

INTERIM IRM PROCEDURAL UPDATE

DATE: 03/15/2011

NUMBER: SBSE-20-0311-0572

SUBJECT: IRC 6611(e)(4) - 180-day Interest-Free Period for Overpayments Resulting from Chapter 3 Withholding

AFFECTED IRM(s)/SUBSECTION(s): 20.2.4

CHANGE(s):

IRM 20.2.4.7.6 - Contains new material describing the 180-day interest-free rule for overpayments resulting from Chapter 3 withholding.

1. In 2010, Public Law 111–147 (HIRE Act), added IRC 6611(e)(4) to increase the interest-free period from 45 days to 180 days on any overpayment resulting from tax deducted and withheld under Chapter 3 (withholding of tax on non-resident aliens and foreign corporations) or Chapter 4 (taxes to enforce reporting on certain foreign accounts) of the Internal Revenue Code.

2. IRC 6611(e)(4) substitutes "180 days" for "45 days" each place it appears in IRC 6611(e)(1), refunds after return is filed (see IRM 20.2.4.7.5.2); IRC 6611(e)(2), refunds after claim for credit or refund (see IRM 20.2.4.7.5.3); and IRC 6611(e)(3), IRS-initiated adjustments (see IRM 20.2.4.7.5.5).

3. Effective date amended section IRC 6611(e)(4) applies to:

- Refunds on original returns with due dates (determined without regard to extensions) after March 18, 2010.
- Refunds after claims for credit or refund on amended returns and claims filed after March 18, 2010 (regardless of the taxable period to which such refund relates).
- IRS-initiated adjustments resulting in refunds and/or credits of an overpayment or interest after March 18, 2010 (regardless of the taxable period to which such refund relates).

NOTE: In practice, the effective date of IRC 6611(e)(4) for overpayments originating from Chapter 4 adjustments will not take place until after December 31, 2012, the date payments under IRC 1471 through IRC 1474 of Chapter 4 are recognized as being made.