



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

July 13, 2021

Control Number: SBSE-05-0721-0038
Expiration Date: January 1, 2022
Affected IRMs: 5.11.2; 5.19.4

MEMORANDUM FOR ALL COLLECTION EXECUTIVES

FROM: Kareem Williams Kareem Williams
Acting Director, Collection Policy

SUBJECT: Deviation for Levy Actions Involving
Advance Payment of Child Tax Credit (CTC)

Purpose: With this memorandum, we are implementing a temporary deviation that provides guidance as to the collection activities that modify release of levy procedures in certain situations.

Background: Beginning in July, the Internal Revenue Service and the Treasury Department will begin issuing monthly advance payments of the tax year 2021 Child Tax Credit (CTC) to millions of Americans as part of the American Rescue Plan Act of 2021.

The American Rescue Plan requires the IRS to pay half of the CTC in advance. The IRS will send out a payment (mainly in the form of direct deposits) periodically from July through December to eligible families. The IRS will determine eligibility for the credit and advance payments, and calculate the amount of the advance payment, based on previously filed tax returns. It will first look to filed 2020 tax returns, and if a 2020 return has not yet been filed, the IRS will look to filed 2019 tax returns. The maximum advance CTC an eligible filer may receive is \$300 a month (July to December) per qualifying child ages 5 and under at the end of 2021 or \$250 a month per qualifying child ages 6 through 17 at the end of 2021. This amount phases out based on filers modified adjusted gross income (AGI) in 2021.

Procedural Change:

Pre-levy determinations

- When possible, determine if the taxpayer is receiving periodic payments for the CTC and in what amount, where the funds are deposited, and when.
- Employees should not levy on a bank account that contains periodic Advance CTC funds unless it is known that the account holds more than the eligible maximum advanced CTC.
- Review IDRS to determine if periodic CTC payments are made

prior to levy. Payments can be identified by finding TC 290 for .00 with CRN 272 indicating the monthly amount. TC 290 will be input to 30/202112.

Levy Release Determinations (See IRM 5.11.2.3 & 5.19.4.4.10).

When Advance Child Tax Credit funds are levied inadvertently, employees must release the levy on the Advance Child Tax Credit funds. If payments are monthly, additional levies should not be issued on the account until the conclusion of monthly payments at the end of 2021, unless it is known that the account holds more than the eligible maximum advanced CTC. Payments can be identified by finding TC 290 for .00 with CRN 272 indicating the monthly amount. TC 290 will be input to 30/202112.

If an employee believes that exigent circumstances exist not to release the levied CTC funds, the matter must be elevated to the Area Director or Campus Director and documented in the case history before communicating any decision to the taxpayer.

- An exigent circumstance involves the final loss of opportunity for the government to collect taxes due, such as the expiration of the statute of limitations, assets that taxpayers place beyond the reach of the government, etc. Generally, the taxpayer's indication that he/she may file for bankruptcy is not an exigent circumstance.

Additional References:

- [Expiration of People First Initiative Suspension of Certain Collection Activities](#), dated July 10, 2020
- [Field Collection Interim Guidance for COVID-19](#), dated July 10, 2020
- [SBSE-05-1020-0090](#), "Pre and Post Levy Actions Involving Paycheck Protection Program (PPP) Funds," dated October 30, 2020
- [SBSE-05-0121-0007](#), "Pre and Post Levy Actions Involving Economic Aid Act Paycheck Protection Program (PPP) Funds (Deviation)," dated January 13, 2021.
- [SBSE-05-121-0009](#) "Pre and Post Levy Actions Involving Economic Impact Payments (Deviation) dated January 20, 2021
- [SBSE-05-0321-0020](#) "Deviation for Pre and Post Levy Actions Involving Recovery Rebates to Individuals" dated March 18, 2021

If you have any questions, a member of your staff may contact Collection Policy Enforcement Program Analysts James Maslanka, Michael Williams, or Suzanne Wolfe.

cc: Director, Collection
Director, Headquarters Collection
Director, Campus Collection
Director, Field Collection
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