



INDEPENDENT OFFICE  
OF APPEALS

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, DC 20224

March 20, 2026

Control No. AP-08-0326-0008  
Expiration Date: 03/20/2028  
Affected IRM: 8.20.5

MEMORANDUM FOR DIRECTOR, EXAMINATION APPEALS  
DIRECTOR, CASE SUPPORT

FROM: Steven M. Martin /s/ *Steven M. Martin*  
Director, Operations Support

SUBJECT: New IRM processes for Employee Retention Credit (ERC) cases  
and ERC claim cases

This memorandum supersedes interim guidance (IG) AP-08-0425-0003, New IRM processes for Employee Retention Credit (ERC) cases and ERC Claim Cases, serving as the guidance for processing ERC cases from Taxpayer Services (TS) Accounts Management (AM) and Small Business/Self-Employed (SB/SE) locations. This IG modifies AP-08-0425-0003 to include information from the One Big Beautiful Bill Act. Please distribute this information to all impacted employees within your organization.

**Purpose:** This memorandum updates IRM 8.20.5.9, Audit Reconsideration Case Carding, and IRM 8.20.5.10.1.1, Claim or Overassessment Case Carding, to provide guidance on using appropriate feature codes (FC) and LOC11 dates for ERC cases and ERC claim cases.

**Background/Source(s) of Authority:** The ERC allows credits against certain employment taxes paid by qualifying businesses during the COVID-19 pandemic. This credit is claimed on employment tax returns. Due to various issues during these tax periods, the IRS postponed processing approximately 1.2 million ERC claims. The IRS recently began working through a backlog of claims resulting in the IRS Independent Office of Appeals (Appeals) encountering this workstream more frequently. Protests are being received in TS and claims are being forwarded to Compliance for consideration. If the claim is disallowed, and the taxpayer still requests an appeal, SB/SE will forward the case to Appeals electronically. Upon receipt, Account and Processing Support (APS) should follow existing paperless procedures and use appropriate codes as set forth below.

**Procedural Change:** Changes impacting IRM 8.20.5, Carding New Receipts, can be found in the attachment.

**Effect on Other Documents:** This guidance will be incorporated into the affected IRM within two years of the date of this memorandum.

**Effective Date:** This guidance is effective as of the date of this memorandum.

**Contact:** Appeals employees should follow existing procedures to elevate questions through their management chain and follow established procedures on How to Contact an Analyst.

Attachment

cc: [www.irs.gov](http://www.irs.gov)

### **8.20.5.9 (MM-DD-YYYY) Audit Reconsideration Case Carding**

Modify (3) as follows:

(3) Follow normal carding procedures and enter FEATRCD RE.

**Note:** If the case has Employee Retention Credits (ERC), then also add FEATRCD RC.

### **8.20.5.10.1.1 (MM-DD-YYYY) Claim or Overassessment Case Carding**

Revise (1) and add (3) as follows:

(1) Establish the case on ACDS following normal carding procedures, except for the following ACDS fields:

- a) STATDATE - Enter the assessment statute date if it has not expired; if the statute has expired, leave blank.
- b) Statute CODE - Enter CLAIM.
- c) DDAMTCLM - Enter the claim amount disallowed for Field Compliance cases (see page two of AMDISA).
- d) APPAMTCLM - Enter the amount that was disallowed on the Letter 105-C, Claim Disallowed, or Letter 106-C, Claim Partially Disallowed, if the claim is received from a Campus. Campus-sourced claims are not controlled on AIMS, so page two of an AMDISA will not be available.
- e) FEATRCD – Enter RC for ERC claims.
- f) LOC11 Date – Enter the date of issuance for Letter 105-C and/or Letter 106-C.

**Reminder:** If the front page of the Letter 105-C/106-C is missing, enter the following comment in the NOTE field: "Unable to determine claim amount."

(2) Letter 105-C/106-C claims involving ERC should arrive from Compliance after merits of the claim have been considered. Claims that arrive from Taxpayer Services (TS) Accounts Management (AM) should be rejected back to the originating function.

**Exception:** Claim cases that fall under the purview of Section 70605(d) of the One Big Beautiful Bill Act will arrive from TS AM and should not be rejected back to the originating function. Section 70605(d) prevents the IRS from allowing or refunding ERCs after July 4, 2025, for the third and fourth quarters of 2021, if those claims were filed after January 31, 2024. Those cases will be identified as either (i) AM ERC Claim Timeliness, merits considered, or (ii) AM ERC Claim Timeliness, merits not considered. These cases should be carded in like any other case and assigned to an Appeals Officer for a timeliness determination.