

## IRM PROCEDURAL UPDATE

**DATE: 05/24/2024**

**NUMBER: wi-21-0524-0690**

**SUBJECT: Added Procedure to Resolve TC 570 After TC 811 Posted on 1040-S Credit Reversal Accounts**

**AFFECTED IRM(s)/SUBSECTION(s): 21.8.1.12.14.4**

**CHANGE(s):**

**IRM 21.8.1.12.14.4 - Revised paragraph 2 to account for correspondence received date and paragraph 3 to explain TC 570 remaining on account.**

(1) When the matching program identifies a credit that requires further research, a TC 810-3 is placed on the account which creates the -E freeze. For further information on the matching criteria, refer to IRM 21.8.1.12.14.3.

(2) Taxpayers whose accounts have been frozen will be notified by Letter 5887c, Notification of Preliminary Action Regarding Chapter 3 or Chapter 4 Withholdings Shown as Payments on Your Tax Return. The letter will advise the taxpayer the IRS is holding the portion of their refund that relates to the withholding credit they claimed on line 25g of Form 1040-NR while we review it. They don't need to do anything at this time. Our review can take up to six months from the date we received the return, the due date of the return, or the correspondence received date whichever is later.

(3) The following table illustrates how AM assistors will reply to telephone/written inquiries concerning Letter 5887c issued because of their account being frozen based on a Form 1042-S credit.

<b>If...</b>	<b>And...</b>	<b>Then...</b>
Taxpayer writes or calls	The credit (TC 766 CRN 330) is frozen but has not been reversed	Research the taxpayers account to identify that the -E freeze is posted and there is a 1042-S credit (TC 766 CRN 330). If it is within the 154- day freeze period, advise the taxpayer their account is under review. The review can take up to six months. When the review is completed, IRS will either send your refund, deny it in full, or send a portion of it to you.
	The credit (TC 766 CRN 330) remains frozen and has not been reversed but	Research the taxpayers account to identify that the -E freeze is posted and there is a 1042-S credit (TC 766 CRN 330). If the 154-

	<p>the 154- day freeze period has expired. Or, the account shows an unreversed TC 570 posted in the same cycle as the TC 811.</p>	<p>day freeze period has expired, prepare a Form 4442 explaining the taxpayer has contacted IRS and the -E freeze remains on the account. Advise the taxpayer we are elevating their concern to the business unit handling their account and they should hear from IRS in 6 to 8 weeks. # [REDACTED]</p> <p># [REDACTED]</p> <p><b>Reminder:</b> The 154- day freeze begins from latter of the return received date, return due date, or correspondence received date</p>
	<p>The credit is reversed</p>	<p>Refer to IRM 21.8.1.12.14.5 below.</p>