



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

WAGE AND INVESTMENT DIVISION

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MEMORANDUM FOR DIRECTOR, Identity Theft Victim Assistance (IDTVA)

FROM: James P. Clifford /s/ *James P. Clifford*
Director, Accounts Management

SUBJECT: Interim Guidance on Allegations of Return Preparer Misconduct for IDTVA
RPM Accounts Management (AM) ONLY for Cases Tax Year 2013 (and
prior) Received On or Before 12/31/2015

This memorandum issues guidance on Return Preparer Misconduct procedures for cases prior to tax period 2014 that are being held pending policy decisions. The guidance will be used for those cases suspended on or before 12/31/2015 ONLY.

NOTE: For TY 2013 cases suspended after 12/31/2015 and any current cases (regardless of tax year), guidance in IRM 25.24.2, *Return Preparer Misconduct Victim Assistance Specialized Accounts Management Processing*, should be followed.

Previous interim guidance (WI-25-0815-02) provided instruction to suspend cases that resulted in a balance due situation and Category 3 and Category 4 cases. This document will provide guidance for the resolution of the suspended case inventory.

Based on recent policy decisions, procedures have been established that include additional requirements regarding ghost preparer documentation, refund trace and official law enforcement agency report requirements. This interim guidance includes special considerations when addressing these additional requirements and for the balance due cases regarding penalties.

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I. Return Preparer Misconduct (RPM) Program

A. Background

- (1) Unscrupulous return preparers may alter taxpayer tax data (includes but is not limited to falsified dependents, expenses, deductions, credits, income, refund amount, etc.) and/or misdirect a portion or all of the refund. Taxpayers may become aware of misconduct through taxpayer initiated contact (Toll-Free, Field Assistance, Taxpayer Advocate Service, etc.) or through IRS enforcement investigative processes (Revenue Agent (RA) or Tax Compliance Officer (TCO) contact, Automated Underreporter (AUR) correspondence, campus examination correspondence, Revenue Officer (RO) contact, Criminal Investigation (CI) inquiries, etc.).
- (2) The IRS may provide relief to taxpayers when the return preparer has altered a taxpayer's tax data and/or misdirected a portion or all of a refund. Taxpayers who claim to be a victim of return preparer misconduct may submit a complaint and the required documentation to the IRS to request assistance and relief.
- (3) The policy statement relating to return preparer misconduct can be found in IRM [1.2.24.2](#), *Policy Statement 25-2*.
- (4) Per the Taxpayer Bill of Rights, taxpayers have the right to expect a fair and just tax system which provides taxpayers with the opportunity to have their facts and circumstances considered when it might affect their underlying liabilities, ability to pay, or ability to provide information timely. Taxpayers have the right to receive assistance from the Taxpayer Advocate Service (TAS) if they are experiencing financial difficulty or if the IRS has not resolved their tax issues properly and timely through normal channels. IRS employees must be informed about taxpayer rights and be conscientious in the performance of their duties to honor, respect and effectively communicate those rights. Refer to <https://www.irs.gov/Taxpayer-Bill-of-Rights>, for additional information.

B. Definitions of Key RPM Terminology

This section provides an **overview** of terminology used throughout this guidance. These definitions are only for the purposes of this guidance. The specific criteria for acceptance, relief and resolution will be discussed in subsequent sections.

- (1) **Preparer Misconduct:** As defined in IRM [25.23.1.9](#), *Key Definitions*, return preparer misconduct generally involves the orchestrated preparation and filing of false income tax returns (in either paper or electronic form) by unscrupulous preparers who may change direct deposit information or claim, for example:
 - o Inflated personal or business expenses;
 - o False deductions;
 - o Unallowable credits;
 - o Excessive exemptions;
 - o Fraudulent tax credits such as the Earned Income Tax Credit (EITC); or

The preparer's clients may or may not have knowledge of the false expenses, deductions, exemptions and/or credits shown on their tax returns.

Example: A taxpayer used a preparer in 2013 to prepare and file Form [1040](#). The preparer changed the return by increasing the withholding tax claimed and diverted the resulting refund into the preparer's personal account.

Preparer misconduct may also involve situations in which the preparer misdirects the refund into an account(s) under the preparer's control.

- (2) **Return Preparer Definitions: The preparer definitions below are for the purposes of this guidance only.**
- **Signing Preparer** – Preparer information appears on the processed tax return. An individual who prepares federal tax returns for compensation is required to have a Preparer Tax Identification Number (PTIN) issued by the IRS and must enter it on every tax return prepared for compensation along with the preparer’s name and signature. Any preparer with a PTIN is in the business of preparing tax returns or has held themselves out as in the business of preparing tax returns.
 - **Ghost Preparer/Non-Signing Preparer** – No preparer information appears on the processed tax return. An individual who prepares a tax return but does not sign the return as a preparer. These returns may be reflected as “self-prepared”.
- (3) **RPM Complaint:** Taxpayers alleging preparer misconduct are required to provide Form [14157- A](#), *Tax Return Preparer Fraud or Misconduct Affidavit*, signed under penalties of perjury and Form [14157](#), *Return Preparer Complaint*, along with additional required documentation to support their allegations.
- (4) **Complete Complaint:** Sufficient documentation is provided AND the preparer information is considered verified and valid.
- (5) **Alternative Statement:** A statement documenting the taxpayer’s attempt to secure a police report signed under penalties of perjury along with a statement from TAS documenting their assistance/attempt in obtaining a police report, if the taxpayer is unable to submit an official report from a law enforcement agency.
- (6) **Acceptance of Complaint:** Acceptance of an RPM complaint is dependent upon the receipt of sufficient documentation, verification of the preparer and the facts and circumstances of each complaint gathered from the taxpayer’s documentation and account research. When a complaint is accepted, the IRS will determine the type of relief to which the taxpayer is entitled to receive.
- (7) **Actual Return or Return as Intended to Be Filed:** Taxpayer’s tax return submitted with the RPM complaint reflecting the return unaltered by the preparer and as intended to be filed.
- (8) **Relief/Resolution:** Relief and resolution is based upon the specific category defined in (9) and may consist of a combination of the following:
- Taxpayer’s actual return (return as intended to be filed) is accepted as the return of record and account is adjusted to reflect that return.
 - Removal of the preparer portion of the refund attributable to preparer misconduct using a General Ledger (GL) account.
 - Issuance of an additional refund.
- (9) **Refunds:**
- **Taxpayer portion of refund** – Any portion of the refund received or determined to be received by the taxpayer and/or any portion of the refund where the taxpayer received benefit (i.e., refund offset to legitimate liability, including Bureau of the Fiscal Service (BFS) offsets.)

- **Preparer portion of the refund** – Portion of the refund resulting from the altered data on the processed tax return received by the preparer or portion of the refund misdirected to the preparer.
- **Additional refund** – An additional refund is the amount of the refund still due to the taxpayer.

(10) **RPM Categories:** Complaints have been categorized into four (4) basic fact patterns. Within each of the 4 categories, different procedures may apply depending upon the specific facts and circumstances, such as whether there is a signing preparer or a ghost/non-signing preparer, and/or the method of refund issuance (e.g., refund anticipation check (RAC), split refund, paper check). These facts and circumstances, the specific documentation requirements for each category, verification requirements and account information will determine the treatment stream and whether the taxpayer is entitled to a refund or a portion of the refund misdirected by the preparer.

1. **Category 1: Unauthorized filing.**

Taxpayer was in contact with a preparer and # [REDACTED] # did not sign or authorize the filing of a return, but a return was filed with his/her name and taxpayer identification number (TIN).

Potential relief/resolution: The IRS will administratively adjust the taxpayer's account to reflect the taxpayer's valid return and remove the refund attributable to preparer misconduct. Taxpayer shall receive a refund for the entire amount due from his/her valid return, less any amounts already received.

2. **Category 2: Authorized filing, Altered return information and No Additional Refund Due to the Taxpayer.**

Taxpayer was in contact with a preparer and did authorize a return filing, but states tax data (exemptions, income, expenses, deductions, credits, etc.) on the return was altered before it was filed or the return otherwise includes items which he/she did not authorize. Taxpayer states that he/she received the amount of the refund expected or the actual return shows a balance due.

Potential relief/resolution: The IRS will administratively adjust the taxpayer's account to reflect the taxpayer's valid return and remove the portion of the refund attributable to preparer misconduct. If the taxpayer is in a balance due situation as indicated on his/her valid return and/or the taxpayer received a portion of the refund that exceeds the refund amount to which he/she is entitled then the taxpayer is liable for the amount owed and/or will be asked to repay any refund received to which he/she was not entitled.

3. **Category 3: Authorized filing, Altered return information and Taxpayer Requesting Additional Refund.**

Taxpayer was in contact with a preparer and did authorize a return filing, but states tax data (exemptions, income, expenses, deductions, credits, etc.) on his/her return was altered before it was filed or the return otherwise includes items which he/she did not authorize. Taxpayer states either he/she received no refund or only a portion of the refund he/she expected.

Potential relief/resolution: The IRS will administratively adjust the taxpayer's account to reflect the taxpayer's valid return and remove the portion of the refund

attributable to preparer misconduct. Taxpayer shall receive a refund for the entire amount due from his/her valid return, less any amounts already received.

4. Category 4: Misdirected Refund Only and Taxpayer Requesting Additional Refund.

Taxpayer was in contact with a preparer and did authorize a return filing, but states although no tax data was altered, the direct deposit information or mailing address for the refund check was altered diverting all or a portion of the refund to the preparer.

Potential relief/resolution: The IRS will administratively remove the portion of the refund misdirected to the preparer and taxpayer shall receive a refund for the entire amount due from the original valid return, less any amounts already received.

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C. Overview of RPM Procedure

(1) The process of determining whether a taxpayer qualifies for relief under the established RPM guidelines is a multi-step process.

- A. Preliminary Review of Complaint
 - Reroute criteria
 - Criminal Investigation (CI) Involvement
 - Return preparer misconduct criteria not met
- B. Review and Verification of RPM Complaint
 - Identifying RPM categories
 - Determine if complaint complete - required documentation
 - Verification of the preparer
- C. Supplemental Research and Verification
 - Refund deposit verification
 - Law enforcement agency report (or alternative statement, if applicable) verification
- D. Determine treatment stream for applicable category
- E. Account adjustments
- F. Issue correspondence

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II. Receiving Complaints of Return Preparer Misconduct

- (1) Return Preparer Misconduct complaints will be worked in Identity Theft Victim Assistance (IDTVA) RPM Accounts Management (AM) when there is no Compliance or RICS involvement. See [Preliminary Review of Complaint](#) section for additional information. Examples include taxpayers who become aware of the potential for return irregularities/inconsistencies upon contacting the IRS when he/she did not receive a refund, through friends who used the same preparer or through media releases.
- (2) Taxpayer complaints of return preparer misconduct will be scanned to the Correspondence Imaging System (CIS) with Doc Type Correspondence, Category Code RPMC and Program Code 710-85440. The RPM AM inventory will be centralized in IDTVA RPM AM.

NOTE: January 01, 2016, a new Doc Type 'Return Preparer Misconduct' will be effective.

- (3) RPM complaints can also be received from non-specialized functions identifying IDTVA RPM AM criteria.

If a case is referred in error:

- Case is inappropriately designated as RPM - return case to originator and provide explanation.
- Case is appropriately designated as RPM but does not meet IDTVA AM criteria - route to the correct specialized RPM function directly.

- (4) The Return Preparer Office (RPO) may also direct Form 14157, without the presence of Form 14157-A, to IDTVA AM when there is indication that the taxpayer is requesting account resolution. RPO does not make account determinations. Do not reject these cases. IDTVA RPM AM will continue with resolution of these cases.

- (5) The Return Preparer Office (RPO) must be notified of RPM cases received in IDTVA RPM AM regardless if RPM criteria are met or of the completeness of the complaint.

EXCEPTION: If any of the below apply then RPO notification is not required. Leave applicable case note reflecting the reason. All other scenarios, including ID theft determination, will be forwarded to RPO.

- a) If reroute criteria is met. The receiving function will forward to RPO if applicable.
- b) If RPM does not exist because there is a general account issue (for example, math error) and it is determined that no misconduct has occurred.
- c) If there is indication that the case was previously sent to RPO or indication that the case originated in RPO (for example, RPO control number or RPO date stamp present).

If no exceptions apply, CSRs will:

- a) Work complaint following current procedures and take any required action.
- b) Create a spreadsheet and notate the TIN, taxpayer name and tax periods involved for each case.
- c) Leave a case note: "TIN to RPO" on CIS to indicate information was sent.
- d) Daily/Nightly - Send secure email with subject line: "Memphis - F14157" and spreadsheet attachment to: # [REDACTED] #

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A. Preliminary Review of Complaint

- (1) A review of the taxpayer's complaint and account information (Integrated Data Retrieval System (IDRS), Accounts Management Services (AMS), and CIS etc.) needs to be performed initially to determine if the inquiry meets any of the following:
 - Reroute criteria
 - Criminal Investigation involvement
 - Return preparer misconduct not met criteria
- (2) Perform complete IDRS research to confirm a tax return was filed using the taxpayer's TIN. Research should include, but is not limited to, the use of Command Code (CC) TXMOD to review posted information; CC RTVUE, CC TRDBV and/or access of Employee User Portal (EUP) to review Modernized e-File (MeF) original tax return information; CC IRPTR to review income information etc.

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1. Reroute Criteria

- (1) Accounts showing compliance or Return Integrity and Compliance Services (RICS) involvement will be routed/reassigned to the appropriate compliance or RICS function following normal AM procedures.

NOTE: If an Operation of Assistance Request (OAR) or Taxpayer Assistance Order (TAO) is received in IDTVA RPM AM and the account reflects compliance or RICS involvement, follow procedures in IRM [21.1.3.18.1](#), *Operation Assistance Requests (OAR's) Accounts Management Guidelines*.

- (2) Prior to routing/reassigning the case to the applicable function, if a current year account, input TC 971 AC 850 if entire credit is frozen on account or if conditions in IRM [21.4.1.4.7.1](#), *Direct Deposit of Refunds*, (4) are present. The input of the TC 971 AC 850 ensures any subsequent refund will not be direct deposited and will be issued as a paper check.

| Reroute Criteria | | |
|--|---|---|
| If ... | And ... | Then ... |
| -L freeze and AIMS status is 09 and below | Open in Campus Exam - (EGC 5XXX) | Do NOT route to Exam. IDTVA RPM AM will retain and resolve case. |
| -L freeze and AIMS status is greater than 09 | Open in Campus Exam - (PBC 19X or 29X and EGC 5XXX) | Reassign to IDTVA-C Examination On CIS update data: Doc type: Exam Open RPM Category: IDII Program: 710 85431 Set Priority to 3 Reassign to: # [REDACTED] # EXCEPTION: If there is a CIS case currently assigned to an IDTVA-C employee (11870 through 11879), then reassign case to that employee and link cases. |
| -L freeze and AIMS status is 10 and below | Open in Field Exam - (EGC 1XXX or 2XXX only) | Do NOT route to Field Exam. IDTVA RPM AM will retain and resolve case. |
| -L freeze and AIMS status is greater than 10 | Open in Field Exam - (PBC 20X and EGC 1XXX or 2XXX only) | Route to appropriate area using the Exam Employee Group Code (EGC) Contacts listing on SERP under Who/Where tab. |
| Posted TC 30X – Exam | Assessment input by Campus Exam - (PBC 19X or 29X and EGC 5XXX) | Reassign to IDTVA-C Examination On CIS update data: Doc type: Exam Closed RPM Category: IDII Program: 710 85431 Reassign to: # [REDACTED] # EXCEPTION: If there is a CIS case currently assigned to an IDTVA-C employee (11870 through 11879), then reassign case to that employee and link cases. |

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| | <p>Assessment input by Field Exam - (PBC 20X and EGC 1XXX or 2XXX only)</p> | <p>Send secure e-mail with CIS ID and taxpayer TIN to the IDTVA-C Examination - Brookhaven Exam Reconsideration liaison, per listing on SERP under Who/Where tab, AM IDTVA Functional Identity Theft Liaisons.</p> <p>http://serp.enterprise.irs.gov/databases/who-where.dr/functional_id_theft.htm</p> <p>Leave CIS case note: Case referred to IDTVA-C Brookhaven liaison. Close RPM case using "Close by MISC" button.</p> |
| <p>TC 922 - AUR involvement</p> | | <p>Determination to route or retain the case depends on the process code assigned. Follow IRM 21.3.1.4.56, <i>Status of Underreporter Cases</i>.</p> <p>NOTE: Consider the actions taken by AUR as disputed if the taxpayer is claiming his/her tax preparer altered their tax return and route to appropriate AUR function.</p> <p>If required, reassign to IDTVA-C AUR On CIS update data: Doc type: AUR Open RPM or AUR RPM Recon, as applicable Category: IDII Program: 710 85431 Set Priority to 3, if doc type is AUR Open RPM. Reassign to: # [REDACTED] #</p> <p>EXCEPTION: If there is a CIS case currently assigned to an IDTVA-C employee (11880 through 11889), then reassign case to that employee and link cases.</p> |
| <p>Status 22 – ACS</p> | | <ul style="list-style-type: none"> • Complete Form 14394, <i>Identity Theft/RPM Case Collection Alert Instructions</i>. <ul style="list-style-type: none"> ➤ Include check boxes "RPM" and "Case currently in Status 22/24/26". ➤ FAX/Secure e-mail the form to the applicable liaison per the instructions on the Form 14394. ➤ Leave CIS case note that Form 14394 was referred to stop collection. <p>THEN:</p> <ul style="list-style-type: none"> • If account is in status 22 and there is other compliance activity that created the balance due (such as an Exam or AUR assessment) on the account then reassign to IDTVA-C functional liaison using the information in this chart. <p>OR</p> <ul style="list-style-type: none"> • If account is in status 22 and there is no other compliance involvement, IDTVA RPM AM will retain and resolve case. |

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| IVO involvement: For example: (List is not all inclusive) | | Route to Austin IVO Function Mail Stop 6579 3651 S Interregional HWY 35 Austin, TX 78741-0053 |
| <ul style="list-style-type: none"> • TC 971(s) with ac(s) 121/129/134/617/199 • UPC 147 RC 6, 7 or 8 • OMM indication # [REDACTED] [REDACTED] # on CC TRDBV | | |
| Department of Justice – Restitution case | | Elevate case to ITVA HQ through your IDTVA P&A point of contact for case by case determination |
| International case | | Elevate case to ITVA HQ through your IDTVA P&A point of contact for case by case determination |
| -LW Docketed Appeals | | Elevate case to ITVA HQ through your IDTVA P&A point of contact for case by case determination. |

(3) Send an 86C letter if required per IRM 21.3.3.4.2.1, *Use of 86C Letter - Referring Taxpayer Inquiry/Forms to Another Office*.

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2. Criminal Investigation (CI) Involvement

(1) RPM complaints indicating CI involvement may be worked by IDTVA RPM AM after contact is made with CI for guidance prior to taking any action on the account.

(2) If Z freeze present, follow IRM [21.5.6.4.52](#), -Z Freeze. In that section, if (2) and (3) do not apply then follow (6) # [REDACTED] #

NOTE: If CI returns the case and provides guidance, then follow guidance and take appropriate actions.

(3) If taxpayer indicates some kind of CI involvement, for example taxpayer states that CI agent called/interviewed them or agent’s card is included in documentation, then case will be referred to CI for guidance. The following steps will be taken when a referral is required:

- a) Complete RPM CI Referral form (located on Servicewide Electronic Research Program (SERP) Return Preparer Misconduct resource page under IRM Supplements tab).
 - Insert a response due date 7 business days from the referral date.
 - Include taxpayer and preparer information and information signifying CI involvement.
 - Complete CSR contact information and date on bottom of form.
 - Attach form to CIS case.
- b) Send secure email with referral attached to CI point of contacts (POCS) named on the referral form.
 - Subject line: “ACTION: RPM CI Referral - Please respond by (date)”.
 - Include in email any other information or question not addressed on referral form.
- c) Suspend CIS case waiting CI response.
- d) If no response from CI by requested date, forward the original email as follow up and request response in 3 business days.

NOTE: If no response after 3 business days forward email to your IDTVA P&A contact for elevation to ITVA HQ.

e) Upon receipt of response from CI:

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- Attach completed referral with CI response to CIS case.
- Take appropriate actions based on CI guidance for the disposition or resolution of RPM case.

3. Return Preparer Misconduct Criteria Not Met

- (1) There will be instances when the taxpayer's complaint does not meet the Service's guidelines for relief under Return Preparer Misconduct. When issuing a closing letter, advise the taxpayer of the reason(s) RPM criteria was not met. Be aware, however, that even if the complaint doesn't meet RPM guidelines, there are nonetheless procedures to deal with certain situations that could result in some assistance or relief for the taxpayer.

Example: A taxpayer may have submitted documentation claiming he/she is a victim of preparer misconduct due to non-receipt of a refund, however the reason a refund was not received may be due to a frozen credit or refund offset.

- (2) Although not all inclusive, follow the chart below to identify and address situations that do not meet criteria for RPM.

| Return Preparer Misconduct Not Met | |
|---|--|
| If ... | Then ... |
| Taxpayer's only issue is a lost, stolen, or unintentional misdirected refund (such as an incorrect routing or account number due to transposition error not attributable to preparer misconduct). | Refer to IRM 21.4.1.3.4 , <i>Refund Issued but Lost, Stolen, Destroyed or Not Received</i> . Also: <ul style="list-style-type: none"> • Advise taxpayer that a review of the account and the information provided demonstrates that it is likely an issue other than RPM. • Provide explanation of account condition. • Update CIS data to reflect the appropriate Category Code TPRQ. |
| Taxpayer submits documentation, however research identifies a reason for the reduced refund that demonstrates no preparer misconduct occurred. For example, math error or other general account issue. | <ul style="list-style-type: none"> • Make any necessary adjustments to account using normal procedures, if applicable. • Send Letter 474C or applicable letter. • Advise taxpayer that a review of the account and the information provided does not support return preparer misconduct. • Provide explanation of account actions taken or not taken (such as the correction of math error or additional information needed to correct the account). • Update CIS data to reflect the appropriate Category Code TPRQ. |
| Taxpayer's account does not show a posted return. (Taxpayers may assume the preparer filed an unauthorized return because of media attention.) | Research account to determine if there is: <ul style="list-style-type: none"> • IVO involvement and the # [REDACTED], such as [REDACTED], unreversed OMM indicators, then: <ul style="list-style-type: none"> ➤ Route to IVO following Reroute Criteria section. • No IVO involvement and no return posted, then: <ul style="list-style-type: none"> ➤ Send Letter 288C advising taxpayer that no tax return has been filed using the taxpayer's |

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| | <p>social security number.</p> <ul style="list-style-type: none"> ➤ Advise taxpayer we are forwarding the tax return that he/she furnished for processing and if he/she is due a refund, it may take up to six to eight weeks. ➤ Edit the return for processing per IRM 21.5.1.5.5, Processing/Reprocessing CIS Tax Returns. ➤ Forward return to Submission Processing. ➤ Close CIS case. |
| <p>Taxpayer's complaint does not fit into any of the four RPM fact patterns, but involves preparer tax identification number (PTIN) misuse, misrepresentation of credentials, employment taxes, and other issues.</p> <p>Example: Taxpayer is not requesting relief/correction of personal tax return. He/She is reporting or informing on a person who misused taxpayer information as a preparer.</p> <p>“Other issues” examples might be:</p> <ul style="list-style-type: none"> • Extreme fees • Did not provide copies or explanations | <ul style="list-style-type: none"> • Send Letter 86C to taxpayer, advising the preparer information will be forwarded to the Return Preparer Office. No adjustments to their account are required and no further action is necessary on their part. • Advise taxpayer he/she may want to contact the Federal Trade Commission (FTC), Better Business Bureau (BBB), State Consumer Agencies, etc., per policy statement. See Policy P-25-2. • Include case on RPO notification spreadsheet per guidelines in Receiving Complaints of Return Preparer Misconduct Section. |
| <p>Taxpayer did not visit a preparer for current year; however, preparer filed a return without authorization utilizing information obtained from a prior year visit resulting in an identity theft scenario.</p> <p>OR</p> <p>Taxpayer provides preparer name and company name and # [REDACTED] #, resulting in an identity theft scenario.</p> <p>And there is no evidence that the taxpayer's actual return has been processed. No duplicate filing transaction codes (TC 976/TC 977) on module.</p> | <ul style="list-style-type: none"> • Advise the taxpayer he/she is a victim of identity theft and not victim of preparer misconduct. • Advise taxpayer that the tax return provided with his/her complaint, has been forwarded for processing and to please allow 180 days to complete the processing of the return. • Edit the return for processing per IRM 21.5.1.5.5, Processing/Reprocessing CIS Tax Returns. • Include SPC 8 edited vertically in the right margin on Form 1040 series between the Secondary SSN and the Presidential Election Campaign Fund (PECF) boxes. • X out "Form 14157-A" and write in "Form 14039 Identity Theft". • Forward the return to Submission Processing. • Close CIS case. |
| <p>Taxpayer did not visit a preparer for current year; however, preparer filed a return without authorization utilizing information obtained from a prior year visit resulting in an identity theft scenario.</p> <p>OR</p> <p>Taxpayer provides preparer name and company name and # [REDACTED] #, resulting in an identity theft scenario.</p> <p>And there is evidence that the taxpayer's actual return has been processed identified by duplicate</p> | <ul style="list-style-type: none"> • Research account for previously input TC 971 Action Code (AC) 501 or TC 971 AC 506. If indicator is present and tax data matches the taxpayer's return information, link cases if applicable and close case as previously adjusted. Advise taxpayer appropriately. • If no indication that ID theft issues resolved or discrepancies between posted information and taxpayer's return then: <ul style="list-style-type: none"> ➤ Advise the taxpayer he/she is a victim of identity theft and not victim of preparer misconduct. We are forwarding their complaint to the appropriate function for |

| | |
|--|---|
| <p>filing transaction codes (TC 976/TC 977) on module.</p> <p>And there is no open control in Category Code DUPF, IDT1/3/6/8/9 on module.</p> | <p>resolution.</p> <ul style="list-style-type: none"> ➤ X out "Form 14157-A" and write in "Form 14039 Identity Theft". ➤ Leave CIS case note: "Taxpayer is victim of identity theft not victim of preparer misconduct per definition in IRM 25.23.1.9, <i>Key Definitions</i>. ➤ Update the CIS data to reflect the appropriate Category Code IDT1 or IDT3 per IRM 25.23.4.4, <i>Multiple Individuals Using the Same TIN</i>. ➤ Ensure that a TC 971 AC 522 with a correct MISC code has been input or history item is entered, if necessary. See IRM 25.23.2.17, <i>Initial Allegation or Suspicion of Tax-Related identity Theft - Identity Theft Indicators</i> and subsequent applicable subsections, for information on the specific requirements. ➤ Reassign the case to IDRS # [REDACTED] # |
| <p>Taxpayer did not visit a preparer for current year; however, preparer filed a return without authorization utilizing information obtained from a prior year visit resulting in an identity theft scenario.</p> <p>OR</p> <p>Taxpayer provides preparer name and company name and # [REDACTED] #, resulting in an identity theft scenario.</p> <p>And there is evidence that the taxpayer's actual return has been processed identified by duplicate filing transaction codes (TC 976/TC 977) on module.</p> <p>And there is an open control with Category Code DUPF, IDT1/3/6/8/9 on module.</p> | <ul style="list-style-type: none"> • Advise the taxpayer he/she is a victim of identity theft and not victim of preparer misconduct. We are forwarding their complaint to the appropriate function for resolution. • X out "Form 14157-A" and write in "Form 14039 Identity Theft". • Leave CIS case note: "Taxpayer is victim of identity theft not victim of preparer misconduct per definition in IRM 25.23.1.9, <i>Key Definitions</i>. • Link cases together and close "RPM" case using "Close as MISC" button. |

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B. Review and Verification of RPM Complaint

- (1) Acceptance of the complaint is dependent upon the receipt of the required documentation and the verification results of the preparer. If there is missing documentation and/or the preparer information is incomplete then correspondence will have to be issued to the taxpayer. This will be discussed in a subsequent section.
- (2) A review of the taxpayer's complaint and account information (IDRS, AMS, CIS) needs to be performed to determine the following:
 - RPM Category
 - Required Documentation
 - Preparer Verification

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1. Identifying RPM Categories

Complete research must be performed to identify into which category the taxpayer's complaint falls. The documentation requirements discussed in the next sections vary depending upon the specific category, therefore, the CSR must review the documentation provided by the taxpayer along with the account information from CIS, AMS, and IDRS etc., to assist with a determination. Comparison should be made with the tax return as intended to be filed provided by the taxpayer and the posted information to determine if taxpayer complaint is supported.

NOTE: If a determination cannot be made based on the documentation received, proceed to [RPM Documentation](#) section for additional information.

A. Category 1: Unauthorized filing.

Taxpayer was in contact with a preparer and # [REDACTED] # did not sign or authorize the filing of a return, but a return was filed with their name/TIN.

Example: Taxpayer visited or was in contact with a preparer and provided personal information including income documentation for a quote, rapid refund eligibility, etc., and subsequently a return is filed without the taxpayer's knowledge. # [REDACTED]

- # [REDACTED]
- # [REDACTED]
- # [REDACTED]

Based upon documentation submitted and research findings, a determination may be made that the taxpayer did have knowledge of the return filing. Judgment should be used taking into account all information (for example timing and dates). If this determination is made, follow the treatment stream that fits the appropriate category.

Example: Taxpayer states he/she did not authorize the filing of the original return and the preparer filed a return. # [REDACTED]

NOTE: For this category, it is possible that the taxpayer is not a victim of preparer misconduct but a victim of identity theft. In some cases, judgment must be used to distinguish between the two.

Example: Taxpayer provided personal information, including income documentation to a 3rd party for other purposes, such as a loan, and subsequently a return is filed without the taxpayer's knowledge. This scenario is considered identity theft not return preparer misconduct.

- Taxpayer provides proof that he/she received a loan (car or home loan) or loan rejection letter which could support a finding of identity theft and not return preparer misconduct.

B. Category 2: Authorized filing: Altered return information and no additional refund due to the taxpayer.

Taxpayer was in contact with a preparer and authorized a return filing, but states tax data (exemptions, income, expenses, deductions, credits, etc.) on his/her return was altered before the return was filed or the return otherwise includes items which he/she did not authorize.

The taxpayer may have received a refund for the amount he/she expected and it matches their return as intended to be filed, or taxpayer received a refund in excess of that which he/she is entitled. In addition, the taxpayer may not have received a refund, but did not expect a refund and the return as intended to be filed is a balance due.

Example:

- Taxpayer visits or is in contact with a preparer and provides personal information including income documentation with the intent to have a return filed. Subsequently, the preparer alters the return to increase the expected refund (if any). The taxpayer received at least the amount of the refund expected and the preparer receives all or part of the increased refund amount.
- # [REDACTED] #

C. Category 3: Authorized filing, Altered return information and taxpayer requesting additional refund.

Taxpayer was in contact with the preparer and authorized a return filing, but states tax data (exemptions, income, expenses, deductions, credits, etc.) on their return was altered before it was filed or the return otherwise includes items which he/she did not authorize.

Taxpayer states that he/she only received a portion of the refund he/she expected or that he/she received no refund. The taxpayer may have received a portion of the inflated refund but he/she has not received the refund he/she expected per the return submitted as intended to be filed.

Example:

- Taxpayer visits or is in contact with a preparer and provides personal information including income documentation with the intent to have a return filed. Subsequently, the preparer alters the return to increase the expected refund (if any). Similar to Category 2, but the taxpayer received a portion or none of the refund expected.
- # [REDACTED] #

D. Category 4: Misdirected refund only and taxpayer requesting additional refund.

Taxpayer was in contact with a preparer and did authorize a return filing, but states although no tax data was altered, the direct deposit information or mailing address for the refund check was altered diverting all or a portion of the refund to the preparer.

Taxpayer states that he/she only received a portion of the refund or he/she received no refund.

Example:

- Taxpayer visits or is in contact with a preparer and provides personal information including income documentation with the intent to have a return filed. Subsequently, the preparer alters the return to change the deposit information, but the return is otherwise as intended to be filed.
- # [REDACTED] #

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2. RPM Documentation

- (1) The taxpayer is required to submit documentation to support their claim of preparer misconduct. Reference the list below for examples of acceptable documentation.
- (2) Documentation requirements vary depending upon the category, requested relief, and whether the original return was signed by a preparer or is considered a ghost preparer. Refer to the applicable Procedures by Category sections for the # [REDACTED] # requirements for a specific category.

NOTE: If the specific category could not be determined based on the information the taxpayer provided then reference Category 2 for requirements if taxpayer is not seeking an additional refund. However, if there is indication that the taxpayer is seeking an additional refund or this determination cannot be made then reference Category 3 requirements.

- (3) General Documentation list:
 - a) Form [14157](#), *Complaint: Tax Return Preparer* (completed by the taxpayer)
 - b) Form [14157-A](#), *Tax Return Preparer Fraud or Misconduct Affidavit* (completed and signed by the taxpayer (at least one taxpayer, if married filing joint))
 - c) Taxpayer must provide the return preparer name and address
 - d) Signed, valid tax return of taxpayer submitted with the claim (as intended to be filed)
 - e) Official report from a law enforcement agency (Category 3 and 4 only):

For example:

- Police Department
- State Attorney General
- Criminal Investigation
- Treasury Inspector General for Tax Administration (TIGTA)

The law enforcement agency report must be signed by a police officer or equivalent, depending on the report received (or otherwise demonstrably show it was accepted by the law enforcement agency) and must contain:

- Tax year(s) involved
- Return preparer's first and last name, address, and
- A statement describing the preparer misconduct and theft of refund.

OR, if the taxpayer is not able to submit an official report from a law enforcement agency, an alternative statement documenting the taxpayer's attempt to secure a police report signed under penalties of perjury along with a statement from TAS documenting

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their assistance/attempt in obtaining a police report. The taxpayer statement should contain the return preparer's first and last name, address, and description of the preparer misconduct and theft of refund.

Exception: If the original refund is frozen for the full amount in question, the official law enforcement agency or alternative statement is not required. However, in cases where a posted refund was released to the preparer, a law enforcement agency report or alternative statement is required.

NOTE: If the official law enforcement agency report or alternative statement described above is missing, refer to [Incomplete Complaints](#) section for specific guidance.

- f) Signing Preparer - Signature of the tax return preparer on the return filed by the preparer (preparer information on electronic return).

NOTE: A signing preparer is considered to have held themselves out as in the business of preparing tax returns and shows interaction with the taxpayer. If no signing preparer, additional corroborating evidence for the ghost preparer is required.

- g) Ghost Preparer/Non-Signing Preparer - At least one (1) piece of evidence corroborating that the person held themselves out as in the business of preparing returns and at least one (1) piece of evidence corroborating that the preparer interacted with the taxpayer.

NOTE: In some cases, the evidence used to corroborate that the preparer was in the business or held themselves out as being in the business of preparing tax returns may also be used to show that the taxpayer interacted with the preparer.

- 1) At least one (1) piece of corroborating evidence the preparer was in the business or held themselves out as being in the business of preparing tax returns. This list is not all inclusive:

EXCEPTION: For purposes of establishing that the preparer held themselves out as a preparer, if taxpayer is contacted by TIGTA or IRS CI agent regarding an investigation of his/her preparer or if RPM CI referral sent and CI response indicates preparer investigation, consider this requirement satisfied.

- Copy of the tax return(s) provided by the tax return preparer if the preparer signed that return as the paid preparer (for purposes of establishing preparer held themselves out as a preparer)
- PTIN or EIN of the preparer
- Business card of the preparer
- Flyer or advertisement indicating return preparation services and name of preparer
- Professional or business letterhead bearing name of the preparer
- Business name on check from preparer

- Affidavit of person who hosted or sponsored the preparer (e.g., services provided by a preparer in the church basement – the church minister could provide an affidavit with details about when tax return preparation services were offered) or lease agreement (e.g., storefront location that is no longer open)
- Documentation indicating state or local law enforcement investigations against the preparer

AND

- 2) At least one (1) piece of corroborating evidence that the person named on the Form 14157 interacted with the taxpayer and submitted the return filed with the IRS. The evidence must show the preparer name, tax year in question with corresponding dates that indicate an exchange between the taxpayer and the preparer regarding the filing of a tax return.

EXCEPTION: If RPM CI referral sent and CI response indicates that there was interaction between the taxpayer and the preparer then consider this requirement satisfied.

Although not all inclusive, acceptable documentation may include:

- Cover letter (including the tax return) received from the tax return preparer when the return was prepared
- Form 8879, *IRS e-file Signature Authorization*, with signatures or evidence that it was received from the tax preparer
- Copy of negotiated check the taxpayer gave to the preparer for payment of services
- Copy of “refund” check the taxpayer received from the preparer
- Credit card statement reflecting charge in the preparer’s name for payment for services
- Receipt from the preparer, reflecting a fee for the preparation of a tax return for the year in question
- Copy of paper check(s) reflecting the amount received by paper check from the preparer or bank, if applicable
- E-mail or text messages, **exchanged between** the taxpayer and preparer concerning the tax return preparation
- Affidavit of person who hosted or sponsored the preparer (e.g., services provided by a preparer in the church basement – the church minister could provide an affidavit with details about when tax return preparation services were offered and that the taxpayer participated in the event).

EXCEPTION: If internal research (utilizing CC NAMEI, MeF information through EUP etc.) shows that the taxpayer’s return and the individual tax return for the preparer named by the taxpayer were filed from the same IP address or other information is present indicating an association, this information can be used as one piece of evidence showing interaction. If applicable, request additional evidence.

EXAMPLE: Ghost preparer/non-signing preparer situation. Taxpayer provided a copy of the named preparer's business card for tax services. Internal research shows that the MeF return was filed by a non-signing preparer however the email address provided when submitting the return reflects the named preparer. This information, along with the taxpayer's statements has satisfied both requirements showing corroborating evidence that the named preparer held themselves out as a preparer and submitted the tax return in question.

However, if the taxpayer did not provide the named preparer's business card, additional evidence would be required to reflect that the preparer held themselves out as a preparer.

h) General additional documentation that may be requested:

- Copy of bank statement(s) reflecting the refund amount received by direct deposit, if applicable
- Bank statement(s) showing that the refund was not deposited into the taxpayer's account
- Statement from bank where refund was deposited that taxpayer had no ownership interest in the account
- Copies of additional documents to support the claim

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3. Verification of the Preparer

(1) Verification of the preparer is required on complaints claiming preparer misconduct.

(2) Research the account to determine whether original return was signed by a preparer or not signed by a preparer (ghost preparer).

- If electronic filing, research CC TRDBV and/or access EUP to review MeF original tax return information.
- If paper return processed, the original return may have to be requested from Files to determine if there is a signing preparer or ghost preparer scenario. Refer to IRM [3.24.3-7](#), *Exhibit Section - Form 1040 Page 2*, for transcription information.
 - Research CC TRDBV for preparer information. If PTIN/TIN/EIN is present and IDRS research shows the name of the preparer matches the name of the preparer on the complaint then no document request is needed. If PTIN/TIN/EIN present and the name does not match or there is no preparer information at all then request document from Files. Suspend case per normal procedures while waiting for the document.

REMINDER: If non-signing preparer (ghost preparer) ensure that the taxpayer provided sufficient documentation showing that the preparer named in their complaint is in the business of preparing tax returns or held themselves out as in the business of preparing tax returns AND the person named in their complaint interacted with the taxpayer and submitted the return filed with the IRS. See the procedures in [RPM Documentation](#) section. A signing preparer is considered to have held themselves out as in the business of preparing tax

returns and to have interacted with the taxpayer therefore, no additional documentation is required.

(3) Verify the identity of the preparer from the following IRS records.

- CC INOLE to verify the TIN or EIN provided
- CC RPVUE to verify PTIN
- CC NAMEI or CC NAMEB to locate TIN or EIN

| Preparer Verification Chart | | |
|--|---|---|
| If ... | And ... | Then ... |
| Signing preparer and preparer name matches the name on the associated TIN, EIN or PTIN | # [REDACTED] NOTE: # [REDACTED] # [REDACTED] | Consider verified |
| Signing preparer and PTIN provided is not valid or belongs to another person | Through research a # [REDACTED] # can be located for the preparer | Consider verified |
| Signing preparer and PTIN provided is not valid or belongs to another person | Through research an # [REDACTED] # cannot be located for the preparer | Consider not verified Disallow Claim for Return Preparer Misconduct (Letter 105C) Refer to Supplemental Research and Verification section and Disallowance section |
| Signing preparer and # [REDACTED] # from the information provided by the taxpayer | N/A | Consider ID Theft. Refer to RPM Criteria NOT Met section |
| Signing Preparer and # [REDACTED] # provided by the taxpayer # [REDACTED] # | Through research a # [REDACTED] # can be located for the preparer | Consider verified |
| Signing Preparer and # [REDACTED] # provided by the taxpayer # [REDACTED] # | Through research a # [REDACTED] # cannot be located for the preparer | Consider not verified. Disallow Claim for Return Preparer Misconduct (Letter 105C) Refer to Supplemental Research and Verification section and Disallowance section |

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| | | |
|--|--|---|
| <p>Non-Signing Preparer and no preparer information on tax return, “self-prepared” and documentation is provided showing that the 3rd party held themselves out to be a return preparer and 3rd party interaction</p> | <p>Through research a # [REDACTED] # can be located for the preparer</p> | <p>Consider verified</p> |
| <p>Non-Signing Preparer and no preparer information on tax return, “self-prepared” and documentation is provided showing that the 3rd party held themselves out to be a return preparer and 3rd party interaction</p> | <p>Through research a # [REDACTED] # cannot be located for the preparer</p> | <p>Consider not verified</p> <p>Disallow claim for Return Preparer Misconduct (Letter 105C)</p> <p>Refer to Supplemental Research and Verification section and Disallowance section</p> |

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C. Supplemental Research and Verification

(1) In specific instances, additional research and verification must be performed. The outcome of this research and verification will be used to determine the treatment stream and extent of relief taxpayer may be entitled to receive and consists of:

- Refund Deposit Verification – Verify the receipt or non-receipt of a refund by researching whether a refund was issued or deposited into an account in the taxpayer’s name.
- Law Enforcement Agency Report Verification – Verify that information provided on the official law enforcement agency report or alternative statement is consistent with the complaint/affidavit.

(2) Refund trace and law enforcement agency report information will be used for:

a) Accepted complaints:

- Category 1 and 2 complaints, (**only** if a refund trace was previously performed), the information will be used to determine the amount of refund the taxpayer received, compute the preparer portion of the refund moved to the General Ledger (GL) account and for Category 1, the amount of the additional refund, if any.
- Category 3 and 4 complaints, the refund trace information and law enforcement agency report verification is required on all cases to determine whether the refund was deposited into an account in the taxpayer’s name, compute the preparer portion of the refund moved to the GL account and/or if an additional refund is issued to the taxpayer.

b) Disallowed claims:

- For all categories the refund trace information is required to determine how the return submitted with the complaint will be treated.

- (3) Be cognizant of split refunds. It is possible that the taxpayer received a portion of the refund or that more than one refund was issued to an account that does not match the taxpayer's name. If a trace is required, a trace would have to be performed on all refunds.

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1. Refund Deposit Verification – Refund Trace on # [REDACTED] # cases only

- (1) A refund trace is required on # [REDACTED] # cases only, as shown below.

NOTE: # [REDACTED] #

| Category: | Refund trace required: |
|---------------------------|---|
| Category 1 and Category 2 | When a claim for Return Preparer Misconduct is disallowed and a return is submitted with the complaint. |
| Category 3 and Category 4 | On all cases regardless of whether the claim is allowed or disallowed. |

NOTE: If the complaint is considered incomplete, at the same time that correspondence with the taxpayer begins, initiate the refund trace. For Category 1 and 2 cases, if additional information was requested from the taxpayer and it is received before the refund trace information becomes available, do not wait for the refund trace information, resume working case. Refer to [Incomplete Complaint](#) section for additional information.

EXCEPTION: A refund trace would not be required on any case:

- If taxpayer states he/she received all or a portion of the refund and it matches the TC 846 issued.
 - If taxpayer states he/she received a portion of the refund and the remainder of the refund is equal to stated preparer fees then a trace is not required. The taxpayer received benefit of entire refund.
- (2) Refund information should be researched through CC IMFOL, CC TXMOD, CC TRDBV and MeF Return Request Display (RRD) through EUP.
- Indicator DD: 0 (paper check)
 - Indicator DD: 9 (direct deposit)
 - Refund Anticipation Loan (RAL) Indicator of "1"
 - Refund Anticipation Check (RAC) indicator of "2"

(3) Research account to determine if a refund trace was previously performed.

| Refund Trace Information | | | |
|--------------------------|-------------------------------------|---|---|
| If IDRS shows... | And ... | Then ... | To determine: |
| TC 971 AC 011 | No open Refund Inquiry (RI) control | Research Treasury Check Information System (TCIS)/Payments Claims and Enhanced Reconciliation (Pacer) for Financial Management Service (FMS) 150.1 or FMS 150.2 or paper check <ul style="list-style-type: none"> • If no FMS 150.1 or FMS 150.2 in TCIS, do not initiate another trace. • Contact local Refund Inquiry unit for additional research/assistance. • Suspend case, if necessary. | Whether refund was deposited into account in the name of the taxpayer |
| | Open RI control | Research IDRS controls for status of trace <ul style="list-style-type: none"> • Contact local Refund Inquiry unit if necessary for assistance. • Suspend case, if necessary. | Status of trace and if any disposition information available. |

(4) Depending upon the RPM category, this information will be used in conjunction with other requirements to determine the correct account adjustment. Review available refund trace information for all cases, regardless of category for information on the amount of the refund, if any received by the taxpayer.

(5) Refund trace information will reflect a negotiated check or a completed FMS 150.1 or FMS 150.2. FMS 150.1 or FMS 150.2 provides information as to the name and where the refund was deposited. See Exhibit B FMS 150.1.

(6) If no previous refund trace was performed and you are required to perform a refund trace, initiate trace using Command code (CC) CHKCL. For CC CHKCL instructions, refer to Exhibit [21.4.2-1](#), *Command Code (CC) CHKCL Input*.

Also, follow supplemental instructions below:

- Input CC CHCKL
- Use Non-receipt code H = Unendorsed check freeze cancellation credit (P- Freeze set).
- Suspend case and monitor weekly for completion of trace.
- Refer to Exhibits [21.4.2-2](#), *Disposition Code Chart Non-Receipt Claims CHCKL Claims Only* and [21.4.2-5](#), *Disposition and Status Codes – Additional Action Time Frames for Disposition and Status Code descriptions*.

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2. Law Enforcement Agency Report Verification

- (1) An official report from a law enforcement agency is required in RPM Category 3 and 4 cases, to be eligible for an additional refund to be issued.

For example:

- Police Department
- State Attorney General
- Criminal Investigation
- Treasury Inspector General for Tax Administration (TIGTA)

EXCEPTION: If the original refund is frozen for the full amount in question, the law enforcement agency report is not required. However, on cases where a partial refund was released to the preparer, a law enforcement agency report is required.

- (2) The report must be signed or otherwise demonstrably show it was accepted by that agency and must contain:

- The tax year(s) involved
- Return preparer's first and last name, and
- A statement describing the preparer misconduct and theft of refund.

EXCEPTION: For pre-existing cases, if the taxpayer is unable to secure a police report and has not filed a report with another law enforcement agency as described above, the taxpayer must provide a statement documenting his/her attempt to secure a police report signed under penalties of perjury along with a statement from TAS documenting their assistance/attempts in obtaining a police report. The taxpayer statement should contain the return preparer's first and last name, address, and description of the preparer misconduct and theft of refund.

NOTE: The majority of the pre-existing cases will not contain a law enforcement agency report because this is an additional requirement for cases in which the taxpayer is seeking a refund. Refund cases were not addressed in the prior RPM interim guidance. If the report or alternative statement is not contained in the case file, refer to [Incomplete Complaints](#) for procedures.

- (3) Verification of the information provided on the law enforcement agency report or the alternative statement provided by the taxpayer must be reviewed for consistency.
- In a signing preparer situation, the individual named on the report or alternative statement must match the preparer named in the complaint and on the original return.
 - In a ghost preparer situation, the preparer named on the report or alternative statement must match the preparer named in the complaint.
- (4) If the preparer name does not match then the taxpayer is not entitled to an additional refund; however, the taxpayer may still be eligible for adjustment to account and removal of preparer portion of the refund depending upon the refund verification results. Continue to [Procedures by Category](#) section below for additional information.

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III. Procedures By Category

(1) This section will outline the required steps for each category after the preliminary review is complete.

A. Category 1: Unauthorized filing.

(1) Determine if complaint is complete.

| Category 1: Required Documentation | |
|---|--|
| Posted return reflects: | # [REDACTED] # Required |
| Signing preparer | <ul style="list-style-type: none"> • Tax return as intended to be filed, signed by the taxpayer • Form 14157, # [REDACTED] # • Form 14157-A, signed under penalties of perjury (at least one taxpayer, if married filing joint) |
| Ghost preparer/ Non-Signing preparer | <ul style="list-style-type: none"> • Tax return as intended to be filed, signed by the taxpayer • Form 14157, # [REDACTED] # • Form 14157-A, signed under penalties of perjury (at least one taxpayer if married filing joint) • Documentation showing 3rd party presented him/herself as preparer • Documentation showing interaction between the taxpayer and the preparer |

Consider the documentation complete:

- If the # [REDACTED] # required documents above are included, consider the documentation requirement complete.

In some circumstances all the required documentation is not required as outlined below:

- Tax return is not included because taxpayer states he/she is not required to file and research (CC IRPTR) supports that claim.
- Form 14157-A is not included, however, other documentation included contains the required information and the taxpayer provides a statement/explanation signed under penalties of perjury.
- Form 14157 is not included; however, the preparer's # [REDACTED] # or first and last name and address are included on other documentation.

Consider the documentation incomplete:

- If the # [REDACTED] # required documents above are not included or are included, however, the information provided within the documentation is incomplete.

Example: Taxpayer indicates that a refund was received and does not include the amount of the refund received on Form 14157-A or other documentation.

REMINDER: For this category, it is possible that the taxpayer is not a victim of preparer misconduct but a victim of identity theft. In some cases, judgment must be used to distinguish between the two. See [Identifying RPM Categories](#) for additional information.

(2) If complaint is considered incomplete refer to [Incomplete Complaints](#) section for additional information. Case will be suspended for 40 days (70 days for overseas taxpayers). If reply received or suspense period ends refer to [Taxpayer Responses](#) section.

- (3) Verify the preparer information. Refer to [Verification of the Preparer](#) section for additional information.
- (4) For Category 1, # [REDACTED] # cases, a refund trace will only be required to be initiated when the claim is disallowed. This is necessary to determine the appropriate handling of the actual return provided with the claim. However, if a refund trace was previously performed and the trace information is currently available on a # [REDACTED] # refund, the information will be utilized to verify the receipt or non-receipt of a refund and to determine the amount, if any, of an additional refund that may be issued.

- a) If # [REDACTED] #
- b) If # [REDACTED] #, determine if refund trace was previously performed. Refer to [Refund Deposit Verification](#) section for additional information.
- c) Verify the taxpayer's statement regarding whether a refund was issued or deposited into an account in the taxpayer's name using the available refund trace information.

Example:

- Taxpayer states no refund was received and available refund trace information shows that the refund was NOT deposited into an account in the taxpayer's name. # [REDACTED] #
 - Taxpayer states that no refund or portion of the refund was received however; available refund trace shows that the entire refund was deposited into an account in the taxpayer's name. The refund amount from the refund trace information would be utilized to determine any additional refund amount. (Taxpayer states he/she received \$500.00 and trace shows taxpayer received \$1,000.00. When computing the applicable refund amount allowable, CSR would use \$1,000.00.)
- d) If trace information is not available or available trace information cannot verify the receipt or non-receipt of the refund, # [REDACTED] # [REDACTED] #

Example: Taxpayer states portion of refund received and available refund trace information shows that the refund was NOT deposited into an account in the taxpayer's name. We cannot verify the portion that the taxpayer received. # [REDACTED] # [REDACTED] #

- (5) If complaint is considered complete (all required documentation, including 3rd party documentation (if applicable) is present and the preparer information is considered verified) then the complaint is accepted.
- The IRS will determine the type of relief to which the taxpayer is entitled, and for an allowed claim, will consider the original return a nullity and the actual return presented by the taxpayer (unaltered by the preparer) as the taxpayer's return of record.
 - For Category 1 cases, # [REDACTED] # information regarding fees paid to the preparer, this amount would be considered part of the preparer portion of the refund. If the taxpayer did not authorize the filing of the tax return, the taxpayer would not be held responsible.

Category 1: Treatment Stream for Accepted Complaints

| Taxpayer states he/she received: | Return as intended to be filed reflects: | And original refund was: | Then taxpayer is eligible for: |
|----------------------------------|---|--|--|
| No refund | Refund due | # [REDACTED] # OR # [REDACTED] # and available refund trace information shows NO refund was deposited into an account in the name of the taxpayer | <ul style="list-style-type: none"> Account adjustment to remove the unauthorized return Account adjustment to reflect return as intended to be filed Removal of the preparer portion of the refund Applicable additional refund <p>Refer to Required Account Actions section for additional information</p> |
| No refund | Balance due | # [REDACTED] # OR # [REDACTED] # and available refund trace information shows NO refund was deposited into an account in the name of the taxpayer | <ul style="list-style-type: none"> Account adjustment to remove the unauthorized return Account adjustment to reflect return as intended to be filed Removal of the preparer portion of the refund <p>NOTE: Normal collection notices will be issued for balance due amount shown on the taxpayer's return of record</p> <p>Refer to Penalty and Interest section and Required Account Actions section for additional information</p> |
| | | # [REDACTED] # and available refund trace information shows all or a portion of the refund WAS deposited into an account in the name of the taxpayer | <p>Taxpayer will be asked to repay the erroneous portion of the refund using Category D erroneous refund procedures and is eligible for:</p> <ul style="list-style-type: none"> Account adjustment to remove the nullified return Account adjustment to reflect return as intended to be filed Removal of the preparer portion of the refund, if applicable <p>NOTE: Normal collection notices will be issued for balance due amount on taxpayer's return of record.</p> <p>Refer to Category D Erroneous Refund section for additional information</p> |
| No refund or Portion of Refund | Correct refund that exceeds or is equal to the amount that the taxpayer has | # [REDACTED] # OR # [REDACTED] # and available refund | <ul style="list-style-type: none"> Account adjustment to remove the unauthorized return Account adjustment to reflect return as intended to be filed |

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| | received (Taxpayer received less than or equal to what entitled to on actual return) | trace information shows all or a portion of the refund was deposited into an account in the name of the taxpayer | <ul style="list-style-type: none"> • Removal of the preparer portion of the refund • Remaining balance of refund due per actual return, if applicable. <p>Refer to Required Account Actions section for additional information</p> <p>EXCEPTION: Partial Disallowance:</p> <ul style="list-style-type: none"> • If available refund trace confirms that the portion received is greater than what taxpayer states then issue only the remaining balance of refund, if applicable. |
| | Correct refund that is less than the amount that the taxpayer has received (Taxpayer received more than what entitled to on actual return) | # [REDACTED] # OR # [REDACTED] # and available refund trace information shows all or a portion of the refund was deposited into an account in the name of the taxpayer | <p>Taxpayer will be asked to repay the erroneous portion of the refund using Category D erroneous refund procedures and is eligible for:</p> <ul style="list-style-type: none"> • Account adjustment to remove the unauthorized return • Account adjustment to reflect return as intended to be filed • Removal of the preparer portion of the refund <p>Refer to Category D Erroneous Refund section for additional information.</p> |

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B. Category 2: Authorized filing, Altered return information and No additional refund due to the taxpayer.

(1) Determine if complaint is complete.

| Category 2: Required Documentation | |
|---|---|
| Posted return reflects: | # [REDACTED] # Required |
| Signing preparer | <ul style="list-style-type: none"> • Tax return as intended to be filed signed by the taxpayer • Form <u>14157</u>, First and Last name of preparer and address • Form <u>14157-A</u>, signed under penalties of perjury (at least one taxpayer, if married filing joint) |
| Ghost preparer/ Non-Signing preparer | <ul style="list-style-type: none"> • Tax return as intended to be filed signed by the taxpayer • Form <u>14157</u>, First and last name of preparer and address • Form <u>14157-A</u>, signed under penalties of perjury (at least one taxpayer, if married filing joint) • Documentation showing 3rd party presented him/herself as preparer • Documentation showing interaction between the taxpayer and the preparer |

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Consider the documentation complete:

- If the # [REDACTED] # required documents above are included, consider the documentation requirement complete.

In some circumstances all the required documentation is not required as outlined below:

- Form 14157-A is not included, however, other documentation included contains the required information and the taxpayer provides a statement/explanation signed under penalties of perjury.
- Form 14157 is not included; however, the preparer's first and last name and address are included on other documentation.

Consider the documentation incomplete:

- If the # [REDACTED] # required documents above are not included or are included, however, the information provided within the documentation is incomplete.

Example: Taxpayer indicates that a refund was received and does not include the amount of the refund received on Form 14157-A or other documentation.

NOTE: # [REDACTED]
[REDACTED] #

- (2) If complaint is considered incomplete refer to [Incomplete Complaints](#) section for additional information. Case will be suspended for 40 days (70 days for overseas taxpayers). If reply received or suspense period ends refer to [Taxpayer Responses](#) section.
- (3) Verify the preparer information. Refer to [Verification of the Preparer](#) section for additional information.
- (4) For Category 2, # [REDACTED] # cases, a refund trace will only be required to be initiated when the claim is disallowed. This is necessary to determine the appropriate handling of the actual return provided with the claim. However, if a refund trace was previously performed and the trace information is currently available on a # [REDACTED] # refund, the information will be utilized to verify the receipt or non-receipt of a refund and to determine the amount, if any, of an erroneous refund received by the taxpayer.
 - a) If # [REDACTED] #
 - b) If # [REDACTED] #, determine if refund trace was previously performed. Refer to [Refund Deposit Verification](#) section for additional information.
 - c) Verify the taxpayer's statement regarding whether a refund was issued or deposited into an account in the taxpayer's name using the available refund trace information.

Example: Taxpayer states he/she received the correct or expected refund amount, however, available refund trace differs showing that the entire refund was deposited into an account in the taxpayer's name. # [REDACTED]
[REDACTED] # use the refund trace information to determine the amount of the erroneous refund to the taxpayer.

d) If trace information is not available or available trace information cannot verify the receipt or non-receipt of the refund, # [REDACTED]

[REDACTED] #

Example: Taxpayer states portion of refund received and available refund trace information shows that the refund was NOT deposited into an account in the taxpayer's name. We cannot verify the portion that the taxpayer received. # [REDACTED]

[REDACTED] #

(5) If complaint is considered complete (all required documentation, including 3rd party documentation (if applicable) is present and the preparer information is considered verified) then the complaint is accepted.

- The IRS will determine the type of relief to which the taxpayer is entitled, and for an allowed claim, will consider the original return a nullity and the actual return presented by the taxpayer (unaltered by the preparer) as the taxpayer's return of record.
- # [REDACTED] # information regarding fees paid to the preparer that were deducted from the original refund, it must be taken into account when determining preparer portion of refund and any additional refund amounts. The fee amount would not be considered a part of the preparer portion of the refund. However, when the fee is paid by other methods of payment (cash, personal check, unknown), do not take it into account.

| Category 2: Treatment Stream for Accepted Complaints | | | |
|---|---|--|---|
| Taxpayer states he/she received: | Return as intended to be filed reflects: | And original refund was: | Then taxpayer is eligible for: |
| Refund | Refund amount that matches the amount received | # [REDACTED] # | <ul style="list-style-type: none"> • Account adjustment to remove the nullified return • Account adjustment to reflect return as intended to be filed • Removal of the preparer portion of the refund <p>Refer to Required Account Actions sections for additional information</p> |
| No Refund | Balance due | # [REDACTED] # OR # [REDACTED] # and available refund trace information shows NO refund was deposited into an account in the name of the taxpayer | <ul style="list-style-type: none"> • Account adjustment to remove the nullified return • Account adjustment to reflect return as intended to be filed • Removal of the preparer portion of the refund <p>NOTE: Normal collection notices will be issued for balance due amount on taxpayer's return of record.</p> |

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| | | | <p>Refer to Penalty and Interest section and Required Account Actions section for additional information</p> |
| | | <p># [REDACTED] # and available refund trace information shows all or a portion of the refund WAS deposited into an account in the name of the taxpayer</p> | <p>Taxpayer will be asked to repay the erroneous portion of the refund using Category D erroneous refund procedures and is eligible for:</p> <ul style="list-style-type: none"> • Account adjustment to remove the nullified return • Account adjustment to reflect return as intended to be filed • Removal of the preparer portion of the refund, if applicable <p>NOTE: Normal collection notices will be issued for balance due amount on taxpayer's return of record.</p> <p>Refer to Category D Erroneous Refund section for additional information</p> |
| Refund amount that exceeds the amount on the return as intended to be filed | Refund/Balance Due | <p># [REDACTED] # and taxpayer states received more than entitled</p> <p>OR</p> <p># [REDACTED] # and available refund trace information shows all or a portion of the refund WAS deposited into an account in the name of the taxpayer</p> <p>OR</p> <p>Determination can be made from account information and taxpayer's statement that all or a portion of the refund was</p> | <p>Taxpayer will be asked to repay the erroneous portion of the refund using Category D erroneous refund procedures and is eligible for:</p> <ul style="list-style-type: none"> • Account adjustment to remove the nullified return • Account adjustment to reflect return as intended to be filed • Removal of the preparer portion of the refund, if applicable <p>NOTE: If taxpayer's return of record shows a balance due, normal collection notices will be issued.</p> |

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| | | received by the taxpayer (Taxpayer states received \$2,000.00 and TC 846 is \$2,000.00) | Refer to Category D Erroneous Refund section for additional information |
|--|--|--|---|

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C. Category 3: Authorized filing, Altered return information and taxpayer requesting additional refund.

(1) Determine if complaint is complete.

| Category 3: Required Documentation | |
|---|--|
| Posted return reflects: | # [REDACTED] # Required |
| Signing preparer | <ul style="list-style-type: none"> • Form <u>14157</u> – First and last name of preparer and address • Form <u>14157-A</u> – Signed under penalties of perjury (at least one taxpayer, if married filing joint) • Official law enforcement agency report (e.g. police department, Attorney General, CI, TIGTA), signed or otherwise demonstrably shown to be accepted by the that agency and must contain: <ul style="list-style-type: none"> • Tax year(s) involved • Preparer’s first and last name • Statement describing preparer misconduct and theft of refund |
| Ghost preparer/ Non-Signing preparer | <ul style="list-style-type: none"> • Form <u>14157</u> – First and last name of preparer and address • Form <u>14157-A</u> – Signed under penalties of perjury (at least one taxpayer, if married filing joint) • Documentation showing 3rd party presented him/herself as preparer • Documentation showing interaction between the taxpayer and the preparer • Official law enforcement agency report (e.g. police department, State Attorney General, CI, TIGTA), signed or otherwise demonstrably shown to be accepted by the that agency and must contain: <ul style="list-style-type: none"> • Tax year(s) involved • Preparer’s first and last name • Statement describing preparer misconduct and theft of refund |

Note: In cases that meet Category 3 where the original refund is frozen for the full amount in question, the law enforcement agency report is not required. However, on cases where a partial refund was released to the preparer, a law enforcement agency report is required.

Consider the documentation complete:

- If the # [REDACTED] # required documents above are included, consider the documentation requirement complete.

In some circumstances all the required documentation is not required as outlined below:

- Form 14157-A is not included, however, other documentation included contains the required information and the taxpayer provides a statement/explanation signed under penalties of perjury.
- Form 14157 is not included; however, the preparer’s first and last name and address are included on other documentation.

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- Official law enforcement agency report is not included; however the taxpayer provides an alternative statement documenting the taxpayer's attempt to secure a police report signed under penalties of perjury along with a statement from TAS documenting their assistance/attempts in obtaining a police report. The taxpayer statement should contain the return preparer's first and last name, address, and description of the preparer misconduct and theft of refund.

Consider the documentation incomplete:

- If the # [REDACTED] # required documents above are not included or are included, however, the information provided within the documentation is incomplete.

Example: Taxpayer indicates that a refund was received and does not include the amount of the refund received on Form 14157-A or other documentation.

NOTE: # [REDACTED]
[REDACTED] #

- (2) If complaint is considered incomplete refer to [Incomplete Complaints](#) section for additional information. Case will be suspended for 40 days (70 days for overseas taxpayers). If reply received or suspense period ends refer to [Taxpayer Responses](#) section.
- (3) Verify the preparer information. Refer to [Verification of the Preparer](#) section for additional information.
- (4) For Category 3, # [REDACTED] # cases, a refund trace is required and used to verify whether a refund was issued in the taxpayer's name. The trace information will be utilized to verify the receipt or non-receipt of a refund and to determine the amount, if any, of an additional refund that may be issued.
 - a) If # [REDACTED] #
 - b) If # [REDACTED] #, determine if refund trace was previously performed. If no trace information is available, initiate a refund trace. Refer to [Refund Deposit Verification](#) section for additional information.
 - c) Verify the taxpayer's statement regarding whether a refund was issued or deposited into an account in the taxpayer's name using the refund trace information.

Example:

- Taxpayer states no refund was received and refund trace information shows that the refund was NOT deposited into an account in the taxpayer's name. # [REDACTED]
[REDACTED] #
 - Taxpayer states that no refund or portion of the refund was received however; refund trace shows that the entire refund was deposited into an account in the taxpayer's name. # [REDACTED] # use the refund trace information to determine refund amount, if applicable.
- d) If trace information cannot verify the receipt or non-receipt of the refund, # [REDACTED]
[REDACTED] #.

Example: Taxpayer states portion of refund received and available refund trace information shows that the refund was NOT deposited into an account in the taxpayer's name. We cannot verify the portion that the taxpayer received. # [REDACTED] #

- (5) If complaint is considered complete (all required documentation, including 3rd party documentation (if applicable) is present and the preparer information is considered verified) then the complaint is accepted.
- The IRS will determine the type of relief to which the taxpayer is entitled, and for an allowed claim, will consider the original return a nullity and the actual return presented by the taxpayer (unaltered by the preparer) as the taxpayer's return of record.
 - # [REDACTED] # information regarding fees paid to the preparer that were deducted from the original refund, it must be taken into account when determining preparer portion of refund and any additional refund amounts. The fee amount would not be considered a part of the preparer portion of the refund. However, when the fee is paid by other methods of payment (cash, personal check, unknown), do not take it into account.

| Category 3: Treatment Stream For Accepted Complaints | | | |
|---|--|---|---|
| Taxpayer states he/she received: | And original refund was: | And individual named on law enforcement agency report or alternative statement in lieu of report: | Then taxpayer is eligible for: |
| No refund | # [REDACTED] # OR # [REDACTED] # and refund trace information shows refund was NOT deposited into an account in the name of the taxpayer | Signing preparer: Matches name on complaint and processed tax return | <ul style="list-style-type: none"> • Account adjustment to remove the nullified return • Account adjustment to reflect return as intended to be filed • Removal of the preparer portion of the refund • Applicable additional refund Refer to Required Account Actions sections for additional information |
| | | Non-signing preparer: Matches name on complaint Signing preparer: Does not match name on complaint and processed tax return Non-signing preparer: Does not match name on complaint OR No law | Partial Disallowance (Letter 106C) <ul style="list-style-type: none"> • Account adjustment to remove the nullified return • Account adjustment to reflect return as intended to be filed • Removal of the preparer portion of the refund • NO additional refund since law enforcement agency report requirements not met Refer to Partial Disallowance section for additional information |

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| | | enforcement agency report or alternative statement is submitted with the complaint | |
| No refund or Portion of refund | # [REDACTED] # and all or PORTION of refund was deposited into account of the taxpayer AND The refund is equal to the refund on actual return | Match/Does Not Match regardless of whether it is signing preparer or non-signing preparer | <p>Partial Disallowance (Letter 106C)</p> <ul style="list-style-type: none"> • Account adjustment to remove the nullified return • Account adjustment to reflect return as intended to be filed • NO additional refund is due since our records show taxpayer previously received applicable amount <p>Refer to Partial Disallowance section for additional information</p> <p>NOTE: If law enforcement agency report information does not match, also include explanation regarding the inconsistent information in the 106C letter.</p> |
| No refund or Portion of refund | # [REDACTED] # and all or PORTION of refund was deposited into account of the taxpayer AND The refund is less than what taxpayer is entitled to on actual return | <p>Signing preparer: Matches name on complaint and processed tax return</p> <p>Non-signing preparer: Matches name on complaint</p> | <ul style="list-style-type: none"> • Account adjustment to remove the nullified return • Account adjustment to reflect return as intended to be filed • Removal of the preparer portion of the refund • Applicable additional refund <p>Refer to Required Account Actions sections for additional information</p> <p>EXCEPTION: Partial Disallowance:</p> <ul style="list-style-type: none"> • If the refund amount the taxpayer states he/she did not receive matches the fee paid to the preparer then no additional refund will be issued or • If refund trace confirms that the portion received is greater than what taxpayer states then issue only the remaining balance of refund |
| | | <p>Signing preparer: Does not match name on complaint and processed tax return</p> <p>Non-signing preparer:</p> | <p>Partial Disallowance (Letter 106C)</p> <ul style="list-style-type: none"> • Account adjustment to remove the nullified return • Account adjustment to reflect return as intended to be filed • Removal of the preparer portion of the refund |

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| | | Does not match name on complaint OR No law enforcement agency report or alternative statement is submitted with the complaint | <ul style="list-style-type: none"> • NO additional refund since law enforcement agency report requirements not met Refer to Partial Disallowance section for additional information |
| No refund or Portion of refund | # [REDACTED] # and all or PORTION of refund was deposited into account of the taxpayer AND The refund exceeds what taxpayer is entitled to on actual return | Match/Does Not Match regardless of whether it is signing preparer or non-signing preparer | Partial Disallowance (Letter 106C) Taxpayer will be asked to repay the erroneous portion of the refund using Category D erroneous refund procedures and is eligible for: <ul style="list-style-type: none"> • Account adjustment to remove the nullified return • Account adjustment to reflect return as intended to be filed • Removal of the preparer portion of the refund Refer to Partial Disallowance section for additional information and Category D Erroneous Refund section for additional information |

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D. Category 4: Misdirected refund only and taxpayer requesting additional refund.

(1) Determine if complaint complete

| Category 4: Required Documentation | |
|---|--|
| Posted return reflects: | # [REDACTED] # Required |
| Signing preparer | <ul style="list-style-type: none"> • Tax return as intended to be filed signed by the taxpayer • Form <u>14157</u> – First and last name of preparer and address • Form <u>14157-A</u> – Signed under penalties of perjury (at least one taxpayer, if married filing joint) • Official law enforcement agency report (e.g. police department, Attorney General, CI, TIGTA), signed or otherwise demonstrably shown to be accepted by the that agency and must contain: <ul style="list-style-type: none"> • Tax year(s) involved • Preparer’s first and last name • Statement describing preparer misconduct and theft of refund |
| Ghost preparer/ Non-Signing preparer | <ul style="list-style-type: none"> • Tax return as intended to be filed signed by the taxpayer • Form <u>14157</u> – First and last name of preparer and address • Form <u>14157-A</u> – Signed under penalties of perjury (at least one taxpayer, if married filing joint) |

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| | <ul style="list-style-type: none"> • Documentation showing 3rd party presented him/herself as preparer • Documentation showing interaction between the taxpayer and the preparer • Official law enforcement agency report (e.g. police department, Attorney General, CI, TIGTA), signed or otherwise demonstrably shown to be accepted by the that agency and must contain: <ul style="list-style-type: none"> • Tax year(s) involved • Preparer’s first and last name • Statement describing preparer misconduct and theft of refund |
|--|---|

Note: In cases that meet Category 4 where the original refund is frozen for the full amount in question, the law enforcement agency report is not required. However, on cases where a partial refund was released to the preparer, a law enforcement agency report is required.

Consider the documentation complete:

- If the # [REDACTED] # required documents above are included, consider the documentation requirement complete.

In some circumstances all the required documentation is not required as outlined below:

- Form 14157-A is not included, however, other documentation included contains the required information and the taxpayer provides a statement/explanation signed under penalties of perjury.
- Form 14157 is not included; however, the preparer’s first and last name and address are included on other documentation.
- Official law enforcement agency report not included, however the taxpayer provides an alternative statement documenting the taxpayer’s attempt to secure a police report signed under penalties of perjury along with a statement from TAS documenting their assistance/attempts in obtaining a police report. The taxpayer statement should contain the return preparer’s first and last name, address, and description of the preparer misconduct and theft of refund.

Consider the documentation incomplete:

- If the # [REDACTED] # required documents above are not included or are included however the information provided within the documentation is incomplete.

Example: Taxpayer indicates that a refund was received and does not include the amount of the refund received on Form 14157-A or other documentation.

NOTE: # [REDACTED] #

- (2) If complaint is considered incomplete refer to [Incomplete Complaints](#) section for additional information. Case will be suspended for 40 days (70 days for overseas taxpayers). If reply received or suspense period ends refer to [Taxpayer Responses](#) section.
- (3) Verify the preparer information. Refer to [Verification of the Preparer](#) section for additional information.
- (4) For Category 4, # [REDACTED] # cases, a refund trace is required and used to verify whether a refund was issued in the taxpayer’s name. The trace information will be utilized to verify the receipt or non-receipt of a refund and to determine the amount, if any, of an additional refund that may be issued.

- a) If # [REDACTED] #
- b) If # [REDACTED] #, determine if refund trace was previously performed. If no trace information is available, initiate a refund trace. Refer to [Refund Deposit Verification](#) section for additional information.
- c) Verify the taxpayer's statement regarding whether a refund was issued or deposited into an account in the taxpayer's name using the refund trace information.

Example:

- Taxpayer states no refund received and refund trace information shows that the refund was NOT deposited into an account in the taxpayer's name. # [REDACTED] #
 - Taxpayer states that no refund or portion of refund received however, refund trace shows that the entire refund was deposited into an account in the taxpayer's name. # [REDACTED] # use the refund trace information.
- d) If trace information cannot verify the receipt or non-receipt of the refund, # [REDACTED] #

Example:

- Taxpayer states portion of refund received and available refund trace information shows that the refund was NOT deposited into an account in the taxpayer's name. We cannot verify the portion that the taxpayer received. # [REDACTED] #
- (5) If complaint is considered complete (all required documentation, including 3rd party documentation (if applicable) is present and the preparer information is considered verified) then the complaint is accepted.
 - The IRS will determine the type of relief the taxpayer is entitled. **For Category 4 cases the original return is considered valid and not considered a nullity.**
 - # [REDACTED] # information regarding fees paid to the preparer that were deducted from the original refund, it must be taken into account when determining preparer portion of refund and any additional refund amounts. The fee amount would not be considered a part of the preparer portion of the refund. However, when the fee is paid by other methods of payment (cash, personal check, unknown), do not take it into account.

Category 4 : Treatment Stream For Accepted Complaints

| Taxpayer states he/she received: | And original refund was: | And individual named on law enforcement agency report or alternative statement in lieu of report: | Then taxpayer is eligible for: |
|----------------------------------|--|---|--|
| No refund or Portion of refund | # [redacted] # or # [redacted] # and refund trace information shows refund was NOT deposited into an account in the name of the taxpayer | Signing preparer: Matches name on complaint and processed tax return Non-signing preparer: Matches name on complaint Signing preparer: Does not match name on complaint and processed tax return Non-signing preparer: Does not match name on complaint OR No law enforcement agency report or alternative statement is submitted with the complaint | <ul style="list-style-type: none"> • Removal of the preparer portion of the refund • Applicable additional refund Refer to Required Account Actions sections for additional information <ul style="list-style-type: none"> • Disallow claim for Return Preparer Misconduct (Letter 105C) Refer to Disallowance section for additional information |
| No refund or Portion of refund | # [redacted] # and ENTIRE refund was deposited into account of the taxpayer | Match/Does Not Match regardless of whether it is signing preparer or non-signing preparer | <ul style="list-style-type: none"> • Disallow claim for Return Preparer Misconduct (Letter 105C) Refer to Disallowance section for additional information |
| No refund or Portion of refund | # [redacted] # and PORTION of refund was deposited into account of the taxpayer | Signing preparer: Matches name on complaint and processed tax return Non-signing preparer: Matches name on complaint | <ul style="list-style-type: none"> • Removal of the preparer portion of the refund • Applicable additional refund Refer to Required Account Actions sections for additional information EXCEPTION: Partial Disallowance <ul style="list-style-type: none"> • If the refund amount the taxpayer states he/she did not receive matches the fee paid to the preparer then no additional refund will be issued or • If refund trace confirms that the |

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| | | | portion received is greater than what taxpayer states then issue only the remaining balance of refund. |
| | | Signing preparer: Does not match name on complaint and processed tax return Non-signing preparer: Does not match name on complaint OR No law enforcement agency report or alternative statement is submitted with the complaint | <ul style="list-style-type: none"> Disallow claim for Return Preparer Misconduct (Letter 105C) Refer to Disallowance section for additional information |

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IV. Incomplete Complaints

- (1) For all categories where the determination has been made that the complaint is not complete, correspondence will be issued requesting the missing documentation. The case will be suspended for 40 days (70 days for overseas taxpayers) awaiting taxpayer response. If no response is received or insufficient information is provided, the claim will be disallowed or partially disallowed.
- (2) Advise the taxpayer to provide the requested information within 30 days.
- (3) For all categories, if case is considered incomplete, initiate a refund trace if no trace has been previously performed. Refer to [Refund Deposit Verification](#) section for additional information.
 - For Category 1 and Category 2 cases specifically, if the additional information was requested from the taxpayer and taxpayer responds before the refund trace information becomes available, **do not** wait for the refund trace information, resume working the case per [Procedures by Category](#).
- (4) If the Assessment Statute Expiration Date (ASED) is imminent (90 days) and the taxpayer's actual return is included with the complaint but there are other missing elements, the CSR will have to take into consideration certain factors and timeframes in order to ensure the ASED is protected. Timely follow-up is required on these suspense cases.

NOTE: How we treat the taxpayer's actual return submitted with the complaint differs depending upon if we allow or disallow a claim; however, in an incomplete scenario that determination cannot be made immediately and although the ASED is considered imminent, certain factors may affect the statute implication.

| Actual return is present showing tax increase/credit decrease: | | |
|--|--|--|
| If original refund is ... | And... | Then... |
| # [REDACTED] # or # [REDACTED] # and determination can be made that only a portion or no refund was deposited into account in taxpayer's name | Tax/credit change # [REDACTED] [REDACTED] # | No statute implication <ul style="list-style-type: none"> • Correspond and suspend case. |
| | Tax/credit change # [REDACTED] [REDACTED] # | ASED more than 60 days <ul style="list-style-type: none"> • Correspond and suspend case. • Take no action on actual return during suspense timeframe. <p>NOTE: If determination after suspense timeframe is a disallowance, a PROMPT assessment WILL be required and referral to Exam.</p> |
| | | ASED less than 60 days <ul style="list-style-type: none"> • Correspond and suspend case. • Prompt assessment tax increase and/or credit decrease. • Indicate on Form 3210 to "Hold the Billing Notice". <p>NOTE: CSR judgment may be used whether to input this initial prompt. If there is sufficient time for the suspense timeframe (40/70 days) and then sufficient time to prompt if applicable (i.e., determination after suspense is a disallowance), then case can be suspended without the initial prompt. However, timely follow-up actions MUST be taken to protect the ASED.</p> <p>NOTE: If determination after suspense timeframe is a disallowance referral to Exam is required.</p> <p>(Refer to Disallowance section for additional information, if applicable)</p> |

| | | |
|--|------------------------|---|
| <p># [REDACTED] # and determination can be made that the entire refund was deposited into account in the taxpayer's name</p> <p>OR</p> <p>Determination cannot be made at the time of suspense regarding receipt or non-receipt of refund</p> | ASED more than 60 days | <ul style="list-style-type: none"> Correspond and suspend case. Take no action on actual return during suspense timeframe. <p>NOTE: If determination after suspense timeframe is a disallowance, a PROMPT assessment WILL be required.</p> |
| | ASED less than 60 days | <ul style="list-style-type: none"> Correspond and suspend case. Prompt assessment to reflect taxpayer's actual return following normal procedures. Indicate on Form 3210 to "Hold the Billing Notice". <p>NOTE: CSR judgment may be used whether to input this initial prompt. If there is sufficient time for the suspense timeframe (40/70 days) and then sufficient time to prompt if applicable (i.e., determination after suspense is a disallowance), then case can be suspended without the initial prompt. However, timely follow-up actions MUST be taken to protect the ASED.</p> <p>NOTE: If initial prompt is input and determination after suspense timeframe is a disallowance, the PROMPT assessment MAY have to be reversed.</p> <p>(Refer to Disallowance section for additional information, if applicable)</p> |

- (5) Correspond using Letter 131C, *Information Insufficient or Incomplete for Processing Inquiry*.
- Capture letter on CIS per IRM [21.5.1.5.1](#), *CIS General Guidelines*.
 - Leave a case note on CIS – "RPM case – 131C sent for (list information requested)".
- (6) For the pre-existing cases, a law enforcement agency report may be missing from the case file, the taxpayer is required to provide a law enforcement agency report or **attempt** to secure a police report with the following required elements on the report:
- Official report signed by officer or equivalent (or otherwise demonstrably accepted by the police department)
 - Tax year(s) involved
 - Preparer's first and last name

- Statement describing preparer misconduct and theft of refund
- a. Correspond for the missing law enforcement agency report and suspend case for 40 days, (70 days for overseas taxpayers):
 1. He/she must attempt to either provide a law enforcement agency report or alternative statement within 30 days.

REMINDER: Request any other information that is missing, for example 3rd party documentation for ghost preparer situations.

2. If he/she does not already have a law enforcement agency report and cannot obtain a police report, advise the taxpayer to contact TAS at 1-877-777-4778 for assistance.

Example of language for the request for law enforcement agency report:

We have received your complaint of Return Preparer Misconduct; however, due to recent policy decisions, in order to process your complaint a law enforcement agency report is required. The report must include the tax year(s) involved; your tax preparer's full name and statement describing the preparer misconduct and theft of refund.

If you do not have a law enforcement agency report, you should attempt to get a police report. If you are unable to obtain a police report, you must contact your local taxpayer advocate at 1-877-777-4778 for assistance. If no contact is made, we will be unable to process your complaint.

3. Include IRS Publication [4134](#), Low Income Taxpayer Clinic (LITC) List. This publication will provide information on LITC's.
- b. TAS will:
1. Contact the controlling IDTVA – AM employee, advising that the taxpayer has contacted them for assistance and negotiate a reasonable timeframe for continued suspense.
 2. TAS will attempt to secure a police report and if they cannot, TAS will assist the taxpayer in preparing a statement signed under penalties of perjury documenting his/her attempt.
 3. TAS must also provide a written statement documenting their attempt.
- c. If TAS contacts IDTVA- AM, CSR will:
1. Leave case note indicating TAS contact with agreed follow-up date.
 2. Request assistance from TAS to ensure any other required documentation is secured.
- d. Refer to [Taxpayer Responses](#) section if reply received or suspense period ends.

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V. Taxpayer Correspondence

A. Issuing Taxpayer Correspondence

(1) All normal outgoing correspondence guidelines should be followed per IRM [21.3.3.4.17.1](#), *Preparation of Outgoing Correspondence*.

(2) The following list is not all inclusive:

- A closing letter is required if an interim letter was issued.
- If the taxpayer's return as intended to be filed shows a balance due, it must be addressed. Advise the taxpayer: *Due to the delay in processing your claim we did not charge penalties to the date of adjustment. You will receive a notice of adjustment shortly. If the balance due on the account remains unpaid additional penalties and interest may apply.*
- All issues must be addressed. For example, if taxpayer provides state tax return information, this must be addressed in the correspondence to the taxpayer (such as advise taxpayer to send state information to their state taxation agency) along with any other explanation provided concerning their federal account.
- Indicate any action(s) taken; including if a refund will be issued.
- If math error set, provide explanation of changes made.
- If applicable, provide explanation why claim does not meet the Service's guidelines under RPM.
- Confirm RPO was notified.

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B. Taxpayer Responses

(1) Follow the table below when taxpayer responses are received.

| Taxpayer Responses Chart | | |
|--|---|---|
| If ... | And... | Then ... |
| Taxpayer responds to Letter 131C request for missing information | Does provide all required documentation | Proceed to Identifying RPM Categories section or other applicable section. |
| Taxpayer responds to Letter 131C request for missing information | Does not provide all of the required documentation | Disallow Claim EXCEPTION: If Category 2, send 916C letter. Refer to Disallowance of Claims section. |
| Taxpayer responds to Letter 131C request for missing report or alternative statement and any other information requested | Does not provide all of the requested information including the report or alternative statement AND TAS has not contacted IDTVA-AM advising that taxpayer has contacted them. | Disallow Claim Refer to Disallowance of Claims section. |
| | Does not provide all of the requested information including the report or alternative statement AND TAS has contacted IDTVA-AM advising that taxpayer has contacted them. | Suspend for the agreed additional timeframe for TAS to secure the required information. |

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| | | |
|---|--|---|
| Taxpayer responds to Letter 131C request for missing report or alternative statement and any other information requested | The report or alternative statement is the ONLY missing element AND TAS has not contacted IDTVA-AM advising that taxpayer has contacted them. | Proceed to the applicable Category 3 or Category 4 Procedures by Category Treatment Stream chart. |
| Taxpayer or TAS responds to Letter 131C request for missing report or alternative statement and any other information requested | Taxpayer/TAS has provided the requested information or statement signed under penalties of perjury | Proceed to applicable Procedures by Category Treatment Stream chart. |
| Taxpayer does not respond | | Disallow Claim EXCEPTION: If Category 2, send 916C letter. Refer to Disallowance of Claims section. |
| Taxpayer responds to Letter 105C | | Do not route to Appeals Issue 916C letter advising taxpayer to follow the instructions in the letter regarding the right to file suit. |
| Taxpayer responds to Letter 106C | the partial disallowance was due to expired RSED only | Follow IRM 21.5.3.4.6.2 , <i>Appeals and responses to Letter 105C and 106C</i> . |
| | the partial disallowance was not due to expired RSED | Do not route to Appeals Issue 916C letter advising taxpayer to follow the instructions in the letter regarding the right to file suit. |

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VI. Disallowance of Claims

A. Disallowance

- (1) There will be circumstances when the taxpayer's claim for refund will be disallowed.
- a) In all categories incomplete complaints will not be accepted and the claim will be disallowed if no response received or response received without the requested information within the specified timeframe.

EXCEPTIONS:

- For Category 2 – This category is not a claim for refund and therefore a no consideration 916C letter will be sent.
 - For Category 3 - If the only missing element is law enforcement agency report or alternative statement then refer to [Partial Disallowance](#) section.
- b) In all categories, the complaint will not be accepted and the claim will be disallowed when the preparer and/or documentation cannot be verified.

c) Category 4 claims will be disallowed when the entire refund was issued to or deposited into an account in the name of the taxpayer.

(2) For all categories if the claim is disallowed, a refund trace (refer to [Refund Deposit Verification](#) section for additional information) is required to determine the treatment of the taxpayer's actual return if included in the documentation. Follow chart below.

NOTE: Where the IRS could issue a notice of deficiency, a # [REDACTED] # applies. Apply the tolerance amount to the tax increase and/or credit decrease amount.

| When disallowing claim for return preparer misconduct and the taxpayer's actual return is present: | | |
|---|---|--|
| If refund trace shows ... | And tax increase and/or credit decrease is ... | Then ... |
| Entire refund deposited into account in taxpayer's name | N/A | <ul style="list-style-type: none"> • Issue Letter 105C (Letter 916C for Category 2) and • Treat taxpayer's actual return as an amended return following normal procedures. |
| Only a portion or no refund was deposited into account in taxpayer's name | # [REDACTED] # | <ul style="list-style-type: none"> • Issue Letter 105C (Letter 916C for Category 2) and • Do not process actual return <p>IMPORTANT: If an adjustment was input during the suspense period to protect the ASED and guidance above states, "Do not process actual return", the previous adjustment should be reversed. The manager or the lead must review the case prior to reversing to ensure proper determination was made to avoid an erroneous abatement.</p> |
| | # [REDACTED] # | <ul style="list-style-type: none"> • Issue Letter 105C (Letter 916C for Category 2) • Refer to Exam for deficiency procedures. Do not input any adjustment. • Suspend to CATA using interim primary reason "Constitutional Objection". • Notate in remarks: "RPM Disallowance # [REDACTED] # 105C letter sent." • Exam will select case and at that time close CIS case. <p>Exception:</p> <ul style="list-style-type: none"> • If Exam returns case with non-select then no further action required, (105C previously sent) and close CIS case. |

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- (3) Refer to IRM [21.5.3.4.6.1](#), *Disallowance and Partial Disallowance Procedures*, for additional information regarding requirements within the 105C letter and required account actions.

EXCEPTION: For RPM claims for refund, Category 1, 3 and 4, the taxpayer will be provided the right to file suit (paragraph (d) only). All other requirements in IRM 21.5.3.4.6.1 should be followed.

- (4) When disallowing a claim in cases where the taxpayer received the entire refund (or the benefit of the entire refund, e.g., offset), an account adjustment is needed (taxpayer's return is treated as an amended). Therefore, a separate TC 290.00 blocking series (BL) 98 or 99 for the disallowance must also be input. (The same applies if statute issues apply.)
- (5) Issue Letter 105C, *Claim Disallowed*, and include open paragraphs as necessary using the suggested verbiage.

NOTE: For Category 2 cases, issue Letter 916C, *Claim Incomplete for Processing; No Consideration*, and include open paragraphs as necessary in line with the suggested verbiage below.

Depending upon the scenario provide the specific reason for disallowance.

- a) *We are disallowing your claim for Return Preparer Misconduct because we received no response to our request for missing information.*
- b) *We are disallowing your claim for Return Preparer Misconduct because you did not provide sufficient information in your response to our request for missing information.*
- c) *We are disallowing your claim for Return Preparer Misconduct because we cannot verify the information you provided regarding your return preparer.*

For Category 4 disallowances:

- d) *We are disallowing your claim for Return Preparer Misconduct because the preparer information on the law enforcement agency report or alternative statement provided does not match the preparer information you provided on the complaint filed.*
 - e) *We are disallowing your claim for Return Preparer Misconduct because the refund trace information shows that the entire original refund was deposited into an account in your name.*
- (6) Additional information must be provided regarding the treatment of the taxpayer's actual return if present.

- a) When guidance states to treat taxpayer's return as an amended return:

Suggested verbiage:

Refund trace information shows that the entire original refund was deposited into an account in your name and/or it has been determined that you received the benefit of the entire original refund. We have adjusted your account to reflect the tax return you provided with your claim as an amended return. A notice of adjustment will be issued.

If statute issues apply, for example, ASED expired and no adjustment to reflect taxpayer's actual return can be made:

Suggested verbiage

No adjustments can be made to your account at this time since the legal period has expired for assessments for the tax period(s) shown above.

b) When guidance states “Do not process actual return”:

Suggested verbiage:

No adjustments are being made to your account at this time. If you need to make any changes to your original return, please file a Form 1040X, Amended U.S. Individual Income Tax Return.

(7) Provide IRS Publication [4134](#), Low Income Taxpayer Clinic (LITC) List. This publication will provide information on LITC’s.

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B. Partial Disallowance

(1) Partial disallowance procedures may apply in Category 1, Category 3 and Category 4 cases and also may apply if there are RSED implications.

(2) Depending upon the facts and circumstances including the refund trace results, partial disallowance procedures may apply if we are issuing less of a refund that the taxpayer expects.

a) The taxpayer may have received more than he/she stated in the RPM complaint and therefore this would impact the amount of any refund issued.

Example: Category 3: The taxpayer states he/she received a portion of the refund in the amount of \$500.00. Their actual return shows refund of \$1,500.00. The complaint is reviewed and considered complete. The refund trace shows that the taxpayer received a refund but in the amount of \$1,000.00. The treatment chart would advise that the taxpayer is eligible for account adjustment, removal of any preparer portion of the refund and the remaining balance of refund. The computation would affect the preparer portion moved to the general ledger account and in turn affect the additional refund amount due to the taxpayer. **Since we are issuing less than the taxpayer expects** (\$500.00) this would be considered a partial disallow.

b) The law enforcement agency report or alternative statement contained inconsistent information however the complaint was otherwise complete and therefore the taxpayer is not eligible for a refund but is eligible for account adjustment.

c) The RSED has expired, however taxpayer is eligible for account adjustment including removal of the preparer portion of the refund, and the overpayment must be moved to Excess Collections.

(3) Refer to IRM [21.5.3.4.6.1](#), *Disallowance and Partial Disallowance Procedures* for additional information regarding requirements within the Letter 106C and required account actions. Issue Letter 106C, *Claim Partially Disallowed*, and provide reason for partial disallowance.

Include in letter:

- If RSED has expired - Normal procedures in IRM 21.5.3.4.6.1 will be followed. Include both paragraphs (O) appeal rights and (Q) right to file suit.
- For RPM claims for refund, where we are issuing less than what the taxpayer expects or the law enforcement agency report or alternative statement contains inconsistent information, the taxpayer will be provided the right to file suit (paragraph (Q) only). All other requirements in IRM 21.5.3.4.6.1 should be followed.

REMINDER: When inputting a partial disallowance adjustment use BL 00 with the adjustment to reflect the taxpayer's actual return of record.

- (4) Provide IRS Publication [4134](#), Low Income Taxpayer Clinic (LITC) List. This publication will provide information on LITC's.

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VII. Special Considerations

- (1) Reference the subsequent sections for statute, penalty and interest information.

A. Statute Considerations

- (1) Care must be taken when evaluating statute year claims. If the assessment statute expiration date (ASED) is imminent or expired and/or the refund statute expiration date (RSED) is expired, the complaint must still be evaluated. Appropriate actions should be taken to protect these dates.
- (2) Incomplete Complaints on Statute Year Accounts: If additional information is necessary for consideration of the complaint see [Incomplete Complaint](#) section for guidance.
- (3) When a claim (Categories 1-3) is allowed, the original return will be treated as a nullity. The taxpayer's signed return as intended to be filed, received with the complaint, will be considered the return of record. For Category 4 cases the original return is considered valid and the taxpayer's return of record.
- (4) When following erroneous refund procedures, complete the required actions within the applicable statute of limitations. When following Category D erroneous refund procedures the Erroneous Refund Statute Expiration Date (ERSED) must be considered. Refer to IRM [21.4.5.14.1.1](#), *Statute of Limitations Category D Erroneous Refunds IRC 6532 (b) ERSED*.
- (5) Review the following IRM sections to determine what procedures to follow based upon the applicable statute of limitations. This list is not all inclusive:
 - IRM [25.6.1](#), *Statute of Limitations Processes and Procedures*
 - IRM [25.6.1.5](#), *Basic Guide for Processing Cases with Statute of Limitation Issues*
 - IRM [25.6.1.6](#), *General Information and Procedures*
 - IRM [25.6.1.7](#), *Credits and Payments*
 - IRM [25.6.1.7.3](#), *Excess Collection File (XSF) and Unidentified Remittance File (URF)*
 - IRM [25.6.1.8](#), *Original Delinquent Returns*
 - IRM [21.4.5.14.1.1](#), *Statute of Limitations Category D Erroneous Refunds IRC 6532 (b) ERSED*

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1. Assessment Statute Expiration Date (ASED)

- (1) For allowed or partially allowed Category 1-3 claims, the original return is considered a nullity and the actual return presented with the complaint by the taxpayer is the taxpayer's return of record. The ASED must be updated to reflect the receipt of the taxpayer's actual return.
 - a. Use the following instructions when using TC 560 to correct the ASED:
 1. TC 560 on CC REQ77 must be input on IDRS to correct the ASED to show the posting of the correct return.

2. Input TC 560 on CC REQ77 in Blocking Series 700 to extend the ASED. Use Blocking Series 990–999 to back date/back down the ASED.

b. Use the received date of the taxpayer’s signed return as intended to be filed to reflect the date of the return of record.

(2) For disallowed claims, if adjustment (for example: the actual return is treated as an amended return) is required and the ASED is imminent, input prompt assessment following normal procedures. If the claim is received after the ASED has expired, no tax assessment or credit decrease can be input. Refer to [Disallowance](#) section for additional information.

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2. Refund Statute Expiration Date (RSED)

(1) Normal RSED procedures or aspects of RSED procedures will be followed whenever possible.

REMINDER: The received date of the complaint should be used to determine whether the RSED is open.

(2) Category 1 and 3 cases are not solely considered a claim for refund. Since these complaints also involve an allegation that the original return was not authorized (CAT 1) or tax data was altered (CAT 3), the adjustment aspect still needs to be considered.

- a) If the complaint is received **after** the RSED has expired, the complaint will still be reviewed following the procedures in this guidance.
- b) If the taxpayer did not file their claim timely, on or prior to the RSED, the claimed overpayment is not eligible for refund to the taxpayer but instead must be moved to Excess Collections. Refer to [IRM 25.61.7.3](#), *Excess Collection File (XSF) and Unidentified Remittance File (URF)*.
- c) Partial disallowance procedures would then be followed. Refer to [Partial Disallowance](#) section.

(3) Category 4 cases involve a claim for refund only. Normal RSED procedures would apply.

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B. Balance Due Cases

(1) Depending upon the facts and circumstances of the complaint and account actions, there may be instances where a balance due will be a result.

Possible scenarios are:

- a) The taxpayer received or it is determined that the taxpayer received a refund in excess of which he/she is entitled resulting in an erroneous refund situation. For these types of cases, the taxpayers will be asked to repay the amount using erroneous refund procedures. Refer to [Procedure by Category](#) treatment stream charts and [Erroneous Refund](#) sections for additional information.
- b) The taxpayer may not have received a refund, but did not expect a refund and the return as intended to be filed is a balance due. (This scenario should usually occur with Category 1 and Category 2 cases only.) Circumstances of the account and return received dates will have to be considered to determine if any penalty and

interest implications apply. Refer to the next section for penalty and interest consideration.

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1. Penalty and Interest Consideration for Balance Owed Due to Tax Liability

- (1) For pre-existing cases, if the taxpayer's actual return reflects a tax liability and the tax return is late or the tax is not paid before or on the due date of the return, **no** Failure to File (FTF) or Failure to Pay (FTP) penalties will be applied for the period from the original due date of the return to the 23C date of the adjustment.
- (2) Restrict the generation of these penalties or reverse any assessed penalties, if applicable.
 - a) The restriction of the penalties will be included on the adjustment input to reflect the taxpayer's return of record.
 - Include TC 270.00 and TC 160.00, as applicable.
 - b) If the account has been previously adjusted (i.e., SP processed an amended return) and the account reflects the figures on the taxpayer's return of record, then input an adjustment to reverse any assessed penalties.
 - Use reason code (RC) 65 and penalty reason code (PRC) 30.
- (3) Interest will be allowed to systemically generate.

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VIII. Required Account Actions

- (1) The next sections review the necessary considerations and actions to resolve the RPM complaint. At this point, the CSR must know what specific relief to which the taxpayer is entitled and will take actions if applicable.

A. Offset Reversal Consideration

- (1) Offset Reversals – Care must be taken when determining if offsets posted (in or out of the module) should be reversed. The offset may not have to be reversed in its entirety and will depend upon circumstances of the account and the relief to which the taxpayer is entitled.
- (2) Reverse offsets that may have been applied from other tax years into the tax year module that the RPM complaint involves. Depending upon the account status include TC 570's on your credit transfer, if necessary. Be sure to release any credits on these associated modules.

NOTE: If taxpayer will have an actual balance due then only reverse the portion of the offset that exceeds the balance owed including penalties and interest.

- (3) Reverse offsets generated from the original refund applied to other IRS debts, when appropriate. Include TC 570 on your credit transfer screen as needed.
- (4) Treasury Offset Program (TOP) offset reversals should only be input if the amount offset is more than the overpayment on the taxpayer's actual return. Include TC 570 on your credit transfer screen as needed.
- (5) Examples:
 - a) Taxpayer did not receive any refund and is entitled to full relief including additional refund. Account shows that an adjustment was previously input to reflect a Form

1040X creating a balance due. An offset (TC 706) was applied from subsequent year to the balance due.

In this scenario, the entire offset can be reversed back to the originating module. When inputting resolution of RPM claim, the subsequent posting of a TC 841 (removal of the preparer portion of the refund using general ledger account) will resolve the balance due and the remaining credit should reflect the taxpayer's true refund.

- b) Account shows TC 846 \$5,500.00 with a BFS offset of 5,000.00. The taxpayer states no refund received and is entitled to relief. Research shows the remaining portion of \$500.00 was not deposited into an account in the name of the taxpayer. Taxpayer's return as intended to be filed shows a refund of \$3,000.00.

In this scenario, although taxpayer may not have actually received a refund, he/she received benefit of \$5,000.00 offset to a BFS debt. \$2,000.00 of the offset would be reversed and the resolution of the preparer portion of the refund of \$500.00 would be addressed utilizing general ledger procedures.

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B. Utilizing General Ledger Account for Preparer Portion of Refund

- (1) When the taxpayer is eligible for the removal of the portion of the refund attributable to preparer misconduct, a general ledger account will be utilized to credit the account.
- (2) Effective July 1, 2015 an RPM general ledger 1547 account was established for use with CC RPM48 and CC RPM58

NOTE: For information regarding the input of the CC RPM48/RPM58 refer to IRM [2.4.61](#), *Command Code IDT48/IDT58/RPM48/RPM58*. The employee is required to input the command code at the campus where the taxpayer's refund originated using CC CMODE.

- (3) Use cc RPM48 to reverse the entire refund (TC 84X) amount. TC 841 will post with document code 48 and Blocking Series 930-939 identifying it as an RPM transaction. This transaction will systemically freeze the account with a P freeze. Use when taxpayer did not receive any portion of the original refund. TC 841 amount would reflect the TC 84X amount.
- (4) Use cc RPM58 to reverse a portion of the refund. TC 700 will post with document code 58 and Blocking Series 930-939 identifying it as an RPM transaction. **Input a secondary TC 570 on your credit transfer to freeze the credit.** Use when taxpayer received a portion of the original refund OR when taxpayer is not eligible for an additional refund. The TC 700 amount would reflect the TC 84X amount minus the portion received by the taxpayer or if the taxpayer is not eligible for additional refund, the TC 84X amount minus the refund amount as shown on the tax return as intended to be filed (considered netting).
- (5) It is imperative to ensure the proper amount is computed. The CSR must be aware of the relief the taxpayer is eligible for and the expected account status after actions are taken including an adjustment if applicable.
- (6) # XXXXXXXXXX # information regarding fees paid to the preparer that were deducted from the original refund, it must be taken into account when determining preparer

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portion of refund and any additional refund amounts. The fee amount would not be considered a part of the preparer portion of the refund. However, when the fee is paid by other methods of payment (cash, personal check, unknown), do not take it into account.

[REDACTED] # and the preparer portion of the refund matches that fee amount, the GL account would not be utilized. The taxpayer received benefit of this portion.

EXCEPTION: For Category 1 cases, if there is a fee involved then this would be considered part of the preparer portion of the refund. If the taxpayer did not authorize the filing of the tax return, we would not hold the taxpayer responsible for the fee.

- (7) The end result of the posting of the TC 841 or TC 700 and any adjustments (if applicable) input depends upon the scenario.

Examples:

- a) **If taxpayer is entitled to an additional refund** – account should be in credit balance for the amount of the additional refund.

Account shows a TC 846 for \$1,800.00. Taxpayer's return as intended to be filed shows an overpayment of \$1,000.00.

- 1) Taxpayer received no portion of the original refund.
Since the taxpayer did not receive any refund, the CSR would post a TC 841 for \$1,800.00. Account would be credited for \$1,800.00. Once the adjustments are input, the account will show a credit balance of \$1,000.00.
- 2) Taxpayer received a portion of the original refund in the amount of \$800.00.
Since the taxpayer received \$800.00 portion of the \$1,800.00 refund, the CSR would post a TC 700 for \$1,000.00 (difference between the \$1,800.00 minus \$800.00). Once the adjustments are input, the account will show a credit balance of \$200.00, which is the remaining amount due the taxpayer.
- 3) Taxpayer states he/she received no portion of the refund but paid \$300.00 fee to preparer that was deducted from the original refund.
Since the fee was deducted from the refund, the taxpayer received benefit of \$300.00 and the preparer portion would total \$1,500.00. The CSR would post a TC 700 for \$1,500.00. Once the adjustments are input, the account will show a credit balance of \$700.00, which is the remaining amount due the taxpayer.

REMINDER: If the taxpayer did not file their claim timely, on or prior to the RSED, the claimed overpayment is not eligible for refund to the taxpayer but instead must be moved to Excess Collections.

- b) **If taxpayer is not entitled to additional refund** – account should be in zero balance.

Account shows a TC 846 for \$1,800.00. Taxpayer's return as intended to be filed shows an overpayment of \$1,000.00.

- 1) Taxpayer received a portion or no portion of the original refund.
In this scenario it does not make a difference if the taxpayer received any portion of the refund since determination made not to allow additional refund. The CSR would post a TC 700 for \$800.00 which is the difference between \$1,800.00 and the \$1,000.00 refund shown on the taxpayer's return as intended to be filed. Once the adjustments are input the account will show a balance of \$0.00.

- c) **If taxpayer is not due a refund and return as intended to be filed is a balance due** – account should be in debit balance for amount owed.

Account shows a TC 846 for \$1,800.00. Taxpayer's return as intended to be filed shows a balance due of \$1,000.00.

- 1) Taxpayer received no portion of the refund. The CSR would post a TC 841 for \$1,800.00. Account would be credited for \$1,800.00. Once the adjustments are input, the account will show a debit balance of \$1,000.00.

NOTE: If taxpayer received a refund from the original return that he/she was not entitled to receive and the return as intended to be filed is a balance due, refer to [Category D Erroneous Refunds](#) section for examples and procedure.

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C. Preliminary Account Inputs and Reminders

- (1) Update the entity if necessary (name line, address, filing status, etc.) based on the information on the taxpayer's return of record.

NOTE: The address cannot be updated based on the Form 14157-A alone.

- (2) Input TC 971 AC 504 on ENMOD using CC REQ77, if allowing/partially allowing the RPM claim.
 - TRANS-DT is auto populated with the current date
 - Enter SECONDARY – DT (enter the tax year affected by RPM incident in the format MMDDYYYY)
 - Enter MISC - RPM

NOTE: Effective 01/01/2016 refer to IRM 25.24.2.6.7.3, *Preliminary Account inputs and Reminders*, for additional information regarding the MISC code.

- (3) Input TC 470 to prevent offsets and any notices from issuing, if applicable. At times during the adjustment process, actions may put the account into a 'false' debit that would be resolved with subsequent inputs. To safeguard against balance due notices from generating or offsets being applied, the TC 470 can be used.

NOTE: If required to follow erroneous refund procedures follow the applicable references cited in Erroneous Refund section regarding specific input.

- (4) If working current year accounts, input TC 971 AC 850 if entire credit is frozen on account or if conditions in IRM [21.4.1.4.7.1](#), *Direct Deposit of Refunds*, (4) are present.

The input of the TC 971 AC 850 ensures any subsequent refund will not be direct deposited and will be issued as a paper check.

REMINDER: If inputting TC 971 AC 850 and an adjustment simultaneously, you MUST post delay your adjustment.

- (5) Update ASED, if applicable. Refer to [Statute Consideration](#) section for additional information.

REMINDER: If complaint involves a statute year, see [Statute Consideration](#) section prior to taking any final steps.

- (6) Math verify the taxpayer's actual tax return using the procedures in IRM [21.5.3.4.5](#), Math and Master File Verification of Claims and Amended Returns. Paragraphs 4–6 should be followed. Set a math error, if applicable, per IRM [21.5.4.4.1](#), *Setting the Initial Math Error Action*.
- (7) If the taxpayer's return as intended to be filed shows a balance owed due to a tax liability, restrict the FTF or FTP penalties or reverse any assessed penalties, if applicable. Refer to [Penalty and Interest Consideration](#) section for additional information.
- (8) Determine if an estimated tax penalty needs to be assessed or recomputed based on the taxpayer's actual return.

REMINDER: If no penalty needs to be assessed input a TC 170 for zero (.00) when decreasing withholding and/or transferring timely payments from the module and tax is also being adjusted when there is not a Computer Condition Code (CCC) "P" present.

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D. Account Adjustment

- (1) Depending upon the facts and circumstances of the complaint and the applicable treatment streams, account adjustments will be required for resolution.
- (2) There may be instances where the taxpayer received or it is determined that the taxpayer received a refund in excess of which he/she is entitled resulting in an erroneous refund/balance due situation. The taxpayer will be asked to repay the amount using Category D erroneous refund procedures.
- (3) Where the treatment stream chart does not specifically cite an action (for example erroneous refund) and shows the taxpayer eligible for account adjustment etc., standard RPM adjustment actions can be taken per the section that follows.

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1. Category D Erroneous Refunds

- (1) Reference IRM [21.4.5.5](#), *Account Actions for Category D Erroneous Refunds*, (and any other Category D applicable references) for additional required actions.
- (2) Category D procedures will generally be followed when the claim is allowed and the taxpayer received a refund amount that exceeds the amount on the return as intended to be filed.

- (3) When guidance states to follow Category D erroneous refund procedures, the CSR will incorporate the requirements specific to Category D into the adjustment of the account (using the [Standard Account Adjustments](#) procedures in the next section) and any RPM account actions applicable. (For example, moving preparer portion of refund to the general ledger account etc.)
- (4) After required actions are taken, the account should be in debit balance. Depending upon the scenario, this debit amount may consist of both an erroneous refund portion and a tax liability. It is important to distinguish between the two, since the taxpayer will be asked to repay the erroneous refund portion following Category D procedures and will be liable for the tax liability following normal collection activity.
 - The erroneous refund portion is the refund amount received by the taxpayer that exceeds the amount on the return as intended to be filed.
 - A tax liability would occur if the taxpayer's return as intended to be filed reflects a balance due.

Example: Taxpayer received \$2,000.00 and their return as intended to be filed reflects a balance due of \$1,000.00. After required actions are taken, the account will be in a \$3,000.00 debit. The erroneous refund portion is \$2,000.00 and should be entered on the TC 844. When accounting receives the erroneous refund package, they will post a false credit TC 700 for \$2,000.00 and continue monitoring. The account will now be in balance due for the \$1,000.00 which will be subject to normal collection activity.

- (5) Issue applicable letter advising taxpayer of any determinations made or actions taken on account.

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2. Standard Account Adjustments

- (1) The posting sequence of actions taken and adjustments input is important. When the original return is considered a nullity, that return will be zeroed out and then a second adjustment will be input reflecting the figures on the taxpayer's return of record. This second adjustment will issue a notice of adjustment (containing any refund amount or balance due amount, if applicable) and will release any freeze conditions, generating a refund if applicable.
- (2) If the account has previously been adjusted to reflect the taxpayer's return of record (i.e., SP processed an amended return) then the back out guidance can be bypassed. The CSR will follow any other applicable steps.

For Example:

 - TC 841/TC 700
 - Adjustment to reflect the taxpayer's return is not necessary; however an adjustment must be input to address penalties, if applicable or an adjustment needs to be input to include the Return Processible Date (RPD) date. (Follow any other rules (BL, HC etc.) as shown in (4) below).
 - Post delay transactions, as necessary.

EXCEPTION: If the taxpayer's actual return shows a balance and the balance due remains unpaid or it was paid after the original return due date, it is necessary to follow the back-out

procedures that follow so that a clear notice of adjustment is generated from the adjustment to reflect the taxpayer's actual return.

- (3) In general, when RPM Category 1 – 3 cases are allowable, the original TC 150 will be considered a nullity. This account information will be removed in full following normal back-out procedures.

Input an adjustment to back out the TC 150 original return information in full to zero out the account. On REQ54/ADJ54 screen use:

- Use Blocking Series (BL) 05.
- Source Code (SC) 0.
- Reason Code (RC) 099.
- Use hold code (HC) 4 to hold notices and any credit scenario.
- Include TC 170.00, if applicable.

- (4) The subsequent adjustment will reflect the figures on the return submitted with the taxpayer's complaint, considered now to be the return of record. (If taxpayer was not liable to file, adjust the account only to remove the posted information.)

NOTE: Category 4 cases are misdirected refund only cases and the original posted return is not considered a nullity. CSR will follow any other applicable steps (i.e., CC RPM48/58 etc.).

On REQ54/ADJ54 screen use:

- BL 00 (BL 77 if setting math error) to reflect adjustment made with original return. NOTE: If statute issues apply, refer to [Statute Considerations](#) section for additional information.
- SC 2 (SC 6 if setting math error).
- RC 099 (effective 01/01/2016 RC 131 will be used) and any other applicable RCs.
- Use HC 0 to allow the notice to generate.

EXCEPTION: Use HC 4, if required to issue a manual refund or if required to transfer the overpayment to Excess Collections.

- Use PDC 1 to allow previous actions to post first, if applicable.
- Include Return Processible Date (RPD), the received date of the taxpayer's actual processible return on your ADJ54.

NOTE: The RPD date is the date the taxpayer submits a signed tax return that can be processed. Unsigned returns are not processible.

- (5) Determine if DIF score is needed per guidance in IRM [21.5.2.4.23.6](#) *DIF SCORE or CLASSIFICATION "Send Return(s) to Examination for Review"*. If criteria are met send return to Examination for review.
- (6) If taxpayer is due a refund, issue a manual refund **ONLY** if a refund cannot be systemically released. Refer to IRM [21.4.4.4](#), *Preparation of Manual Refund Form*, for additional guidance on issuing a manual refund. Otherwise, release freeze for systemic generation.

REMINDER: If taxpayer is eligible for credit interest he/she is only entitled to it from the RPD date.

(7) Input TC 472 to reverse TC 470 previously input, if applicable.

REMINDER: This is important since in some instances after all account actions are performed, normal collection notices should be issued for balance due amount shown on the taxpayer's return of record.

(8) If account is in status 22 and a balance due for tax liability is present, ACS must be notified again.

- Complete Form 14394, *Identity Theft/RPM Case Collection Alert Instructions*. Be sure to check box "IDT/RPM Resolved Continuing Balance Due issue or NOIDT determination made AND case is still in Collection Status 22"
- FAX/e-mail the form to the applicable liaison per the instructions on the Form 14394.
- Leave CIS case note that Form 14394 was referred for continuing balance due issue.

(9) Notify the taxpayer of adjustment action taken using the applicable letter depending upon what actions were taken.

Suggested opening paragraph verbiage: *We have allowed your claim of return preparer misconduct. We have adjusted the account(s) shown above to reflect the information shown on the tax return(s) you provided so that your IRS tax records are accurate.*

REMINDER: Refer to [Taxpayer Correspondence](#) section for additional information that may have to be addressed in the closing letter. For example: If math error was set, provide the taxpayer a detailed explanation of the math error, or balance due/penalty issues etc.

(10) Close CIS case.

(11) Ensure that the Form 14157 and Form 14157-A information has been e-mailed to RPO.

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Department of the Treasury
FINANCIAL MANAGEMENT SERVICE
REGIONAL FINANCIAL CENTER
BENSALEM, PA 19020-9921

DIRECT DEPOSIT COORDINATOR

DATE OF REQUEST _____
SECOND REQUEST _____
DATE OF ORIGINAL REQUEST _____



Dear Financial Organization Representative:

One of your customers has filed a claim for nonreceipt stating that their direct deposit payment has not been credited to their account. Your customer authorized the payment indicated below to be sent to your financial organization through Treasury's Direct Deposit Program.

TRACE NO. _____ PAYMENT DATE _____

RECEIVING FINANCIAL ORGANIZATION _____
ROUTING NO. _____ TYPE OF PAYMENT _____

INDIVIDUAL (Customer's Name) _____

DEPOSITOR'S ACCOUNT NO. _____ AMOUNT _____

TYPE OF ACCOUNT _____ DISCRETIONARY CODE _____

PREFIX INDIVIDUAL ID (Customer's Claim No.) SUFFIX _____

Treasury's records show that the payment was scheduled and sent to your financial organization through the Federal Reserve Banking System.

Please research your records, at risk the block in the Financial Organization Action Section below that describe the action taken by your financial organization, sign the Financial Center Copy and return within 3 days to:

Department of the Treasury
Financial Management Service
Regional Financial Center
P.O. Box 603
BENSALEM, PA 19020-9921

GARY M BEETS
DIRECTOR, REGIONAL FINANCIAL CENTER

FINANCIAL ORGANIZATION ACTION

The payment described above was credited to the customer's account on (Date) _____

Credited to Taxpayer's account

The CUSTOMER'S COPY of this form was completed and forwarded to the customer on (Date) _____

We received the payment listed above. The payment was returned to the Federal Reserve on (Date) _____

We have the payment listed above but cannot post it. We are returning the payment to the Federal Reserve on (Date) _____

Account Owner's name(s) does not match the above stated individual. Action being taken (Check box below):

Account Owner's name does not match the taxpayer.

- Returning the funds through ACH per Reason Code R06
- Returning the funds by an Official Bank Check
- Funds are not available for return

Note: In the Additional Remarks section please provide the account holder information for the customer who received the payment. (This information is being requested, and may be disclosed, under the authority of 12 USC 3413(h) - Disclosure Necessary for Proper Administration of Programs of Certain Government Authorities)

ADDITIONAL REMARKS _____

PAPERWORK REDUCTION ACT AND PRIVACY ACT STATEMENT
This information is provided in compliance with the Privacy Act of 1974 (P.L. 93-579). All requested information is mandatory by authority of 50 CFR 301.11 and 31 CFR Part 210. This information will be used to determine if payments are being credited properly by financial organizations. Failure to provide the requested information may delay or prevent the settlement of claims for non-receipt of payment to organizations through the Direct Deposit Program.

SIGNATURE _____

TITLE _____

DATE _____

DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE

FMS FORM 150.1
9-99

FINANCIAL CENTER PENDING COPY



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Effective Date: 12-31-2015

Contact: If you have any questions, please contact Joyce Masuzawa (SE:W:CAS:AM:IPSO:ITVA)

Attachment

Distribution:

www.irs.gov (If the guidance meets [E-FOIA criteria](#))

Index: Interim Guidance on Return Preparer Misconduct (For IDTVA RPM Accounts Management (AM) ONLY)