

## INTERIM IRM PROCEDURAL UPDATE

**DATE: 12/30/2011**

**NUMBER: SBSE-20-1211-2019**

**SUBJECT: Update to Include the CADE 2 Processing Routine**

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

**CHANGE(s):**

**IRM 20.2.4.7.1.1 – Systemic Refund Dates for IMF and BMF**, provides a major revision to include the CADE 2 processing routine.

1. IRC 6611(b)(2) provides that interest on overpayments refunded to taxpayers will run until a date "preceding the date of the refund check by not more than 30 days."

The date of the refund check for computer-generated Individual Master File (IMF) and Business Master File (BMF) refunds is:

- o CADE 2 (IMF): Date shown with the literal "RFND-PAY-DT" / "RFND-PYMT-DT" that accompanies TC 846. CADE 2 processing is **effective January 2012**.
- o IMF: 23C Date of the TC 846 minus 3 calendar days, for refunds processed **prior** to CADE 2 implementation (minus 10 calendar days for direct deposit).
- o BMF: 23C Date of the TC 846 plus 1 calendar day (minus 6 calendar days for direct deposit).

**NOTE:** CADE Accounts: Beginning in mid-2004 a sub-set of IMF accounts began to be moved, processed by and reside in CADE. Transactions posted by CADE (2004 through 2011) will have Day Designations of 01 through 05 in the "DD" (Day/Day) portion of the posting cycle (YYYYCCDD). See IRM 3.30.123.4.9, *Customer Accounts Data Engine (CADE) Cycle*, for additional information related to CADE account processing information, when applicable.

2. Credit interest on systemic refunds is computed to:
  - o CADE 2 (IMF): "RFND-PAY-DT" / "RFND-PYMT-DT" minus 6 business days (minus 4 business days for direct deposit) **effective January 2012**.

**NOTE:** If a systemic refund is being issued with a manual interest calculation (TC 770), calculate interest to the 23C Date minus 18 calendar days.

- IMF: 23C Date minus 13 calendar days (minus 20 calendar days for direct deposit), for refunds processed **prior** to CADE 2 implementation (January 2012).

**NOTE:** See IRM 3.30.123.4.9, *Customer Accounts Data Engine (CADE) Cycle*, for additional information related to CADE account processing information (effective 2004 through 2011), when applicable.

**NOTE:** Prior to July 10, 1984, credit interest on IMF accounts was computed to the 23C Date minus 12 days.

- BMF: 23C Date minus 9 calendar days (minus 16 calendar days for direct deposit).

**NOTE:** Prior to July 10, 1984, credit interest on BMF accounts was computed to the 23C Date minus 7 calendar days.

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- 3. To determine if the TC 846 amount was direct deposited, look for a Direct Deposit (DD) indicator on TXMOD or IMFOLT (DD: "0" for paper check, "9" for direct deposit) near the right margin either on the same line as the TC 846 or the next line. See IRM 3.14.1.5.4.3, *Direct Deposit Refunds*, for additional identifiers of direct deposit refunds.
- 4. The back-off period is applicable to systemic refunds, not manual refunds.

**IRM 20.2.4.7.5.2 – 45-Day Rule and All Original Tax Returns**, provides a major revision to include the CADE 2 processing routine.

- 3. Add 45 days to the later of these dates. If the date of the refund check is not ***on or before*** that date, interest must be allowed on the refund.

**NOTE:** The date of the refund check for computer-generated refunds is:  
CADE 2 (IMF): Date shown with the literal "RFND-PAY-DT" / "RFND-PYMT-DT" that accompanies TC 846. CADE 2 processing is **effective January 2012**.  
IMF: 23C Date of the TC 846 minus 3 calendar days, for refunds processed **prior** to CADE 2 implementation (minus 10 calendar days for direct deposit).  
BMF: 23C Date of the TC 846 plus 1 calendar day (minus 6 calendar days for direct deposit).

- 4. Systemic calculation of credit interest on refunds is computed TO:

- CADE 2 (IMF): "RFND-PAY-DT" / "RFND-PYMT-DT" minus 6 business days (minus 4 business days for direct deposit) **effective January 2012.**

**NOTE:** If a systemic refund is being issued with a manual interest calculation (TC 770), calculate interest to 23C Date minus 18 calendar days.

- IMF: 23C Date minus 13 calendar days (minus 20 calendar days for direct deposit), for refunds processed **prior** to CADE 2 implementation (January 2012).

**NOTE:** CADE Accounts: Beginning in mid-2004 a sub-set of IMF accounts began to be moved, processed by and reside in CADE. Transactions posted by CADE (2004 through 2011) will have Day Designations of 01 thru 05 in the "DD" (Day/Day) portion of the posting cycle (YYYYCCDD). See IRM 3.30.123.4.9, *Customer Accounts Data Engine (CADE) Cycle*, for additional information related to CADE account processing information, when applicable.

- BMF: 23C Date minus 9 calendar days (minus 16 calendar days for direct deposit).

**IRM 20.2.4.7.5.4 - 45-Day Rule and Master File (Amended Returns and Claims)**, updated to clarify and add information of when to input the AMD-CLMS-DT.

2. Unless specifically excluded by separate IRM instructions (see examples below), the AMD-CLMS-DT field is completed for **all** overpayment adjustments resulting from claims or amended returns, including the adjustments input by the Code and Edit Function (CC ADJ54–TC 29X and Blocking Series 200–299), regardless of whether or not the 45-day period is met. (Solely for the purpose of moving inventory, the AMD-CLMS-DT can be input on adjustments recording a tax increase or decrease.)

Do not input an AMD-CLMS-DT when processing:

- Requests to correct math errors. See IRM 21.5.3.2, *What Are Claims for Credit, Refund, and Abatement?*. An overpayment adjustment to a tax module involving both math error and non-math error changes will require the input of two separate adjustments. See IRM 3.11.6.9.7, *mended Claims Date*.
- Injured spouse allocation refunds. See IRM 21.4.6.5.11.7, *Issuing the Injured Spouse Refund*.