

IRM PROCEDURAL UPDATE

DATE: 01/09/2026

NUMBER: 26U0059

SUBJECT: Updated TAS Referral Guidance

AFFECTED IRM(s)/SUBSECTION(s): 21.7.11

CHANGE(s):

IRM 21.7.11.3 Updated paragraph 3 with information about Taxpayer Advocate Services (TAS) referrals. As of January 5, 2026 Accounts Management no longer prepares the forms for referral to TAS.

(1) Actions on added computer paragraph notices and proper responses to the taxpayer inquiries require employees to access the Business Master File and Non-Master File.

(2) Employees may have to carry out procedures concerning any of the following:

- CP 108, *Problem with Your Federal Tax Deposit (FTD)*
- Electronic Federal Tax Payment System (EFTPS) CP 108 inquiries received by telephone
- Discrepancies between the tax type showed on an EFTPS payment and established filing requirements
- CP 108 reply showing an irate taxpayer
- An unnecessary reply to CP 108
- CP 172, *SC Notice Requesting Follow-up Action on Entity*; CP 192, *Employment Code Exempts FICA/FUTA Filing Forms 940, 941, 943; Form 3465, Adjustment Request*
- CP 180 and CP 181, *Missing Schedule on Forms 1120, 1041, 990C, 990T, CP 182, Missing Forms 3468 on Forms 1120, 1120F, 1120L, 1120M, 1041, 990C, 990T*

Note: Unified Work Request 375703 obsoleted CP 180, CP 181, and CP 182 effective January 2023.

- CP 185, *Frozen Designated Penalty Payment Transcript*, and TC 690, *Penalty Payment, Module in Credit Balance*
- CP 186, *Subsequent Payment Freeze*
- 120 percent interest computation

- Routing of CP 186 with U-, -V, -W, or TC 521 with closing code 81 or closing code 85 - 89
- CP 186 involving estate tax return
- CP 186 involving Form 4668, *Employment Tax Examination Changes Report*
- TC 342, Interest Restriction Deletion
- TC 272, Failure to Pay Penalty Restriction Deletion
- Computer Condition Code M
- TC 240 Civil Penalty Module
- CP 195, *Unresolved Manual Refund Freeze (-X Freeze)*
- CP 234, *Potential ES Penalty Transcript on Forms 1120, 1120F, 1120L, 1120M, 1041, 990C*
- CP 267, *No Math Error - Credit Offset Notice*, and CP 268, *Math Error Credit Offset Notice*
- Undeliverable CP 267 and CP 268
- CP 270, *Audit/DP Adjustment Transcript*
- POSSDEL PEN (Possible Delinquency Penalty) Transcripts

(3) The Taxpayer Advocate Service (TAS) provides assistance to taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems the IRS has not resolved through normal channels or believe that an IRS system or procedure is not working as it should.

See IRM 21.1.3.18 , **Taxpayer Advocate Service (TAS) Guidelines**, for handling requirements when a taxpayer is experiencing a hardship, an unusual delay in resolving their account issue, or specifically requests TAS assistance **AND** you cannot resolve the taxpayer's issue within 24 hours (i.e., "same day").

Caution: As of January 5, 2026, Accounts Management (AM) no longer prepares Form 911 or Form e-911 for taxpayers meeting TAS criteria or otherwise requesting TAS assistance.

(4) It is the responsibility of all IRS employees to report a significant volume of mistaken taxpayer correspondence being issued to taxpayers or the risk of issuing considerable volumes of mistaken correspondence. When this happens, follow procedures in IRM 25.13.1.3, *TCS Services*.

IRM 21.7.11.4.9 Updated paragraph 8 with information about Taxpayer Advocate Services (TAS) referrals. As of January 5, 2026 Accounts Management no longer prepares the forms for referral to TAS.

(1) When a module has more credits than claimed by the taxpayer, a Q- freeze is established and a CP 267, *No Math Error - Credit Offset Notice*, or a CP 268, *Math Error Credit Offset Notice*, is generated.

(2) These notices list up to 39 credits and request that the taxpayer explain if the credits are to be applied to other accounts or refunded. A 15-cycle freeze releases when any of the conditions below is met:

- A TC 652 or TC 662 posts resolving the discrepancy between the credits claimed and the credits posted # [REDACTED] #. (Reducing credits posted to less than credits claimed releases the Q- freeze.)
- The module balance becomes zero or debit.
- A TC 290 \$.00 with Priority Code (PC) 4 (with no secondary TCs or reference numbers) posts. (See IRM 21.7.1.4.6.2, *Q-Freeze/Offset*.)
- The 15-week cycle hold expires.

(3) These notices must be worked on an expedited basis. Make every effort to correct other issues involving the taxpayer's account rather than resolving only the notice tax period.

(4) If not previously controlled on IDRS, control using "LETTERCP267" or "LETTERCP268" as the activity code.

(5) **If less than three weeks** remain before the freeze expires, do not input any credit transfers. See table below:

| If | Then |
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| 1) Taxpayer requests we move the credit(s); however, a refund has already been issued. | <ol style="list-style-type: none">1. Notify the taxpayer we were unable to comply with the request on the CP 267 or CP 268.2. Recommend that the taxpayer return the refund check uncashed with information on where to apply the payment and to write Void on the back of the refund check. <p>Note: If the refund check was already cashed, a replacement check must be submitted for payment.</p> |
| 2) Taxpayer requests a refund. | <ol style="list-style-type: none">1. Allow the computer to issue a refund and advise the taxpayer that they will receive a refund within 3-4 weeks if they owe no other taxes. |

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| | 2. If a refund has already been issued and an interim letter has not been sent, close the case, as the refund received is the response to the taxpayer. Send a closing letter if an interim was sent. |
| 3) Taxpayer requests we move the credit(s); however, the credit will refund before any action can be taken. | <p>1. Follow the refund deletion procedures in IRM 21.4.1.5.10, <i>Refund Intercept CC NOREF with Definer "P."</i></p> <p>2. Move the credit(s) per the taxpayer's request once the refund has been deleted and a TC 841 is posted.</p> <p>Note: If you are unable to stop the refund, follow the instructions in the row above.</p> |
| 4) The credit(s) offset(s) to a module other than where the taxpayer requested. | <p>1. Reverse the offset(s) and transfer to the correct account.</p> <p>2. Advise the taxpayer that they will receive a CP 138, <i>Notification That the Overpayment on the Return was Offset Against Another Tax Period with a Balance Due</i>, and to disregard the notice, as we have applied the credit(s) as requested.</p> |
| 5) Taxpayer has submitted or will send an amended return. | <p>1. If time allows, follow the refund deletion procedures in IRM 21.4.1.5.10, <i>Refund Intercept CC NOREF with Definer "P."</i></p> <p>2. If it is too late to stop the refund, recommend that the taxpayer return the refund check uncashed with information on where to apply the payment and to write "Void" on the back of the refund check.</p> <p>Note: If the refund check was already cashed, a replacement check must be submitted for payment.</p> |

Note: Also see paragraph (7) below if the taxpayer states that the credit/payment does not belong to them.

(6) If **three or more weeks** remain before the freeze expires, follow the table below:

| If the taxpayer | And | Then |
|----------------------|--|--|
| 1) Requests a refund | There is no balance due on other modules | <p>1. Input a TC 290 \$0.00 with PC 4.</p> <p>2. Use Hold Code (HC) 0 if the refund is for the amount expected by the taxpayer and allow the CP 210 or CP 220, <i>Examination (Audit) or Data Processing Tax Adjustment - Balance Due</i>,</p> |

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| | | <p><i>Overpayment, or Even Balance</i>, notice to generate. If the amount is different, input HC 3 and advise the taxpayer of the difference.</p> <p>3. Tell the taxpayer the refund will be issued in three to four weeks.</p> |
| 2) Requests a refund | There are balances due on other modules | <p>1. Input a TC 290 \$0.00 with PC 4 and HC 3.</p> <p>2. Inform the taxpayer a refund will be issued in three to four weeks if no other taxes are owed.</p> <p>NOTE: Do not manually offset the overpayment to a balance due. Let the computer perform the offset unless there is a –E freeze on another module. The –E freeze prevents an offset for 10 weeks. You must manually transfer the payment to the balance due account using the proper transaction codes if the credit transfer will post before the release of the –E freeze.</p> <p>EXCEPTION: If there is a balance due on another module with an open control, coordinate with that area (if possible) to determine if a credit transfer is appropriate.</p> |
| 3) Requests a credit transfer | | <p>1. Input the credit transfer, per the taxpayer's request.</p> <p>2. Notify (by phone, letter, or notice) the taxpayer who received the CP 267 of the action taken.</p> <p>Reminder: If the taxpayer requests the overpayment be applied to the immediately succeeding tax period, move the overpayment using TC 830/TC 710. See IRM 21.7.4.4.5, <i>Estimated Tax Overpayment, Credit Elect - General</i>, for more information on credit elects. If the taxpayer requests that the actual payment be moved, use the proper transaction codes, e.g., TC 652/TC 650.</p> |

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| 4) Indicates they will send an amended return or 94X-X | | Input a TC 570 on the account to prevent the overpayment from refunding. |
| 5) Has payment(s) posted to the account after the CP 267 or CP 268 was generated | Proper credit disposition cannot be determined from a review of the account. | <ol style="list-style-type: none"> 1. Contact the taxpayer by phone to resolve the discrepancy. 2. If unable to contact by phone, pull the payment document to find if the payment(s) posted correctly. |
| 6) Provides an insufficient response | | <ol style="list-style-type: none"> 1. Contact the taxpayer by phone to resolve the discrepancy. 2. If unable to contact by phone and you cannot figure out what the taxpayer is asking, take no action to release the freeze. |

(7) If the taxpayer states that the excess payment/credit does not belong to them, determine if the payment was made via the Electronic Federal Tax Payment System (EFTPS).

a. If the payment was **not** made through the EFTPS, request the payment document to determine where the payment belongs. Research the account and follow the table below:

| If | Then |
|--|--|
| 1) The payment belongs to the taxpayer. | Contact the taxpayer for the proper disposition. |
| 2) The payment belongs to another taxpayer. | Transfer the payment to the proper account. |
| 3) You cannot determine where the payment belongs. | <ul style="list-style-type: none"> ○ If the credit is less than one year old, prepare Form 2424, <i>Account Adjustment Voucher</i>, for the Unidentified Remittance File (URF). ○ If the payment is at least one year old, prepare Form 8758, <i>Excess Collections File Addition</i>, for the Excess Collection File (XSF). |

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| | <ul style="list-style-type: none"> ○ If three weeks or more remain before the freeze expires, input a TC 570 to ensure an erroneous refund is not issued. Otherwise, follow the refund deletion procedures before routing the Form 2424 or Form 8758 to accounting. ○ If moving the credit(s) to XSF or URF, input a TC 971 AC 296 on the module to which the credit(s) posted to show that the proper research was completed. ○ See IRM 21.2.4.3.10, <i>Applying Unresolved Credits for AMRH</i>, and IRM 21.2.4.3.10.1, <i>Excess Collections File (XSF) and Unidentified Remittance File (URF) for AMRH</i>, for specific information on transferring the credit(s). |
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b. If the payment was made through the EFTPS, research the account, and contact the taxpayer (by telephone, if possible) and ask them to check their records, bank statements, subsidiaries' records, etc. If the taxpayer still insists that the credit is not theirs, follow the instructions in the last row of the table immediately above.

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