balance due accounts or sets demand dates for missing or unfiled returns. Refer to IRM 21.1.1.3.1, Accounts Management (AM) Customer Service Representative (CSR) Duties Handling Accounts with Balance Due Accounts / Missing Returns, for additional information. However, there may be occasions when you must input a STAUP. Refer to the If / Then chart, in paragraph c, to determine whether to input CC STAUP or transfer the call to Automated Collection System (ACS).

Note: CC STAUP will only prevent an erroneous IDRS notice if it is input by the Friday before the erroneous notice is scheduled to generate (17 days prior to the 23C date).

c. Use the following chart to determine the number of delay cycles to input:

If	Then
Requesting documents from files	Allow 15 cycles.
Requesting information from the taxpayer	• Allow 4 cycles when requesting information by telephone. • Allow 6 cycles when requesting information by correspondence (allow additional time if taxpayer submitting overseas mail (2 cycles)).
An adjustment or other action will not fully satisfy the balance due, and the taxpayer is sending payment, and the taxpayer cannot or does not want to be transferred to ACS	Allow 6 cycles.
An adjustment or other action will not fully satisfy the balance due, and the taxpayer has not promised payment, and the taxpayer cannot or does not want to be transferred to ACS	Input a STAUP for 3 cycles to update the remaining cycles of any previously input STAUP. ***Note:*** If no STAUP has previously been input, the STAUP for 3 cycles is required to delay issuance of a balance due notice prior to the posting of any adjustment / case action, including the issuance of any correspondence. ***Exception:*** STAUP is not required if the only action is the input of TC 290 .00 to release the -A freeze.
The action taken creates a zero or credit balance	Input STAUP for number of cycles needed for the action to post. ***Note:*** If STAUP is already on the account, no action is needed to release it.
Correction of unpostable situation will satisfy balance due	Allow 9 cycles.
The taxpayer is submitting any other information to satisfy balance due or requests a hold on collection while the taxpayer's correspondence, amended return or other request is being processed.	Allow the number of cycles needed for information to post (allow additional time if taxpayer submitting overseas mail (2 cycles)) or for the request to be processed.
The taxpayer will full pay the balance due now	Allow 8 cycles. Refer to IRM 5.19.1.6.2, Can Full Pay Balance Due Now (Payoff).

If	Then
Taxpayer can full pay within 11 to 59 days	Refer to IRM 5.19.1.6.3, Short Term Payment Plan Within 180 Days. ***Exception:*** For AM employees, transfer the caller to ACS per IRM 21.1.1.3.1, Accounts Management (AM) Customer Service Representative (CSR) Duties Handling Accounts with Balance Due Accounts / Missing Returns.
The taxpayer is filing an IMF / BMF Original or Amended Return that will full pay tax, penalty, and interest on the balance due account	Refer to IRM 5.19.1.6.3, Short Term Payment Plan Within 180 Days. ***Exception:*** For AM employees, transfer the caller to ACS per IRM 21.1.1.3.1, Accounts Management (AM) Customer Service Representative (CSR) Duties Handling Accounts with Balance Due Accounts / Missing Returns.
The taxpayer is filing an IMF / BMF Amended Return that does not full pay the balance due	Refer to IRM 5.19.1.6, Method of Payments.
Routing balance due cases to other areas	Input or reduce the STAUP to 9 cycles.

d. When the STAUP is input for more than 9 cycles, a control base is needed or the STAUP is released after 9 cycles.

e. Advise the taxpayer another notice may be issued (STAUP may be input too late to stop the next notice). Also advise:

If	Then
The action taken satisfies the balance due	Advise taxpayer this notice may be ignored.
Taxpayer submits the payment / information as you requested	Advise taxpayer this notice may be ignored.

21.5.2.4.8.3 #
(06-22-2021)
Clearance Tolerances

displayed on CC TXMOD due to Master File tolerances. Accruals under this tolerance are displayed on CC BMFOLI / IMFOLI. Accounts in status 12 which #

and interest. Overpayments which may become available will **not** offset to the status 12 account.

(2) Status 12 accounts are considered full paid and are not addressed in balance due pay-off requests or installment agreements, unless the taxpayer is aware of the unpaid accruals as described in the 1st if / then statement in (3) below.

Exception: Status 12 accounts with manually restricted interest or penalties (-I or G- freeze) are not considered full paid. A referral to the interest specialist is required for manual computation of the interest. Refer to IRM 21.5.6.4.18, -I Freeze, for additional information.

(3) Status 12 procedures are as follows:

If ...	**And ...**	**Then ...**
Taxpayer requests a balance due notice	no other adjustment issue is involved	1. Check CC BMFOLI or CC IMFOLI for accruals; and 2. Input a TC 290 .00 with Priority Code (PC) 5 to force the computer to post unrestricted failure to pay penalty and interest; and 3. Issue a balance due notice to the taxpayer.
A payment posts to the account	the posted module balance is	A TC 606 will systemically generate to clear the account of the posted balance due. # 1. Input a TC 290 .00, PC 5, to force a reversal of the TC 606. # 2. Issue a correct balance due notice.
You are telling the taxpayer his or her account is paid in full	the account contains modules	Input a TC 290 .00, PC 5 and HC 3. The balance due will post and clear with a TC 606. # ***Note:*** A notice will not be issued to the taxpayer.
You are telling the taxpayer his or her account is paid in full ***Exception:*** Does not apply if the account contains manual interest or penalty computations. See exception in (2) above.	the account contains modules	Do not input a TC 290 .00 with PC 5. No action is required on the account. # Programming will remove the accrual balances. #

(4) When inputting the priority code (PC) 5 to post accruals and also creating / releasing an overpayment on the same or another module, allow proper offsets in the subsequent cycle by using a Posting Delay Code (PDC) of one cycle on the credit module.

(5) If the account is in Status 23, input of a TC 290 for zero with PC 5 will generate a balance due notice to the taxpayer and update accruals. See IRM 5.19.1.6.2, Can Full Pay Balance Due Now (Payoff), for additional information.

Exception: For AM employees, refer to IRM 21.1.1.3.1, Accounts Management (AM) Customer Service Representative (CSR) Duties Handling Accounts with Balance Due Accounts / Missing Returns, for additional information regarding balance due responsibilities.

21.5.2.4.9
(05-02-2019)
Penalty Overview

(1) See IRM 20.1, Penalty Handbook, for more information. Always advise the taxpayer if there is a possibility of a penalty assessment. Explain why a penalty was asserted or assessed. See IRM 20.1.1.4, Methods of Appealing Penalties, for penalty appeal procedures.

(2) To explain how a penalty was computed, use IDRS Command Code (CC) INTST or CC PINEX for Failure to Pay (FTP) and Failure to File (FTF) and CC FTDPN, for Failure to Deposit (FTD). IDRS CCs PIFTF, PIFTD, and PIEST can be used to research penalty assessments.

(3) IRC 6656(e)(1), and Rev. Proc. 2001-58 provide an order for applying deposits that can provide relief from so-called cascading penalties in some situations. IRC 6656(e)(2) allows the person making such deposits to designate a different application within a limited time period. Rev. Proc. 2001-58 provides guidance on such applications. See IRM 20.1.4.26.3, Statutory Penalty Relief.

21.5.2.4.9.1
(10-01-2003)
TC 971 Action Code 262

(1) TC 971 with Action Code (AC) 262 generates when the maximum FTP penalty accrues.

(2) When the account drops from IDRS, a TC 971 AC 262 is visible on IMFOL / BMFOL.

(3) The code will show on both BMF and IMF.

(4) When figuring FTP manually, TC 971 AC 262 can be input manually.

21.5.2.4.9.2
(05-01-2023)
Oral Statement and Penalty Relief Request

(1) IRS considers granting penalty relief for several reasons including:

- Administrative Waivers
- Reasonable Cause
- Designation of Federal Tax Deposits

(2) Administrative Waivers include:

- First-Time Abatement (FTA)
- Waiver of 2018 Estimated Tax Penalty - limited to individuals whose total withholding and estimated tax payments, made by January 15, 2019, equal or exceed 80% of the tax shown on their 2018 income tax return. See Notice 2019-25, Notice 2019-15 and IRB 942 for additional information.

Administrative Waivers may be granted over the phone and are not limited by a specific dollar criteria. If the waiver criteria are met, remove or suppress the penalty with Penalty Reason Code (PRC) 044 Reason Code (RC) 065. See

IRM 20.1.1.3.3.2, Administrative Waivers. See Exhibit 20.1.1-2, Penalty Reason Code Chart, for the appropriate reason code and penalty reason code.

(3) Prior to the abatement of any penalty based on reasonable cause, determine the facts of the case and complete research to ensure the assertion of the penalties was appropriate. **DO NOT** use FTA or manually abate a penalty if the penalty will be systemically reversed once the situation causing the generation of the penalty is corrected. Manually adjusting a penalty or applying FTA criteria in these instances could have a negative impact on the taxpayer since they would no longer be eligible for FTA on a legitimate abatement claim.

Example: The taxpayer has been charged Failure To File (FTF) and Failure to Pay (FTP) penalties. The taxpayer states he wants the penalties abated because his accountant files an extension every year along with an estimated payment for taxes owed. Research shows there is a payment received April 12th and extensions filed under all prior years. In this case if it is determined that an extension "more likely than not" was filed per IRM 20.1.2.2.3.1.1, Extension of Time to File Not Found, the resolution to the case for the FTF would be to input the extension with the TC 460. If the taxpayer requested an abatement of the FTP also, reasonable cause or first time abate would then be considered for FTP only.

(4) Once it is determined the penalties asserted are correct, you MUST use the Reasonable Cause Assistant program (RCA), if applicable and available at the work site, see IRM 20.1.1.3.6, Reasonable Cause Assistant (RCA), for additional information. If using RCA, it must be utilized through to determination. RCA will provide the guidance for the actions to be taken. RCA determinations will be to:

a. Abate for FTA or below tolerance.
b. Abate for reasonable cause.
c. Deny reasonable cause request.
d. Suspend for additional information and / or for situations where Oral Statement Authority (OSA) is exceeded and a written statement is needed. See IRM 20.1.1.3.6.10, RCA Conclusions / Determinations, for additional information.

(5) Oral Statement Authority ceilings:

a. Reasonable cause - When RCA is used the oral statement ceiling is #

Criteria for Relief From Penalties, and IRM 20.1.1.3.1, Unsigned or Oral Requests for Penalty Relief, for additional information.
b. First Time Abatement (FTA) - Since FTA is considered an administrative waiver of penalty, it does not carry an oral statement authority dollar ceiling for abatement. See IRM 20.1.1.3.6.1, RCA and First Time Abate (FTA) Consideration.
c. Denial of penalty relief - No ceiling is applied to denials. See IRM 20.1.1.3.6.4, Oral Statement Ceiling Exceeded.
d. For IRS errors or designation of Federal tax deposits, there are no ceiling amounts for oral statement authority penalty relief.

(6) When considering an unsigned statement or oral request for penalty relief, it is important to remember that while there is a ceiling for reasonable cause abatements, there are no ceiling thresholds for first time abatement or denial of

penalty relief. This means if the account shows FTF assessed for $1,500 on an IMF account, RCA *must* be accessed to determine if the taxpayer qualifies for FTA or the request for penalty abatement may be denied. Refer to IRM 20.1.1.3.1, Unsigned or Oral Requests for Penalty Relief, for additional information.

(7) Prior to determining if the taxpayer meets reasonable cause, RCA will make the determination as to whether the taxpayer qualifies for FTA. If the taxpayer qualifies for FTA, the assessed penalties will be abated at the time of request. See IRM 20.1.1.3.6.1, First Time Abate (FTA), for additional information.

(8) Consider Reasonable Cause penalty relief with oral statement for the following penalties:

a. Failure to Pay (FTP).
b. Failure to File (FTF).
c. Failure to Deposit (FTD).
d. Daily Delinquency Penalty (DDP).

Note: DDP penalty is an information return penalty and first-time abatement cannot be considered for that penalty.

(9) Do not advise the taxpayer to full pay the account prior to requesting penalty abatement for reasonable cause. . If RCA determines the taxpayer meets reasonable cause, the abatement will include the entire related penalty computed on the underlying tax liability, even if that penalty has not yet been assessed (accruals). See IRM 20.1.2.2.4.1, Penalty Abatements and Re-assessments for additional information.

(10) If RCA determines that OSA is exceeded and a written statement is needed, the statement represents the taxpayer's request for abatement and should include the penalties to be abated, year(s), the reason and the taxpayer's signature. If the facts given by the taxpayer will not meet reasonable cause, do not request a written statement simply because the amount is over ceiling, continue to run RCA through to determination. See IRM 20.1.1.3.1, Unsigned or Oral Requests for Penalty Relief, for additional information.

(11) If the taxpayer is requesting the abatement based on reasonable cause, RCA may make the determination supporting documentation is needed. The request for supporting documentation may include such things as a doctor's note, hospital records, etc. Documentation supporting the claim of reasonable cause is not limited to those requests that exceed OSA. The need for supporting documentation will depend on the circumstances of the Reasonable Cause request. See IRM 20.1.1.3.6.5, Documentation, for additional information.

(12) If RCA determines the penalty should be abated and a signed statement and / or documentation is needed, ask the taxpayer if they can fax the information while they are on the phone. If unable to fax, advise the caller they can either call back when they can fax the information or submit the penalty relief request in writing.

(13) Suspend RCA so the information is saved and the next employee can access the RCA determination. See IRM 20.1.1.3.1, Unsigned or Oral Requests for Penalty Relief, for additional oral statement information.

Note: When available, use Enterprise Electronic Fax (EEfax) in lieu of manual faxing.

Note: If RCA denies the penalty relief request, advise the taxpayer they will receive a letter of determination within a couple of weeks and the letter will provide them with a written explanation of the outcome of their request.

Note: The BMFO RCA Tool is mandated for phones when taxpayer is requesting abatement of FTF / FTP penalties based on reasonable cause on Form 1065, U.S. Return of Partnership Income, Form 1120, U.S. Corporation Income Tax Return, and Form 1041, U.S. Income Tax Return for Estates and Trusts.

(14) If the taxpayer contacts IRS prior to the assessment of the penalties, it may be possible to still consider the request and suppress the penalties. While RCA cannot be utilized for accounts where there is no TC 150 on the module, it can be utilized if there is a TC 150, but the penalties have not posted to the account. See IRM 20.1.1.3.6.7, Reasonable Cause Penalty Relief Request Prior to Penalty Assessment, for further guidance.

(15) Additional penalty information:

If ...	Then ...
A Federal Tax Deposit was applied to a different period than the taxpayer designated	Deposits can be moved as indicated in the designation. ***Note:*** Oral statement ceiling does not apply.
Administrative Waivers are granted by IRS for the benefit of the taxpayer, IRS, or both	Penalties can be abated if the criteria given in the waiver apply.
Daily Delinquency Penalty applies ***Note:*** DDP for Employee Plan (EP) Returns and Form 8955-SSA is listed below	Refer to IRM 21.7.7.6.23.1.6, Abatement Procedures, for more information.
Daily Delinquency Penalty for Employee Plan (EP) Returns and Form 8955-SSA applies	Refer to IRM 21.5.11.9, Abatements/ Adjustments on Form 5500/ BMF 8955-SSA Accounts/Direct Filing Entity (DFE), for more information.
The oral statement ceiling is exceeded	See IRM 20.1.1.3.6.4, Oral Statement Ceiling Exceeded.
Penalty was caused by IRS error	Abate the penalty. Oral statement ceiling does not apply.

21.5.2.4.9.3
(10-01-2011)
Partnership Penalty

(1) When a partner requests abatement of a partnership penalty for failure to file Form 1065, U.S. Return of Partnership Income, see IRM 20.1.2.4, Failure to File a Partnership Return - IRC 6698, and also refer to IRM 20.1.2.6.3, Penalty Relief, and IRM 21.7.4.4.2.7, Partnership Penalties.

21.5.2.4.10
(03-28-2012)
Interest Explanation

(1) IRM 20.2, Interest, provides detailed interest instructions. Interest is mandatory unless there is a legal exception. Read and become familiar with the IRM 20.2, and use this IRM following the general interest procedures when answering telephone calls and related interest questions.

(2) IDRS Command Code (CC) PICRD can be used to explain credit interest to the taxpayer. CC PICRD provides a computation display of any computer-generated interest (TC 776) allowed on the refund.

(3) Penalty and Interest Explanation can be provided through IDRS CC PINEX. A PINEX explains how credit and debit interest was computed on an IMF account.

21.5.2.4.10.1
(02-07-2020)
Ministerial/Managerial Interest Abatement

(1) The taxpayer may request abatement of interest due to an error or delay in the performance of a ministerial or managerial act. Additional details can be found in IRM 20.2.7.5, IRC 6404(e)(1), Unreasonable Error or Delay in Performing a Ministerial or Managerial Act.

(2) Requests for interest abatement received via phone cannot be accepted. Advise the taxpayer to submit the request for interest abatement in writing by filing Form 843, Claim for Refund and Request for Abatement, which can be obtained via IRS.gov, or by submitting a **signed** correspondence having the same required elements (e.g., name, taxpayer identification number, interest period in question, signature under penalties of perjury, and the reason(s) for the abatement, etc.) as indicated on the Form 843. Inform the taxpayer to send the request to the service center that they sent their most recent return. Refer to 4 below for items that the taxpayer must include with his claim so that it is considered a complete claim.

Note: This does not include inquiries concerning the computation of interest or restricted interest. See IRM 20.2, Interest, for calculation information and any necessary explanation to the taxpayer.

(3) When a Form 843 requesting interest abatement is received:

a. If TC 971 AC 660 is not present on CC TXMOD, input using the received date of the Form 843 in the transaction date field. This TC 971 will document the receipt of the interest abatement claim.

Note: The TC 971 AC 660 is only for use with Form 843 request for abatement.

b. Forward the request to the Interest Abatement Coordinator (IAC) where the alleged delay / error occurred following local procedures. Contact information for the IACs is provided on the *IAC Coordinator List*.

Example: If the request concerns an interest assessment made with an audit (TC 30X), close the case to Examination using activity code “2EXAM-IAC”.

Example: If the request concerns an interest assessment made with an ordinary adjustment (TC 29X), treat as a technical question using activity code "2TECHASST". See IRM 21.5.3.4.7.2.1, Examination Technical Assistance Request. If any request referred as a technical question is returned, follow the Examination determination to abate or not to abate. Examination will provide the reason not to abate.

Example: If the request concerns an interest assessment made with an ASFR adjustment, close the case to Collection using activity code "2COLL-IAC".

Example: If the request concerns additional interest assessed due to an incorrect payoff, identify the area responsible for the incorrect payoff and forward to the appropriate IAC. Close the case with the appropriate activity code (e.g., "2-AM-IAC", "2EXAM-IAC", or "2COLL-IAC").

Exception: Forward all Form 843, Claim for Refund and Request for Abatement, pertaining to Trust Fund Recovery Penalty (TFRP) accounts (MFT 55), to the appropriate TFRP campus found in *SERP Who / Where - Trust Fund Recovery Penalty (TFRP)* for further determination.

(4) An Interest Abatement referral to the IAC must have the following critical items attached:

- A detailed description as to when, how, and to what length of time IRS caused a delay or how an unreasonable error caused increased interest.
- Supporting documentation letters, payoff letters, and date specific information. This information is of the utmost importance, as it provides the IAC with the points in time in which the interest will be determined, should their request prevail.

21.5.2.4.11
(10-02-2023)
Assessments or

(1) Copies of all supporting documentation for each case with an assessment over #

Internal Revenue Service #
CFO, Revenue Transactional Analysis Section #
Kansas City Campus
ATTN: Chief, Revenue Transactional Analysis Section
Stop S-2 1035
333 W. Pershing Rd.
Kansas City, MO 64108

#

846). Prepare a manual refund with a Form 3753, Manual Refund Posting Voucher. Procedures are included in IRM 21.4.4.5.2, Preparation of the Form 3753, Manual Refund Posting Voucher. If the taxpayer included a Form 8302, Electronic Deposit of Tax Refund of $1 Million or More, refer to IRM 3.17.79.3.10.1, Form 8302, Electronic Deposit of Tax Refund of $1 Million or More.

#
#

gardless of any account actions that may change the credit balance.

21.5.2.4.12
(10-01-2004)
Form 8485, Assessment Adjustment Case Record— Purpose and Preparation

(1) The Form 8485, Assessment Adjustment Case Record, is the worksheet used by employees to record actions taken on taxpayer accounts. The case may be from taxpayer inquiries or in-house transcripts. Employees may use other forms, notices, or transcripts to record information as noted in specific procedures.

(2) Prepare Form 8485 - Required entries include Fields 1 through 4,17, and 18 and the following unnumbered boxes at the top of the form:

- The name of the Tax Examiner
- Employee number
- Blocking series

(3) All other fields are used as applicable:

- Section II is used to record secondary transaction codes.
- Section III and IV are used to record the appropriate credit or item reference numbers.

Note: When a TC 340 or TC 341 is on the account, the interest-to-date is entered at the center of the bottom margin.

21.5.2.4.13
(10-01-2005)
Reinstating Retention Register Accounts

(1) Modules removed from the MF to Retention Register can be re-established by inputting Command Code (CC) IMFOLB for IMF or CC BMFOLB for BMF. For additional information, see IRM 21.2.2.5, Retention Register Research, and IRM 3.17.21.7, Reestablishment of Retention Register Accounts.

21.5.2.4.14
(10-01-2004)
Retention Register, Penalty Computation Effect

(1) Freezes “G” and “I” are set on the module when it is restored from the Retention Register. This restricts the MF from computing Failure to Pay (FTP) penalty and Interest.

If ...	And ...	Then ...
Your action creates a balance due	the case indicates imminent assessment or collection statute expiration	• Assess FTP and interest within ten years from the assessment date of the unpaid tax. • Refer to the Statute Function

(2) Assess the penalty and interest when appropriate.

If	And	Then
A TC 150 is posted on the restored module		• Input Command Code (CC) REQ54 to assess the correct amount of interest, use TC 340. • Refer to IRM 20.2, Interest, for detailed information.
The restored module does not contain a TC 150	a return is input to generate a TC 150	• Monitor the account until the TC 150 posts. • Request Notice Review to pull, correct, and mail the MF notice in the cycle to show the assessed interest and penalties. • Refer to IRM 20.2, Interest, and IRM 20.1, Penalty Handbook, for additional procedures. • Input of adjusting entries to credit adjustment codes on Retention Register modules, is unnecessary.

21.5.2.4.15
(10-01-2018)
Rules on Hold Codes (HC)

(1) Use caution when inputting hold codes (HC). Some rules to remember are:

a. Do not hold notices for taxpayers entitled to refunds unless specifically excluded by separate IRM instructions. Write or call the taxpayer to clarify the notice, if necessary.

b. Transfer any credit in which disposition cannot be determined to Unidentified or Excess Collections, whichever is appropriate.

c. Ensure that action is taken to bring the module to an even / balance due condition.

Note: If using a hold code sets a freeze condition, the freeze must be resolved after the adjustment posts to avoid an unnecessary delay in bringing the account to zero balance. For example, the HC “1” sets a -K freeze. If it is not released and a credit balance remains, the refund will be frozen. Input an adjustment (290 .00 HC “0”) to release the credit and bring the balance to zero.

d. Use HC “0” if no other HC is appropriate.

(2) The HC field on the Command Code ADJ54 screen is a required entry. If the adjustment does not otherwise require a HC, input a HC “0”. For additional information, see *Hold Codes*, in Document 6209, Master File Codes.

Note: A CP 21A, Data Processing Adjustment Notice, or CP 22A, Data Processing Adjustment Notice, is **not** issued if the account balance is zero and an adjustment (Command Code ADJ54) for TC 290.00 is input with ONLY item reference numbers (IRN) changing numerical data - NOT TAX (e.g., IRN 886, 887, 888, 889, 892, 895, 896. etc.). However, a CP 21A / CP 22A **will** be issued if the account was in balance due status before the adjustment was input. If hold code 3 was used, issue correspondence to the taxpayer if a letter was required and a notice was held.

21.5.2.4.16
(10-01-2003)
Priority Codes (PC)

(1) Use Priority Codes (PC) to post adjustments (Doc Code 47 or 54) to the MF when certain account conditions exist. For additional information, refer to *Priority Codes*, in Document 6209, Master File Codes.

21.5.2.4.17
(10-01-2004)
Posting Delay Code (PDC)

(1) A Posting Delay Code (PDC) range of one (1) to six (6) will make some transactions post later than others when multiple transactions are required to adjust an account. See IRM 21.5.8, Credit Transfers, for the instructions from 1 to 6 cycles, when inputting credit transfers.

Note: Input transactions will not post to MF until the indicated number of cycles (with respect to the first transaction to be posted) have expired.

(2) PDCs are applicable for IMF, BMF, and IRAF transactions in the following IDRS programs:

- ADJ54 (Doc. Code 54)
- INCHG, BNCHG, EOCHG (Doc. Codes 53, 63, 80, and 81)
- FRM77 (Doc. Code 77 and 78)

(3) The PDC is not posted with the transaction or shown with the IDRS pending transaction. The pending (PN) MF posting cycle on the IDRS status transaction is extended to account for the PDCs.

21.5.2.4.18
(10-01-2008)
Credit Reference Numbers (CRN), Abstract Codes, and Item Reference Numbers (IRN)

(1) Use specific functional chapters for instructions on when and how to input numbers for specific types of adjustments. For a detailed listing, refer to *Item Adjustment Codes and Credit Reference Numbers*, in Document 6209, IRS Processing Codes and Information.

21.5.2.4.18.1
(10-01-2011)
CRNs and IRNs for Forms and MFTs

(1) On Form 1120S, U.S. Income Tax Return for an S Corporation, the IRN 886, Taxable Income is called “Ordinary Income / Loss Amount”.

(2) Refer to Form 720, Quarterly Federal Excise Tax Return, for definitions of the Abstract Numbers valid for MFT 03.

(3) For Form 4720, Return of Certain Excise Taxes on Charities and Other Persons Under Chapters 41 and 42 of the IRC, the sum of IRNs 151, 152, 153, 154,182, and 183 must equal the TC 29X amount.

(4) For Form 941, Employer’s QUARTERLY Federal Tax Return, and Form 944, Employer’s ANNUAL Federal Tax Return, refer to IRM 21.7.2.4.1, Item Reference Numbers (IRNs) and Credit Reference Numbers (CRNs) — Employment Taxes. For adjusting Form 943, Employer’s Annual Tax Return for Agricultural Employees, see paragraph 2 in IRM 21.7.2.4.8.3. For adjusting Form 945, Annual Return of Withheld Federal Income Tax, see IRM 21.7.2.4.10(6), Form 945, Annual Return of Withheld Federal Income Tax.

Exception: If the TC 150 does not equal the posted IRNs on TXMODA, see IRM 21.7.2.4.1.4, IRNs Do Not Equal TC 150.

(5) Instructions for Form 940, Employer’s Annual Federal Unemployment (FUTA) Tax Return, IRN Codes:

a. Input a “W” followed by a State code for adjustments resulting in a change in wages. A State code is the official postal service state abbreviation.

Example: “WCA” is a wage adjustment for the state of California.

b. Up to 53 different state codes can be used with the IRN code “W”. This IRN code adjusts the taxable wage amount in the MF and generates a credit reduction if the state and tax year indicate a reduction.

c. A state code following a “T” is the portion of the tax increase or decrease attributable to the tax change for each state involved.

Example: “TCA” is a tax adjustment for the state of California.

(6) For adjustments on the IRAF (MFT 29), the sum of the Abstract Codes 160,162,194, 195, 233, 235, 236, and 237 must equal the TC 29X amount.

(7) Adjustments involving the input of IRN 221 or 222 require the input of a TC 34X.

(8) Use IRNs 079 and 999 with a reference amount of zero. The reference amounts for IRN 887 do not reflect dollars and cents and cannot be greater than an amount input in an “nn” format. Refer to IRM 21.6.1.6, Exemption / Dependent Procedures, for additional information.

Caution: Prior to January 1989, age and blindness are included in the total exemptions on MCC Transcripts, and CP Notices. See the Command Code “TXMOD” display before making IRN 887 adjustments.

Note: Oral statement is acceptable for item reference numbers, but the reason for the request is considered first. IRM 21.1.3.20, Oral Statement Authority, outlines the authorities. If your situation does not meet these guidelines, then the request for adjustment must be in writing.

21.5.2.4.19
(11-22-2022)
Verifying Complete Adjustments

(1) Address all issues before closing the case. **For telephone contacts**, if collection issues are involved, follow instructions in IRM 5.19.1, Balance Due, to collect any balance due, or see IRM 5.19.2, Individual Master File (IMF) Return Delinquency, to secure missing returns. **For correspondence**, if collection issues are involved, follow procedures in IRM 21.3.3, Incoming and Outgoing Correspondence / Letters. Check all correspondence from the taxpayer, verifying that all necessary adjustments have been made and the taxpayer’s issue is settled.

Exception: Accounts Management (AM) no longer negotiates payments on balance due accounts or sets demand dates for missing / unfiled returns. For AM telephone contacts, after all account actions have been taken, if a balance due remains on the account or an unfiled return / TDI, follow guidance in IRM 21.1.1.3.1, Accounts Management (AM) Customer Service Representative (CSR) Duties Handling Accounts with Balance Due / Missing Returns, for additional details.

a. Input manual adjustments to penalties and interest only when required. IDRS will generate penalty and interest increases / decreases for most adjustments.

b. Explain penalties or interest to the taxpayer.

c. Inform the taxpayer of the date used to compute any balance due.

d. Include any penalty and interest accruals when computing the balance due.

Note: The word **case** pertains to the type of inquiry received. Taxpayer initiated contacts by telephone require resolution of **ALL** account issues. Taxpayer initiated contacts by correspondence require resolution of **issues raised** by taxpayers in their inquiries. If it becomes necessary to call the taxpayer in order to resolve an issue addressed in the correspondence, then the employeewill address any additional issue(s) raised by the taxpayer during the call.

(2) Do not request the original return(s) if sufficient information is available to verify the request for adjustment.

(3) Take any of the following actions as necessary:

a. Obtain additional information from the taxpayer.
b. Request returns from Files or order transcripts.
c. Research IDRS or other applicable systems (e.g., Correspondence Imaging Inventory).

Note: Taxpayers have the option to electronically amend the current tax year and two prior year Form 1040, U.S. Individual Income Tax Return, and Form 1040-SR, U.S. Income Tax Return for Seniors, returns that were originally e-filed through the Modernized e-File Return (MeF) application. The CII cases created by Account Management Services (AMS) will not contain a digital CII image. The amended return documentation will be reviewed via the MeF Return Request Display (RRD) application. These cases can be identified on IDRS by Control Base Category Codes. Category Codes **MEFP** and **MEFS** will identify MeF 1040-X cases assigned to Submission Processing and Category Codes **MEFA** (1040-X MeF), **MEFC** (Carryback 1040-X MeF), **MEFI** (International 1040-X MeF) and **MEFR** (International Carryback 1040-X MeF) for 1040-X cases assigned to Accounts Management.

d. Research IRS publications.
e. Research the Internal Revenue Code.
f. Research other IRMs, etc.
g. Obtain technical assistance, if appropriate.

(4) Do not refer a case to another campus or call site, unless an IRM specifically instructs you to do so. Generally, the call site receiving the contact works the case.

(5) Close your control base when the case is resolved.

Note: If all case actions have been completed and specific IRM procedures instruct you to monitor the account to ensure proper posting, close the case and establish a monitor base on IDRS using category code “MISC” with the current date as a received date.

21.5.2.4.20
(09-11-2017)
CP 21/CP 22 – Source Codes (SC) and Reason Codes (RC) (3 numeric positions)

(1) The taxpayer is issued an adjustment notice when IRS takes action on the taxpayer's account. The notice (CP 21, Data Processing Adjustment Notice, or CP 22A, Data Processing Adjustment Notice) is sent with an explanation of the action.

Note: A CP 21A / CP 22A is not issued if the account balance is zero and an adjustment (Command Code (CC) ADJ54) for TC 290.00 is input with ONLY item reference numbers (IRNs) changing numerical data - NOT TAX (e.g., IRN 886, 887, 888, 889, 892, 895, 896, etc.,). However, a CP 21A or CP 22A **will** be issued if the account was in balance due status before the adjustment was input. If hold code 3 was used, issue correspondence to the taxpayer if a letter was required and a notice was held.

(2) See IRM 21.6.7.4.1, Source and Reason Codes – CP 21 / CP 22A Notices, for additional details. Document 6209, IRS Processing Codes and Information, provides the specific language generated by the *Source Codes* and *Reason Codes*.

21.5.2.4.21
(10-01-2004)
Individual Master File (IMF) Action for Command Code ADJ54

(1) Enter a source code (SC) and at least one reason code (RC) on Command Code (CC) ADJ54 when inputting:

a. TC 290 for an amount with or without a secondary transaction and / or credit / item reference numbers.
b. TC 290 for zero with a secondary transaction and / or credit / item reference numbers.
c. TC 290 for zero to disallow a claim.

(2) If the Correspondence Imaging Inventory (CII) Indicator is present on the lower left-hand side of the ADJ54 screen, there is a case open on CII. Before taking any action, check with the employee or unit with the open control.

21.5.2.4.22
(10-01-2004)
Blocking Series (BS)

(1) Blocking series are used to indicate the nature of an adjustment. Refer to *Adjustment Blocking Series*, in Document 6209, IRS Processing Codes and Information, for a list of the blocking series used on account adjustments.

Note: While blocking series is a 3-digit number, CC ADJ54 only allows employees to input in a 2-digit format. The blocking series shown in IRMs provide the first 2-digits, but upon posting of the adjustment, IDRS will display a 3-digit blocking series in the DLN. For example, when instructed to use BS 05 (IMF - Tax, Penalty, interest, or freeze release without original IMF returns), the adjustment DLN can post with a number ranging from 050 – 059.

21.5.2.4.22.1
(10-01-2003)
IMF Blocking Series 99 Special Consideration

(1) The original return is not in the case file if you see the following:

- Reason Code 097, and
- Blocking Series 99

(2) Blocking series 99 with reason code 097 is used with Innocent Spouse Relief and Separation of Liability and Equitable Relief cases. This action avoids the issuance of CP 55, Notice to Refile Return, when the tax period is more than 10 years old. The original return has been destroyed.

21.5.2.4.23
(06-16-2023)
Reprocessing Returns/Documents

(1) The procedures in this subsection are for **reprocessing** documents after the return posted to an incorrect account or tax period. Carefully read and follow all pertinent procedures in this process before obtaining the original return for reprocessing to the correct tax account(s) or tax period. This may include recapturing an erroneous refund. Refer to IRM 21.4.5, Erroneous Refunds. The return(s) may be for current or prior years and may involve statutes or be subject to a penalty assessment. Follow the procedures in IRM 21.5.2.4.23.11, Reprocessing "Dummy" Returns, to determine if the return can be reprocessed using IDRS Command Codes, prior to attempting to secure a copy of the return for reprocessing.

Note: If a return has never been processed (e.g., has not posted to another year or TIN), attach a Form 1725, Routing Slip, or local routing slip, and forward the return as received to Submission Processing. Ensure the IRS received date is entered on the return. If a Correspondence Imaging Inventory (CII) image is used and the return is signed, use the stamp edit tool on CII and notate, "CII IMAGE - Do not correspond for signature" on the return. Submission Processing will correspond for any missing information on these returns. Refer to IRM 21.5.1.5.5, Processing / Reprocessing CII Tax Returns, for additional information regarding CII returns.

Exception: Taxpayers have the option to electronically amend the current tax year and two prior year Form 1040 and Form 1040-SR returns that were originally e-filed through the Modernized e-File Return (MeF) application. The CII cases created by Account Management Services (AMS) will not contain a digital CII image. Returns that are printed / saved from the MeF Return Request Display (RRD) application and sent for processing must be annotated with "**MeF Return - Do not correspond for signature**" below the signature line. Any annotations will be made using the Adobe Acrobat Pro software and the annotated documentation will be attached to your CII case. If the Adobe Acrobat Pro software is not available to you, print the amended return documentation from the MeF / RRD application and have the document associated with your CII case via a CIS association sheet.

Exception: Exempt Organizations (EO) are exempt from including the CII Case ID number and CII stamp - "Do not correspond for signature" as their returns are scanned for public inspection. Complete all other edits.

(2) If you identify an IMF return that must be reprocessed while staffing the AM toll-free telephone lines, first address any other actions needed and then prepare Form 4442/e-4442, Inquiry Referral,. You must also advise the taxpayer that they will receive a contact within 30 days. Forward the completed Form 4442 or e-4442 to the campus AM paper function within your directorate (unless IRM specific procedures apply). If your campus AM paper function no longer has Submission Processing, forward the Form 4442 or e-4442 as indicated below:

- Andover – forward the form to Kansas City
- Atlanta - forward the form to Kansas City
- Brookhaven – forward the form to Kansas City
- Fresno - forward the form to Kansas City
- Memphis – forward the form to Kansas City
- Philadelphia – forward the form to Kansas City

Note: If you identify a BMF return that must be reprocessed while staffing the AM toll-free telephone lines, refer to IRM 21.7.1.4.4.1, Toll-free Calls when Return Needed.

Exception: For mixed entities, follow the procedures in IRM 21.6.2.4.2, Mixed Entity Procedures, and for scrambled SSN cases, see IRM 21.6.2.4.3, Scrambled SSN Case Procedures.

(3) Any returns involving taxes or payments of $100 billion or more requires special processing and are forwarded to the Philadelphia Campus, Attention TPR 503 - Drop Point - 3-L08.154. For additional information, refer to IRM 21.7.12.6.2, Procedures for Individual Taxpayer NMF Accounts Of $100 Billion or More - Overview.

(4) When a return unposts or posts to an incorrect account, it must be reprocessed to the correct account. If a refund was incorrectly issued from the account, refer to IRM 21.5.2.4.23.10, Moving Refunds, and IRM 21.4.5, Erroneous Refunds.

Reminder: Check all related accounts (e.g., secondary TINs and receiving account) prior to reprocessing the return or moving any refunds.

(5) Correct the items listed below to avoid the UNPROCESSABLE CONDITIONS identified during original processing. If the unprocessable condition remains, the return is sent back to the employee that corrected it for reprocessing. Therefore, check each item below prior to releasing the return to Submission Processing.

- Canceled DLNs
- Posting to an incorrect TIN
- Posting to an incorrect tax period

(6) When editing the return is complete, forward to the Batching function for reprocessing as an original return. If the return fails to post, it is returned to the employee that submitted the document for reprocessing.

Reminder: Carefully prepare the returns for reprocessing. Ensure you follow the editing procedures and enter all edit marks in the correct area on the return. Double check before sending the return to Batching for reprocessing.

Note: Clear IMF re-input and reprocessable statute imminent documents through the local Statute Unit prior to following procedures in IRM 21.3.3.3.5, Submission Processing Consolidation (Rampdown). When forwarding a statute imminent return, notate on the routing slip the received date of the case that created the need for reprocessing the document (e.g., 2005 -2012 needs reprocessing – part of Mixed Entity DUPF with received date MM/DD/YYYY).

Exception: Due to continued processing delays, SP and AM have developed procedures for IMF and BMF tax year 2019 and prior year original delinquent returns to bypass AM Statute clearance and be processed as original returns. In addition, any tax year 2019 and prior year returns previously cleared by AM Statute will not be returned by SP to AM to be cleared again if the 90-day statute stamp has expired. If a tax return

is later found to be barred due to this process change, the barred case will not be charged to SP or AM. The barred case is considered systemic and reported on the quarterly barred statute report under the responsible area ″N/A″.

(7) Control each return or block of **reprocessable** documents re-entered through the Batching function, using one Form 3893, Re-Entry Document Control, for IMF cases or a Form 13596, Reprocessing Returns, for BMF. These forms must be complete and placed on the top of the documents being reprocessed. See Exhibit 21.5.2-1, Preparing Form 3893, Re-Entry Document Control, and Exhibit 21.5.2-2, Preparing Form 13596 – Reprocessing Returns, for complete instructions on preparing these forms.

Note: Use one Form 3893 for several documents from the same block unless some of the documents are not reprocessable.

(8) When reprocessing previously input documents:

If	**Then**
Module contains a TC 150	Do not reprocess a return to that module.
Module contains Document Codes 51 or 54	Do not reprocess a return to that module.
Return or document did not post.	Re-enter as a Reinput document.
Return or document unposted.	Re-enter as a Nullified Unpostable document.

(9) BMF only – FTD penalties must be considered carefully before the following returns are reprocessed:

- Form 941, Employer's QUARTERLY Federal Tax Return
- Form 943, Employer's Annual Federal Tax Return for Agricultural Employees
- Form 944, Employer's ANNUAL Federal Tax Return
- Form 945, Annual Return of Withheld Federal Income Tax
- Form 940, Employer' s Annual Federal Unemployment (FUTA) Tax Return

Refer to IRM 20.1.4, Failure to Deposit Penalty, for additional information.

21.5.2.4.23.1
(06-22-2021)
Reprocessing Electronic Returns

(1) Prints of electronic returns can be reprocessed to a different account or tax period.

(2) Requesting graphic prints of IMF and BMF returns filed electronically through Modernized e-File (MeF) is available through the Return Request Display (RRD) via Employee User Portal (EUP) and Command Code (CC) TRPRT. Refer to IRM 21.2.4.3.23, Electronic Returns, and IRM 21.6.6.2.24, Electronic Filing System (e-file), for additional information on e-file. The TRPRT graphic is available regardless of where the return was filed. Additional information on Command Code TRPRT is located in IRM 21.2.2.4.4.6, TRDB CC TRPRT (Tax Return Print) Input.

Note: Many BMF returns are also available through the Employee User Portal (EUP) as part of the Modernized e-File (MeF). Refer to IRM 21.2.1.22, Modernized e-file (MeF / TRDB), and to IRM 3.42.4.7.1, Modernized e-File (MeF) Programs, for additional information.

(3) The TRPRT print is not considered the original return and is labeled "TRPRT PRINT DO NOT PROCESS". However, the TRPRT print is used to reprocess an electronic return.

(4) Line through the "TRPRT PRINT DO NOT PROCESS" prior to forwarding the print for reprocessing. Additional editing information can be found in IRM 21.5.2.4.23.7, Coding and Editing Procedures.

(5) If the TC 976 is a MEF partnership return (DLN begins with 93) with 100 partners or more see IRM 21.7.9.4.10.1, TC 976 Return Intended as Original, for additional information.

(6) Taxpayers have the option to electronically amend the current tax year and two prior year Form 1040 and Form 1040-SR returns that were originally filed electronically through the Modernized e-File Return (MeF) application. The CII cases created by Account Management Services (AMS) does not contain a digital CII image; however, the documentation is available within the MeF Return Request Display (RRD) application. When reprocessing an amended return from the MeF / RRD application, line through "**efile GRAPHIC print - DO NOT PROCESS**" prior to forwarding the document for reprocessing. Additional editing information can be found in IRM 21.5.2.4.23.7, Coding and Editing Procedures.

21.5.2.4.23.2
(03-10-2022)
Amended or Subsequent Return

(1) When reprocessing an amended or subsequent return as an original return, complete the following items to reprocess the return:

If	Then
Form 1040-X, Amended U.S. Individual Income Tax Return	The return must be signed, forms and supporting schedules must be attached, and dependents must be listed.
Form 1040-X has the same information in column A and column C	The information must be transferred to the Form 1040 or Form 6114, Prior Year and Conversion Form 1040 Edit Sheet.
Form 1040-X has only column C completed	The information must be transferred to the Form 1040 or Form 6114, Prior Year and Conversion Form 1040 Edit Sheet.
Copy B of Form W-2, Wage and Income Tax Statement is attached	The return must be signed, forms and supporting schedules must be attached, and dependents must be listed.

Note: The above Form 1040-X, Amended U.S. Individual Income Tax Return, conditions apply only when the amended return is the only return filed and is being reprocessed as the taxpayer's original return. Prior to converting the amended return to an original return, complete a thorough search for the original return under any related or invalid TINs.

(2) To prepare the document for transcription, transfer the following information onto the current Form 1040, U.S. Individual Income Tax Return, or Form 6114, Prior Year and Conversion Form 1040 Edit Sheet, and attach all current schedules behind the Form 1040.

a. If valid, transfer the DLN from the subsequent Form 1040. Refer to IRM 21.5.2.4.23.3, DLNs Used for Reprocessing Documents, to determine if the DLN is valid or if a new DLN is required.

b. Recopy the DLNs.

Note: Some campuses color-code DLNs. If the year is present on Form 1040, recopy the DLN using the color according to local procedures. If the year is not present on Form 1040, recopy the DLNs using the correct color. Refer to Exhibit 21.5.2-1, Preparing Form 3893, Re-Entry Document Control.

c. Enter positive income not supported by a schedule or Form W-2 on the OTHER INCOME line of the prepared Form 1040.

#

e. If a separate to joint return is being processed as the original, verification of the withholding previously allowed on the account being backed out is not needed. Indicate on the Form 3893 Remarks area: “Withholding of $XXXX allowed from separate return.”

f. Staple the Form 1040-X and all necessary forms to the back of the Form 1040.

g. Edit the correct tax period ending at the top of Form 1040.

h. To freeze refunds of any credits holding on the module, enter Computer Condition Code (CCC) 3 on the reprocessable return. See IRM 21.6.7.4.2, Amended Return – No Original – TRNS29 (Amended Return Posts to an Account With No Original Return Present).

(3) For BMF returns, transfer information on returns filed on mag-tape to the appropriate form for processing to the correct EIN and Tax Period. Attach a photocopy or printout of mag-tape return behind the form as backup (with DLN voided.)

(4) When reprocessing employment tax forms, see IRM 20.1, Penalty Handbook, for instruction on possible manual adjustments to deposit penalties and “J” coding of return.

21.5.2.4.23.3
(10-27-2010)
DLNs Used for Reprocessing Documents

(1) When reprocessing a document, use the original document locator number (DLN) whenever possible.

Exception: All BMF returns being reprocessed will receive a new DLN. Line through the original DLN as outlined in IRM 21.5.2.4.23.7, Coding and Editing Procedures.

(2) If the original DLN is canceled, but is correct for the type of document to be reprocessed, it can be reused. Erase any line through on the number. If the DLN is still not legible, rewrite the same DLN above the original and include the list year digit.

(3) In certain instances, the original DLN is not valid for reprocessing. With a single stroke, line through the DLN (also applies to Form 8453, U.S. Individual Income Tax Transmittal for an IRS e-file Return, if electronically filed) and properly edit the return if:

a. The original DLN is incorrect for the type of document to be reprocessed. See IRM 3.10.73.8, Assignment of Document Locator Number (DLN), and applicable subsections for more information on when to request a new DLN.

Example: You are reprocessing a Form 1040-X, Amended U.S. Individual Income Tax Return, as the original return. A Form 1040 is prepared to reprocess the information on the Form 1040-X. The DLN for the Form 1040-X is now invalid to reprocess the Form 1040. Request a new DLN.

b. The document was originally processed in another campus or with a DLN now reserved for another campus.
c. The document is an early filed tax return and was processed to the incorrect year.
d. The Document Code is 47, 51, or 54.
e. The document is an electronically filed return.

(4) Reprocessed documents are input as non-remittance. If a payment was received with the original document, follow IRM 21.5.8, Credit Transfers.

21.5.2.4.23.4
(10-01-2018)
Statute Imminent Documents

(1) Refer any reprocessable return for which the assessment statute expiration date (ASED) has expired or is imminent, to the Statute Unit. Do not use Form 3893, Re-Entry Document Control to reinput returns when the statute for assessing tax expires within 6 months, or Form 13596, Reprocessing Returns, to reprocess returns when the statute for assessing tax expires within 90 days. **Do not abate tax on the incorrect module before referring the case to the Statute Function.**

Note: For specific reprocessing conditions applicable to Mixed Entity / Scrambled cases, see IRM 25.23.4.9.1, Determining When Specific Year Account Information Must Be Moved, and the applicable subsections.

(2) When forwarding a statute imminent return, notate on the routing slip the received date of the case that created the need for reprocessing the document (e.g., 2005 needs reprocessing – part of Mixed Entity DUPF with received date MM/DD/YYYY).

(3) See IRM 25.6, Statute of Limitations, and Document 7368, Basic Guide for Processing Statute Cases. IRM 25.6, contains Assessment Statute Expiration Date (ASED), Refund Statute Expiration Date (RSED), and Collection Statute Expiration Date (CSED) procedures.

Note: Clear BMF reinput and reprocessable statute imminent documents through the local Statute Unit prior to following transshipping procedures.

Note: Clear IMF re-input and reprocessable statute imminent documents through the local Statute Unit prior to following procedures in IRM 21.3.3.3.5, Submission Processing Consolidation (Rampdown). When forwarding a statute imminent return, notate on the routing slip the received date of the case that created the need for reprocessing the document (e.g., 2005 needs reprocessing – part of Mixed Entity DUPF with received date MM/DD/YYYY).

21.5.2.4.23.5
(11-10-2009)
Accounts with Audit Activity

(1) When a return has a renumbered Document Code 47 and is processed to an incorrect TIN or tax period, take the following action:

a. Secure the return and Form 5344, Examination Closing Record, from Files.
b. Input the necessary adjustments to the tax module and prepare the appropriate reprocessing form to reprocess the return using the original DLN. Form 3893, Re-Entry Document Control, is used for reprocessing an IMF return and Form 13596, Reprocessing Returns, is used to reprocess a BMF return. Refer to Exhibit 21.5.2-1, Preparing Form 3893, Re-Entry Document Control and Exhibit 21.5.2-2, Preparing Form 13596 – Reprocessing Returns for additional information on these forms. If the return is within 6 months of the ASED, follow IRM 21.5.2.4.23.4, Statute Imminent Documents.
c. Forward the Form 5344 to Examination Classification to determine if the audit adjustment is valid on the new module.

(2) To forward the Form 5344 to Examination Classification:

a. Use the Form 1725, Routing Slip, and indicate the correct TIN or tax period.
b. State the incorrect TIN or tax period is zeroed or adjusted, as applicable.
c. The case is to remain controlled to Accounts Management until selected by Examination.

Note: It is your responsibility to follow-up with Examination on all cases you refer to them. If the case is not returned in five business days, contact the Exam person that signed for your case.

(3) If the case is not selected by Examination, forward the Form 5344 to the Automated Non-MF Accounting Function to correct the audit assessment and retain the 23C date.

(4) Exam should return the referred case to Accounts Management within five (5) business days. If the case is not returned, follow-up with Examination to secure the case.

21.5.2.4.23.6
(03-10-2022)
Discriminant Function (DIF) SCORE or CLASSIFICATION "Send Return(s) to Examination for Review"

(1) The Discriminant Function (DIF) score is a formula used by the IRS to select returns for review.

(2) If the return is not processed as an original, it has bypassed DIF scoring.

(3) Returns that bypassed DIF scoring should be forwarded to Examination for classification in the following instances:

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#
#

Any line marked with a #
is for **Official Use Only**

#
#
#
#

(4) After adjusting the account, route the returns to Examination classification when the returns have bypassed DIF scoring and meet the criteria above. Use priority code 1 unless Item Reference Number (IRN) 871 is required. If IRN 871 is required, use priority code 2. See IRM 20.1.2.2.6.3, Wrong Return Posted First. Do not use a hold code unless required to issue a manual refund or separate IRM instructions specifically provides guidance on input of hold code.

Note: If using the CAT-A referral process through CII, **adjust the account** and refer to CAT-A using suspense reason HQ Reserved 6. Use priority code 1 unless IRN 871 is required. If IRN 871 is required, use priority code 2. See IRM 20.1.2.2.6.3, Wrong Return Posted First. Do not use a hold code unless required to issue a manual refund or separate IRM instructions provide guidance.

Exception: All International Identity Theft (IDT) cases are referred to Exam using CAT-A referral reason "INTERNATIONAL IDT BYPASS DIF" instead of HQ Reserved 6.

Note: Do not input TC 971 AC 013 when "selected" by examination.

(5) ASFR cases are forwarded to the Collection function.

Exception: IRC 6020(b) returns are handled by reviewing IRM 21.5.3.4.10, Returns Prepared Under IRC 6020(b) - Substitute for Return (SFR) .

21.5.2.4.23.7
(06-15-2022)
Coding and Editing Procedures

(1) A return must be complete before being sent for **reprocessing**. A reprocessable return has already been through Submission Processing initially and will typically be complete. However, if the return is missing information (e.g., signatures, schedules, forms) and correspondence has not previously been sent for the missing information, follow the steps below prior to forwarding the return for reprocessing.

a. Telephone or correspond for the missing information.

Reminder: Check the Correspondence Imaging Inventory (CII) for related cases. Any missing information, such as schedules, may be located on another CII case.

b. Suspend the case for 40 days (70 days for overseas taxpayers).
c. If the missing information is received, complete the necessary edits and forward for reprocessing.
d. If the missing information is not received, complete the necessary edits and enter any applicable Computer Condition Codes (CCC) "horizontally in the upper-center portion of the filing status section of the return" for (tax year 2017 and prior) and to the blank area below "Spouse was born" section for (tax year 2018 and later) prior to forwarding for reprocessing.

Enter “Reprocessable” on the top of the return prior to forwarding the return. Refer to *Computer Condition Codes*, for a listing of the different CCCs.

Note: CCC “3” is used to freeze overpayments on IMF returns when the necessary signatures are missing. CCC “3” is also used to prevent credit interest on BMF returns. Code incomplete IMF returns with CCC “U” to prevent the generation of credit interest.

Note: When CCC **“3”** is edited,edit it first. Edit all other codes in sequence found.

(2) Edit all BMF tax returns in green. Edit all other returns in red.

Note: When reprocessing a CII return, edits may be made electronically prior to forwarding to Submission Processing. Refer to IRM 21.5.1.5.5, Processing / Reprocessing CII Tax Returns.

(3) When reprocessing a BMF return:

a. Attach a completed Form 13596, Reprocessing Returns. Refer to Exhibit 21.5.2-2, Preparing Form 13596, Reprocessing Returns, for additional editing information.

Note: If a return has never been processed (e.g., has not posted to another year or TIN), attach a Form 1725, Routing Slip, or other local routing slip, and forward the return as received to Submission Processing. Ensure the IRS received date is entered on the return (See paragraph 3(d) ***Note*** below for additional information regarding the received date). If a Correspondence Imaging Inventory (CII) image is used and the return is signed, use the stamp tool or Text tool in the CII Document Viewer in CII and notate, **“CII IMAGE - Do not correspond for signature”** on the return and place the CII case ID in the upper left corner on the first page of the return. When reprocessing a return that was initially e-filed through the Modernized e-File Return (MeF) / Request Display (RRD) application, be sure to also line through ″**efile GRAPHIC print - DO NOT PROCESS**″ at the top of the first page prior to forwarding the document for reprocessing. Submission Processing will correspond for any missing information on these returns. Refer to IRM 21.5.1.5.5, Processing / Reprocessing CII Tax Returns, for additional information regarding CII returns.

b. TIN – if applicable, circle an incorrect TIN and enter the correct information above the circle.

c. If the return was “G” coded, circle out the “G” code. Circle out any other miscellaneous edits that are no longer necessary, such as annotations referencing duplicate, amended, or similar statements.

d. Edit the received date, and circle out any incorrect received dates if necessary. A received date is required on all reprocessed returns.

Note: If a stamped date is lacking, handwrite the date (based on envelope stamp date, DLN, etc.,) in the middle of the return. State IRS Receive Date above the date written.

e. Circle out the paid preparer information on Form 1041, Form 1065, Form 1120, and Form 1120-S if the “No” box is checked; neither box is checked; or both boxes are checked.

Note: Do not circle out the paid preparer information on other Form 1120 series returns.

Note: If the TC 976 is a MEF partnership return (DLN begins with 93) with 100 partners or more, edit the return with Computer Condition Code (CCC) 6, as described in 1(d) to ensure the Failure to File Electronically penalty is not assessed see IRM 21.7.4.4.2.8.1.1, Large Partnership Penalty for Failing to File Electronically, for more information on this penalty.

f. Line through the DLN.

Note: Do not block out the DLN as it may be needed for a future reference.

g. Tax Period – Circle any incorrect tax period and place the tax period in the upper right-hand corner of the first page in "YYYYMM" format for Form 1041, Form 1065 and Form 1120 series. For 94X series returns use a "YYYYMM" format.

h. No other edits are required.

i. Forward to Submission Processing.

(4) When reprocessing an IMF return:

a. Attach a completed Form 3893, Re-Entry Document Control, to the front of the document. Refer to Exhibit 21.5.2-1, Preparing Form 3893, Re-Entry Document Control.

Note: Form 3893 can only be used for reprocessing a return with a valid DLN, as outlined in IRM 21.5.2.4.23.3, DLNs Used for Reprocessing Documents. If the DLN is not valid, complete all necessary edits and forward to Submission Processing using local routing slip.

Note: If a return has never been processed (e.g. has not posted to another year or TIN), attach a Form 1725, Routing Slip, or local routing slip, and forward the return as received to Submission Processing. Ensure the IRS received date is entered on the return. If a CII image is used and the return is signed, use the stamp tool or Text tool in the CII Document Viewer in CII and notate, **CII IMAGE - Do not correspond for signature** on the return and place the CII case ID in the upper left corner of the return. Submission Processing will correspond for any missing information on these returns. Refer to IRM 21.5.1.5.5, Processing / Reprocessing CII Tax Returns, for additional information regarding CII returns.

Caution: Taxpayers have the option to electronically amend the current tax year and two prior year Form 1040 and Form 1040-SR returns that were originally e-filed through the Modernized e-File Return (MeF) application. The CII cases created by Account Management Services (AMS) will not contain a digital CII image; however, the documentation will remain available within the MeF Return Request Display (RRD) application. Make annotations using the Adobe Acrobat Pro software. If the Adobe Acrobat Pro software is not available to you, print the amended return documentation from the MeF / RRD application and have the documents associated with your CII case via a CIS association sheet. When reprocessing a return from MeF / RRD, be sure to line through "**efile GRAPHIC print - DO NOT PROCESS**" prior

to forwarding the document for reprocessing and annotate with "**MeF Return - Do not correspond for signature**" below the signature line, along with the CII Case ID in the upper left corner on the first page of the return. Refer to IRM 21.5.1.5.5, Processing/Reprocessing CII Tax Returns, for additional information regarding CII returns.

Caution: Form 1040-A and 1040-EZ are obsolete. If the taxpayer originally filed a Form 1040-A or 1040-EZ, convert the return to a Form 1040 for reprocessing.

b. Remittance – Circle the Remittance Processing System, (RPS) money amount, green rocker, or other remittance indicator to indicate a non-remittance return. Transfer the payment to the correct TIN or Tax Period. See IRM 21.5.7, Payment Tracers, and IRM 21.5.8, Credit Transfers, for additional information.
c. Presidential Election Campaign – Circle out unless you are processing to a different tax period. See IRM 21.6.7.4.12, Presidential Election Campaign Fund (PECF).
d. Received Date – Edit only if none present on the document.

If ...	And ...	Then ...
The return is received after the due date of the tax period		• Enter the received date in the center of page one for (tax year 2017 and prior) and in the empty space to the right of "Dependents" for tax year 2018 and later. • See IRM 21.5.1.4.2.4, Received Date Determination, and IRM 25.6.1.6.13, Determining the Received Date, for received date determination requirements.
Return is timely filed		• Do not edit the received date. • See Note following this table.
A numbered return is to be reprocessed	was originally a **remittance** return	Edit the received date as the calendar date of the Julian date in the original DLN.
A numbered return is to be reprocessed	was originally a **non-remittance** return	Edit the received date as the calendar date of the Julian date in the original DLN minus 10 days. **NOTE:** Do not allow the received date to be earlier than the date the taxpayer signed the return.

Note: When reprocessing a return prior to the due date of the tax period to which it posted, do not use the actual received date. Refer to IRM 21.5.1.4.2.4(3), Received Date-Determination. Mark the center of page one with the corrected received date. Also correct the Return Processable Date (RPD) if additional information is secured from the taxpayer.

e. Tax Period – Circle any incorrect tax period. You must always edit the tax period on prior year returns. If the return is for the current year and the tax period is incorrect, edit the tax period. Enter the tax period using a "YYYYMM" format to the right of the preprinted tax year.

f. Name, Address, and TIN – Circle any incorrect taxpayer information such as name, address, and / or TIN and enter the correct information above the circle.

g. Income, Tax, and Credits – Enter the tax information and any credit changes by putting an "X" to the left of the incorrect amounts. The correct amounts are put to the left of the "X".

Note: Consider previous adjustments to the account when editing the income, tax, and credits. Examples include previous adjustments due to an amended return or math error changes. Adjustments made by Examination will not be edited and are reprocessed as outlined in IRM 21.5.2.4.23.5, Accounts With Audit Activity.

h. Preparer and Third Party Designee information – Circle this information on TC 150 returns or when the return posted as a TC 976 because there is already a TC 150.

Exception: Do not circle out Third Party Designee information if reprocessing the return to a different tax year or Taxpayer Identification Number (TIN). The Third Party Designee information may be needed to discuss tax issues at a later time.

i. Miscellaneous Edits – Any previously edited items no longer desired can be edited by a circle. Circle (edit out) Computer Condition Code (CCC) "G". Refer to *Computer Condition Codes* and *Return Processing Codes* within the Document 6209 for additional information regarding Return Processing Code (RPC) and Computer Condition Codes (CCC) normally input by the Returns Analysis Function.

Reminder: Edit all returns carefully using red for IMF and TEGE returns and green for BMF returns.

21.5.2.4.23.8
(10-23-2015)
IDRS Account Actions

(1) When reprocessing a return as an original, certain account actions are required.

(2) In order to prevent unpostable code 188, a name line for the year being reprocessed **or** an earlier name line must be established. If the necessary name line does not already exist, establish the name line through Command Code INCHG by inputting the taxpayer's name, filing status, and the year of the return being reprocessed.

(3) Input a Transaction Code (TC) 971 Action Code (AC) 017 on the tax module where the return will post (receiving tax module). The TC 971 AC 017 indicates that the return for the receiving tax module is being reprocessed from another tax period / TIN (losing tax module) and cross references that account. Refer to IRM 21.5.1.4.8, Transaction Code 971, for additional information.

Note: The transaction date for the TC 971 AC 017 is the received date of the return being reprocessed from the losing tax module. Refer to IRM 21.5.1.4.2.4, Received Date – Determination, for additional information on determining received dates.

(4) If a TC 14X is on the IMF module, or if the BMF module shows current status 02 or 03, input a TC 599 with the appropriate closing code for your function. Accounts Management:

- 094 Taxable return secured
- 096 Non-Taxable return secured (Return shows no tax liability before prepaid credits)

See IRM 2.4.26.3, Command Code FRM49, for format and instructions on inputting these transaction codes.

For additional information see Document 6209, IRS Processing Codes and Information, under the *TDI Closing Codes* section. Only one TC 599 is required.

(5) Check for an extension of time to file (indicated by a TC 460). Verify that it should be removed and reinput to the correct tax module. Remove and reinput the extension using Command Code (CC) REQ77 with TC 460 / 462 on the gaining and losing modules, respectively. See IRM 2.4.19, Command Codes REQ77, FRM77 and FRM7A, for format and instructions for inputting a TC 460 / 462.

Caution: Input of TC 460 using CC REQ77 could prevent MF from using the 90% and 100% paid checks (depending upon the DLN blocking series used) when determining the Failure To Pay (FTP) Start Date. Analyze the module for FTP penalty considerations and adjust the penalty if necessary.

(6) The estimated tax penalty may need addressing on the losing module. Refer to IRM 20.1.3, Estimated Tax Penalties, for information on calculating the estimated tax penalty.

(7) See IRM 21.4.6, Refund Offset, when a refund offset occurred due to non-tax debt (TC 896 or TC 898 on the module).

(8) See IRM 21.4.6.5.7, Reasons to Reverse TOP Offset, for additional information when there is a TC 896 or TC 898 on the module.

21.5.2.4.23.9
(10-04-2021)
Moving Assessments

(1) Complete a Form 12810, Account Transfer Request Checklist, to request the assessment be moved from the incorrect account or period to the correct account or period. Include the following information:

- DLN
- TIN
- MFT
- Tax Period
- Complete Entity Information
- Civil Penalty Reference Number (if applicable)
- Abstract or Reference Number (if applicable)
- POA
- MF Transcript of the Account
- Transaction Codes

Caution: Do not request a complete account transfer if the account includes a transaction code (TC) 606. Refer to IRM 3.17.21.6.1, Processing Account Transfers to the Master File (IMF / BMF), for additional information. For

BMF accounts, penalty and interest accruals must first be brought up to date. The originator must either input a TC 290 for zero, with a priority code 5, or a TC 270 and TC 340 for the accrued amount if the account is restricted (G- or -I freeze). This action must be posted to the account before requesting an account transfer. Any BMF requests received that have not had the action taken to restrict the penalty and interest will be rejected back to the originator for resolution. For IMF the originator must either input a TC 290 for zero, with a priority code 5, or a TC 270 and TC 340 for the accrued amount if the account is restricted (G- or -I freeze). This action must be posted to the account before requesting an account transfer.

Reminder: Input the applicable TC 971 codes on the losing and receiving modules.

(2) Forward the completed Form 12810, Account Transfer Request Checklist, to the following E-mail address (secured E-mai) or eFax:

Campus	Forward To	E-mail / eFax	
Andover, Atlanta, Cincinnati, Brookhaven, Memphis, and Fresno	Kansas City Submission Processing Campus		# #
Philadelphia	Ogden Submission Processing Campus		# #
Austin	Austin Submission Processing Center		#

Note: All transfers involving Non-Master File (NMF) are processed at the Kansas City Submission Processing Campus.

21.5.2.4.23.10
(10-01-2020)
Moving Refunds

(1) Use the procedures contained in this subsection to move a refund.

Caution: If reprocessing a return and moving a previously issued refund, enter Computer Condition Code (CCC) O (use red if an IMF return and use green if a BMF return) in the filing status portion of the return for (tax year 2017 and prior) and to the blank area below “Spouse was born” section for (tax year 2018 and later) to prevent a second refund.

(2) Use a credit transfer instead of Form 12857, Refund Transfer Posting Voucher, to transfer a refund from the incorrect account for IMF and NMF only. This will systematically move the refund without the use of Form 12857. See IRM 21.5.8, Credit Transfers, for additional information.

Reminder: Accounts Management employees who have access to the Integrated Automation Technology (IAT) Credit Transfer tool are required to use the tool when inputting credit transfers.

(3) Use Command Code (CC) ADD48. Input TC 848 to reverse the TC 846 or TC 840, and input TC 849 to debit the account where the refund is being moved

to. Use the date of the TC 846 or TC 840 as the transaction date for the TC 848 and TC 849. If TC 776 / 770 credit interest from the refund is posted on the **secondary "from"** account, use CC ADJ54 to input a TC 772 on the **secondary "from"** account to reverse the credit interest and input a TC 770 on the **primary "to"** account to credit the account with the credit interest. Input TC 570 on the **secondary ″from″** account, if necessary, to hold the reversed credit interest from refund or offset until the second adjustment posts.

Note: To prevent unpostable code 188, a name line must be established for the year where the TC 849 will post or an earlier year. If the necessary name line does not already exist, establish the name line through Command Code INCHG by inputting the taxpayer's name, filing status, and year. See IRM 21.5.5.4.1, Preventing Unpostables.

(4) Input TC 470, if necessary, to hold balance due notices until the TC 848 posts. Monitor both sides of the credit transfer to ensure transactions post. See IRM 21.5.1.4.2.2, Integrated Data Retrieval System (IDRS)-Control Procedures, for monitor control procedures.

Note: When inputting an adjustment creating a credit and moving refund you MUST use a HC **1** to prevent an erroneous refund while waiting for the TC 849 to post.

(5) If not initiating a credit transfer to reverse the previously issued refund from the incorrect account or moving accounts on BMF, prepare Form 12857, Refund Transfer Posting Voucher.

Note: The use of an IAT Fill Forms tool is mandatory whenever preparing Form 12857 to reverse the previously issued refund from the incorrect account. If moving a refund as part of the erroneous refund process, you can use the fill form option available within the IAT Erroneous Refund tool.

(6) Form 12857 has two parts:

- Part A will list the information relative to the account the refund needs to be posted "To"
- Part B will have the information relative to the account where the TC 840 / 846 is currently posted and being transferred "From"

(7) In addition to any other necessary remarks, include the split refund code (SPL-REF-CD on TXMOD) in box 9 of the Form 12857. The split refund code is needed to avoid unpostable code 138.

(8) Form 3809, Miscellaneous Adjustment Voucher and Form 3753, Manual Refund Posting Voucher, can be used in lieu of Form 12857. It is recommended to use Form 12857.

(9) Send Form 12857 to the Accounting function to initiate the manual process of posting the TC 840 / 841 using Form 3210, Document Transmittal.

Note: For ID Theft cases, annotate the remarks section of Form 3210 with "ID Theft - please expedite." Include IDRS prints showing the refund that is being moved and a print showing that the module for the ″to″ side is established.

Note: For Manual Refund Team Contact Information (Accounting Function), please see Exhibit 21.4.4-3, Accounting Function - Manual Refund Team Contact Information.

(10) Input TC 470 to hold balance due notices until the TC 840 / 841 post. When the TC 840 / 841 posts, the account will balance. Input TC 971 (action code 030) on both accounts to cross reference the TC 840 / 841 refund reversal. Use the transaction date of the TC 846.

Note: Form 12857 is processed manually. The TC 840 and TC 841 may take 6-8 weeks to post to master file.

Reminder: If an incorrect account number is referenced on TC 971 AC 030, enter a new TC 971 AC 030 with the cross reference account number.

21.5.2.4.23.11
(03-10-2022)
Reprocessing "Dummy" Returns

(1) You may be unable to secure a copy of a return needed for reprocessing. Available Command Codes, such as CCs RTVUE / BRTVU or TRDBV, may provide sufficient information to recreate the return. If enough information is available, a "dummy" return can be completed and forwarded to Submission Processing for posting to the correct account.

Note: Do not request the return from files for reprocessing ″dummy″ returns. If the Modernized e-file system (MeF) return is available on the AMS system, through the Employee User Portal (EUP) application, you can print and process the return.

Note: If you are in contact with the taxpayer, request a faxed copy of the needed return or if you receive a copy of the return with a correspondence case. This faxed / correspondence copy may be reprocessed by following the applicable steps outlined below. The return information from the faxed returns does not have to be transferred to a new form.

(2) Prepare the "dummy" return for reprocessing as follows:

a. Complete a tax return using the available information from the applicable Command Codes.

Reminder: Ensure the tax return being completed is the same as the document submitted by the taxpayer – e.g., if the document submitted was a Form 1040-SR, U.S. Income Tax Return for Seniors, use a Form 1040-SR for creating the "dummy" return. Do not use a Form 1040.

Exception: Form 1040-A and 1040-EZ are obsolete for tax year 2018 or later. If the taxpayer originally filed a Form 1040-A or 1040-EZ, convert the "dummy" return to a Form 1040 for reprocessing.

Reminder: When processing mixed period cases, ensure the tax return is completed using the correct tax year. Refer to IRM 21.5.2.4.23.7, Coding and Editing Procedures, for additional information on annotating any corrections needed (e.g., exemption or deduction amount difference).

b. Write the DLN from the document you could not secure across the top right hand corner of the "dummy" return.

Exception: Some returns will require a new DLN. See IRM 21.5.2.4.23.3, DLNs Used for Reprocessing Documents, for additional information.

c. Attach a print of the Command Code information to the back of the "dummy" return.

d. On the signature line, indicate "Original signed – Dummy return to post information to the correct TIN / Tax Year – Do not correspond for signature" or something similar.

(3) Once completed, forward the return for reprocessing with the applicable form – Form 3893, Re-Entry Document Control for IMF, or Form 13596, Reprocessing Returns, for BMF. See IRM 21.5.2.4.23, Reprocessing Returns / Documents, for additional information.

21.5.2.4.24
(12-07-2021)
Shipment of Source Documents

(1) Return to the taxpayer any original documents (e.g., birth certificates, death certificates, driver's license, Social Security cards, cancelled checks, etc.,) upon resolution of the issue, unless the taxpayer indicates returning the document is unnecessary.

(2) Forward source documents (in separate folders labeled by type) to campus files within five (5) workdays of input.

Note: If a source document is discovered not to have been forwarded to files within ten (10) workdays of input, complete either Form 10023-B, Attachment (To Be Associated With Return), or Form 9856, Attachment Alert, and include the form within the source document folder.

(3) Mail / route source documents immediately after Quality Review is complete. If the source document will be retained beyond seven (7) workdays for completion of certain ADJ54 transaction cases, input "R" in the remarks field of the input screen. Notify the Files Management Unit immediately of any anticipated shipment delays.

(4) Route all adjustment documents to Files marked Attn: Files Management Unit. Complete Form 4442/e-4442, Inquiry Referral, e-4442, or Form 8485, Assessment Adjustment Case Record. Include the IDRS sequence number in the top right corner before placing the documents in the employee folder.

(5) Prepare separate adjustment folders for each date and type of input. Label the outside of each folder as follows:

a. Employee IDRS Number.
b. Input Date.
c. Category of source documents.
d. Sequence Number (e.g., 01 - 14).
e. Quality Review Release Date (e.g., 09/30/21).

Reminder: Local procedures may impose additional or alternate requirements.

(6) Prepare a separate folder for ADJ54 case actions. Date and sequentially number (legibly and readily available for files to recognize) the Form 8485 or

other worksheets used to notate the case and account actions taken. This will help files maintain the integrity of the cases. Place other transactions (e.g., credit transfers) in a separate "Other Documents" folder and ship daily.

(7) Remember to insert your source documents into your folder as soon as you complete the IDRS account adjustment. If you forget to insert a document into the folder, **do not** destroy the document. Obtain the DLN and send to files to be associated with your case file. If the source document is not included in your folder, the Files Management Unit may contact you requesting the document.

21.5.2.4.25
(04-22-2022)
Request for Alternative Language Products by Taxpayers With Limited English Proficiency (LEP)

(1) Individuals use *Schedule LEP*, Request for Change in Language Preference, to elect to receive certain types of written correspondence from the IRS in another language. Refer to IRM 22.30.1.8.15.4.1, Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency (LEP) and Return Preparation Service, for background information on Schedule LEP. Taxpayers can request this preference change verbally:

- Verbally, through oral statement,
- by attaching a *Schedule LEP* to a Form 1040, U.S. Individual Income Tax Return, Form 1040-X, Amended U.S. Individual Income Tax Return, or duplicate return, or
- by filing the Schedule LEP by itself

Process the request using IDRS CC REQ77 on CC ENMOD. Input a TC 971, Action Code 192, using the appropriate Miscellaneous Code field based upon the taxpayer's selection in the table below.

Note: For the Miscellaneous Code field input, you must start the corresponding three-digit code in the third position of the "MISC>" field. **Example:** "MISC>xx001" (xx = two blank spaces).

Caution: Ensure you enter the TC 971 AC 192 on the SSN that appears on the Schedule LEP. If the taxpayer who filed the Schedule LEP is listed as the secondary taxpayer on a married filed joint return, ensure you enter the TC 971 AC 192 only on the account of the spouse making the request.

Caution: If the name and SSN that appear on the Schedule LEP do not match or if the selection is not clearly marked (i.e., illegible or multiple selections), do not update the language preference. Send an applicable "C" letter to the taxpayer advising that we could not process the Schedule LEP and to resubmit the corrected schedule.

Reminder: If a language preference change is necessary and the taxpayer requests the change using oral statement, the preference update can be made using IDRS CC REQ77. The taxpayer will not be required to submit the Schedule LEP.

Taxpayer Selection	Miscellaneous Code
English	000
Spanish	001

Taxpayer Selection	Miscellaneous Code
Korean	002
Vietnamese	003
Russian	004
Arabic	005
Haitian Creole	006
Tagalog	007
Portuguese	008
Polish	009
Farsi	010
French	011
Japanese	012
Gujarati	013
Punjabi	014
Khmer	015
Urdu	016
Bengali	017
Italian	018
Chinese (Traditional)	019
Chinese (Simplified)	020

Note: Should an additional change in a language preference be required, i.e., from Spanish back to English, there is no need to input a TC 972 AC 192 reversal. The input of a subsequent TC 971 AC 192 will systemically generate a TC 972 AC 192 to reverse the previous transaction.

21.5.2.4.26
(12-05-2022)
Form 9000, Alternative Media Preference

(1) Individuals use Form 9000, Alternative Media Preference, to elect to receive certain types of written correspondence from the IRS in an accessible format, such as large print, braille or audio. Taxpayers can request this preference change:

- Verbally, through oral statement,
- Attaching a Form 9000 to a Form 1040, U.S. Individual Income Tax Return, Form 1040-X, Amended U.S. Individual Income Tax Return, duplicate return, or
- Filing the Form 9000 by itself

Process the request using CC REQ77 on CC ENMOD. Input a TC 971, Action Code 592, using the appropriate Miscellaneous Code field based upon the taxpayer's selection in the table below:

a. For the Miscellaneous Code field input, you must input the corresponding two-digit code in the first position of the **MISC>** field.

Example: **MISC>01**, for large print.

b. In the Secondary date field, enter the received date. If the Form 9000 does not have a received date, refer to IRM 21.5.1.4.2.4, Received Date - Determination.

Example: If the received date is December 15, 2022, input 12152022.

Caution: Ensure you enter the TC 971 AC 592 on the SSN that appears on the Form 9000. If the taxpayer who filed the Form 9000 is listed as the secondary taxpayer on a married filed joint return, ensure you enter the TC 971 AC 592 only on the account of the spouse making the request.

Caution: If the name and SSN that appear on the Form 9000 do not match or if the selection is not clearly marked (i.e., illegible or multiple selections), do not update the preference. Send an applicable "C" letter to the taxpayer advising that we could not process the Form 9000 and to resubmit the corrected form.

Reminder: If a media preference change is necessary and the taxpayer requests the change using oral statement, the preference update can be made using CC REQ77. The taxpayer will not be required to submit the Form 9000.

Taxpayer Selection	Miscellaneous Code
Standard Print	00
Large Print	01
Braille	02
Audio (MP3)	03
Plain Text File (TXT)	04
Braille Ready File (BRF)	05

Note: Should an additional change of preference be required, i.e., from braille back to standard print, there is no need to input a TC 972 AC 592 reversal. The input of a subsequent TC 971 AC 592 will systemically generate a TC 972 AC 592 to reverse the previous transaction.

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Exhibit 21.5.2-1 (12-03-2004)
Preparing Form 3893, Re-Entry Document Control

Prepare a Form 3893, Re-Entry Document Control, to reprocess the tax return. Complete all required blocks on Form 3893 as follows:

a. File Type – Check the appropriate box for IMF or Other (for IRAF).
b. Block 1 – Leave blank.
c. Block 2 – Enter the first eleven digits of the document locator number (DLN).
d. Block 3 – Leave blank.
e. Block 4 – Document count not to exceed 100.
f. Block 5 – Leave blank.
g. Block 6 – Leave blank.
h. Block 7 – Leave blank.
i. Block 8 – Leave blank.
j. Block 9 – Enter only if MFT 05, 06, 15, or 29; otherwise leave blank.
k. Block 10 – Leave blank.
l. Block 11 – Check appropriate box.
m. Block 12 – Enter the 14th digit of the DLN from the source document. If the year digit is not shown, determine the correct year from the DLN color or from other information on the document.

If the Color is ...	Then the Year Digit is ...
Green	0 or 5
Purple	1 or 6
Red	2 or 7
Black	3 or 8
Blue	4 or 9

n. Block 13 – Leave blank.
o. Block 14 – For all documents notate information needed to clarify the reason for processing or to preserve the audit trail.
p. Block 15 – Always check “Non-remittance”.
q. Block 16 – Enter digits 12 and 13 of the DLN.
r. Block 17 – Enter your name or employee number, telephone number, and the current date. Mark the appropriate box for your organization.
s. Block 18 – Leave blank.
t. Block 19 – Mark the appropriate box to explain the action taken.

Exhibit 21.5.2-2 (06-13-2007)
Preparing Form 13596 – Reprocessing Returns

Prepare a Form 13596, Reprocessing Returns, to reprocess a BMF return. Complete all required blocks on Form 13596 as follows:

a. Enter the employee number and date in the first two boxes.
b. Correcting the TIN – Enter the correct TIN, if the TIN shown on the return is incorrect.
c. Correcting yearly or quarterly returns – Enter the correct period for the return being reprocessed. If correcting a yearly return, use the "YYYYMM" format. If correcting a quarterly return, use "YYYY" format and check the appropriate quarterly box.

Caution: Some returns may have a tax period ending prior to the last day of the month. Use the following table to determine the correct tax period for the 52 - 53 week return.

If the tax period ended	Then
Less than 7 days before the end of the month	that month is the end of the tax period
Within the first 4 days of the month	the previous month is the end of the tax period

d. CP 190, *Notification that an amended return was received but an original return was not received* – box is checked if reprocessing a TC 976 document as the original return.
e. Reasonable cause – check the appropriate box if reasonable cause is being allowed.
f. Remarks – enter any remarks, as needed to help process the return correctly.