IRM PROCEDURAL UPDATE

DATE: 06/05/2026

NUMBER: ts-21-0626-0606

SUBJECT: Various Changes to Refund Trace

AFFECTED IRM(s)/SUBSECTION(s): 21.4.2

CHANGE(s):

IRM 21.4.2.4.1(6) d - For clarity of procedures and ease confusion of joint procedures, indicated which procedures are to be followed by assistors inside and outside of Refund Inquiry.

(6) For IMF paper inquiries, accept a written statement for CC CHKCL input provided all criteria in IRM 21.4.2.4 (5) are met and the correspondence is signed by the taxpayer or their authorized Power of Attorney (POA) on Form 2848 . For joint returns, both taxpayers must sign.
If criteria is not met, the correspondence is not signed, or refers to a BMF account, reply to the correspondence and advise the taxpayer to file Form 3911, Taxpayer Statement Regarding Refund, which is available through the internet on IRS.gov. Using AMS or Correspondence Imaging Inventory (CII) case note, input the following history item on the account -**"Form 3911 needed"**. When responding to the taxpayers correspondence, follow procedures in IRM 21.3.3.3.4 , Quality and Timely Responses.

Exception: Refunds issued through a Refund Advance Product (RAL/RAC) have special procedures. For more information see IRM 21.4.1.5.7.2 , Direct Deposit Refund Advance Product (RAL/RAC). If taxpayer has **not** contacted their preparer or the FI, send Letter 0129C, Refund Inquiry; Form 3911 Required, include paragraph J to advise the taxpayer of the necessary information about the RAL/RAC.

a. If a Form 3911 is scanned into CII, review the form for completeness. Form 3911 should have lines 1,2,3, and 7, as well as appropriate signatures, to be considered complete. For joint IMF returns, both taxpayers must sign.
   If Form 3911 is incomplete, correspond for the missing information following procedures in IRM 21.4.2.3.3, Form 8599, Request for Missing Information Regarding Refund.
   Update CC ENMOD if an address change is required.

b. If paper refund is **less than** one year old or refund was direct deposit, follow procedures in IRM 21.4.2.4.2, Input Command Code (CC) CHKCL, to input CC CHKCL.

Exception: For BMF paper assistors route all Form 3911 to the Refund Inquiry unit which services your site, do not input the refund trace.

Note: A control base must remain **open** with Refund Inquiry pending the trace process, which can take up to 120 days for direct deposits and 6 weeks for paper checks.
If you are **not** a Refund Inquiry employee, after completing the CC CHKCL input take the following actions:
-if IAT controlled to the Refund Inquiry holding number, then re-control IDRS to match the CII "Assigned To" field
-update the "Doc Type" to **Refund Inquiry Correspondence**
-update the "Category" to **3911** (if Form 3911 is attached to CII) or **RFIQ** (if no Form 3911 is attached)
-update the "Program" to **01040**
-reassign the case to the Refund Inquiry Site Specialized number of your affiliated Refund Inquiry (RI) Unit. Puerto Rico cases should be reassigned to Brookhaven, and Jacksonville to Atlanta until further notice.
For holding numbers see Refund Inquiry Site Specialized Holding Numbers, located on SERP under the Who/Where tab.
Refund Inquiry will continue monitoring the account and take required next actions.

c. If paper refund is **more than** one year old, **or** the taxpayer is requesting a refund trace on a case with a previous trace (TC 971 AC 011 on account for the refund in question) or a combination of both, the Form 3911 or correspondence must be worked by Refund Inquiry Unit. If received in CII, update document type to **Refund Inquiry Correspondence**, category 3911 (if Form 3911 is attached to CII) or RFIQ (if no Form 3911 is attached to CII), and program code 01040. Reassign the case to the Refund Inquiry Site Specialized number of your affiliated Refund Inquiry (RI) Unit. Puerto Rico cases should be reassigned to Brookhaven, and Jacksonville to Atlanta until further notice. For holding numbers see Refund Inquiry Site Specialized Holding Numbers, located on SERP under the Who/Where tab.

   Reminder: If previous claim can be found in CII, link new correspondence to original claim prior to reassignment.

d. If a Form 3911 is received requesting a trace be completed on an account for which either no refund has been issued or the refund in question is not posted, take the following actions:
   - Research the account including CII and IDRS to determine any account issues which may indicate why no refund has posted.
   - If an open CII case is found link the case containing the Form 3911 to the open CII case. Follow procedures in IRM 21.3.3.4.2.1 , Use of 86C Letter - Referring Taxpayer Inquiry/Forms to Another Office, and if required send an 86C letter to advise taxpayer their correspondence is being transferred to another office (outside your

directorate) for resolution before closing your CII case.
- If no open CII case is found and additional documentation attached to the Form 3911 identifies the case as an adjustment type case, Refund Inquiry assistors will send the case to the work leader for referral to the ICM to have the case reassigned to a team that can work the specific inventory. Assistors outside Refund Inquiry will take action to resolve the case.
- If no open CII case is found, no additional documentation is attached to the Form 3911 and the case is not identified as an adjustment type case, follow procedures in IRM 21.3.3.3.4, Quality and Timely Responses, to advise taxpayer of the status of their account or that the refund was not issued on the account.

e. If a refund is identified and the time frame in IRM 21.4.2.4 (5) has not been met and a trace cannot be started, follow procedures in IRM 21.3.3.3.4, Quality and Timely Responses, to advise taxpayer of the status of their account. For physical paper Form 3911, destroy the Form 3911 following procedures in IRM 21.5.1.4.10, Classified Waste. For CII cases, after capturing the **request completed** screen of CC LETER, close your case.

f. If forwarding a physical paper Form 3911 to another Service Center with an open Refund Inquiry Unit control, create a history item stating **"39112XX"** (XX=SC), using CC ACTON. See note above for a listing of SC abbreviations to be used.

g. For specific guidance for handling CII cases, see IRM 21.5.1.5, Correspondence Imaging Inventory (CII) Procedures.

IRM 21.4.2.4.1(8) - Removed paragraph about incomplete Form 3911 as procedures are included earlier in same reference, subsequent paragraphs are renumbered.

IRM 21.4.2.4.1(8) - To incorporate changes to Form 1310 added the word "and" to indicate court documents are required.

(8) If research indicates one or both taxpayers are deceased, and Form 3911 was signed prior to the taxpayers' death on CC INOLES, follow procedures in IRM 21.4.2.3.3, Form 8599, Request for Missing Information Regarding Refund. Advise that a newly signed Form 3911 and Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, and/or court documents are required to trace the missing refund and re-issue the refund if returned.

IRM 21.4.2.4.13(3) - For ease of research reworked paragraphs with CDN literals into a chart, subsequent paragraphs are renumbered added link to IRM 20.2.4.8.5.3, Non-Receipt of Refund Check for information when calculating interest. SERP Feedback 40549.

(3) If module is not up on IDRS, input CC MFREQ(C) then follow procedures in the chart below:

If the CDN indicates	**Then**
"Forgery Established"	1. Use CC REQ77 to input TC 971 AC 078 on CC TXMOD. Input the date of the CDN as the transaction date. BFS may send more than one CDN on the same refund check as they process the claim. Update your case notes with information supplied. If there is a previous TC 971 AC 078 on the module, link the CDN with the previous one. Do not input more than one TC 971 AC 078 for the same refund. 2. Monitor the account for posting of the TC 841– Reclamation Credit — block and serial number **88000** or **88800**, and a **P-** Freeze. 3. Determine if the taxpayer is entitled to additional interest see IRM 20.2.4.8.5.3, Non-Receipt of Refund Check. 4. Input TC 290 for .00 to release the refund to the taxpayer include the appropriate TC 770 as follows: If limiting credit interest to what was paid on the original, input TC 770 for the same amount of the TC 770/776 from the original refund, likewise using the same credit interest to date (“CR-INT-TO-DT”) of the TC 770/776. When no interest was paid on the original refund, input TC 770 for .00. When allowing additional interest, input TC 770 for the calculated amount. **Exception:** If funds are returned from BFS as result of a refund trace and the module has RIVO involvement follow

	procedures for Refund Inquiry in IRM 25.23.4-4, Identity Theft (IDT) Functional Routing and Referral Chart. For cases worked by BFS prior to September 2025, if the CDN indicates BFS issued a replacement check to the taxpayer, notate your case with the replacement check number including the 4-digit check symbol number and the 8-digit check serial number, and close your case **Note:** If the original was a manual refund, a manual refund may be required. See IRM 21.4.4, Manual Refunds.
"Agency will be credited or similar wording"	1. Monitor the account for posting of the credit and take appropriate action to release the funds to the taxpayer. 2. Determine if the taxpayer is entitled to additional interest see IRM 20.2.4.8.5.3, Non-Receipt of Refund Check. 3. Input TC 290 for .00 to release the refund to the taxpayer include the appropriate TC 770 as follows: If limiting credit interest to what was paid on the original, input TC 770 for the same amount of the TC 770/776 from the original refund, likewise using the same credit interest to date (“CR-INT-TO-DT”) of the TC 770/776. When no interest was paid on the original refund, input TC 770 for .00. When allowing additional interest, input TC 770 for the calculated amount. **Note:** "Claim Status: Resolved - Agency Transfer" on the Claims Details tab in TCIS followed by the IPAC information indicates funds are being returned to IRS, a TC 841 will post for the returned funds. If forgery is determined, BFS will pay the taxpayer out of the Check Forgery Insurance Fund (CFIF) or return the funds to the IRS if after September 1, 2025. See IRM 21.4.2.4.15.3, Secret Service and Check Forgery Insurance Fund (CFIF). **Note:** The IRS cannot provide the taxpayer any information about the status of the BFS settlement checks and cannot trace them.

"Settlement Denied", "Settlement Not Authorized", or "Settlement Not Recommended and Case is Closed"	BFS has disallowed the claim and advised the taxpayer. 1. Use CC REQ77 to input TC 971 AC 079 on CC TXMOD. Input the date of the CDN as the transaction date. Do not input more than one TC 971 AC 079 for the same refund. If there is a previous TC 971 AC 078 for the same refund, BFS has done further investigation and has disallowed the claim after previously allowing it. Input TC 971 AC 079 and associate with the previous CDN, see note above in paragraph 1. 2. Research current and prior entity information for the taxpayer. o If claimant never lived at the check address (FS Form 1133 question 9 is **No**), research the return . o If the check address was incorrect due to an IRS error, research for another taxpayer with the same name at the address shown on the check. o If found, process as erroneous refund. o If not found, send the case back to BFS with a note: **Please Adjudicate IRS error.** The BFS adjudication process could extend the time frame for final resolution by 2 - 6 months. Advise the taxpayer they will be contacted by BFS if additional information is required. o If the address on the check is the same as that on the return, send the form back to the taxpayer with Letter 0206C, Refund Inquiry; Copy of Check Requested or Provided/Check Being Traced Form 13818, using appropriate paragraphs. If the case is a mixed entity, further research may be required to determine if the claimant is entitled to the check. Correct the account if necessary.
"Settlement not recommended pending refund from bank,	Follow procedures in paragraph 1 above.

incomplete FS Form 1133 Claim Form, or further investigation" or similar wording	**Caution:** If BFS advises the IRS a settlement check has been issued to the taxpayer, do not issue a manual refund. This action will cause an erroneous refund. Anyone causing an erroneous refund must document the action and the employee must refer to IRM 21.4.5, Erroneous Refunds, and follow applicable actions.
"The claims package has been returned as undeliverable by the U.S. Postal Service"	Follow procedures in IRM 21.4.2.4.12.1, Undeliverable Bureau of the Fiscal Service (BFS) FS Form 1133.
"The payee has released their claim"	Update AMS narrative or CII case note with the EXACT explanation or verbiage of what's written on the CDN.

IRM 21.4.2.4.13(5) - For inclusion of missing procedures added instructions for cases with open External Lead controls. SERP Feedback 40330.

(5) If a CDN is received for an account with an open External Lead control, follow procedures in IRM 21.4.1.4.6(4), External Leads Program or Other Questionable Refund Inquiries.

IRM 21.4.2.4.14(5) - For consistency added link to IRM 20.2.4.8.5.3, Non-Receipt of Refund Check for information when calculating interest.

(5) Monitor the account for posting of the TC 841. The TC 841 DLN will carry a Document Code "48" and Block Series "89XXX". Take the following steps to release the refund:

1. Determine if the taxpayer is entitled to additional interest see IRM 20.2.4.8.5.3, Non-Receipt of Refund Check.
2. Input TC 290 for .00 to release the refund to the taxpayer include the appropriate TC 770 as follows:
   If limiting credit interest to what was paid on the original, input TC 770 for the same amount of the TC 770/776 from the original refund, likewise using the same credit interest to date (“CR-INT-TO-DT”) of the TC 770/776.
   When no interest was paid on the original refund, input TC 770 for .00.
   When allowing additional interest, input TC 770 for the calculated amount.
3. Use the applicable source code (SC)
4. Use hold code (HC) 3

5. Use reason code (RC) 099, for IMF only

   Note: If the original was a manual refund, a manual refund may be required. See IRM 21.4.4, Manual Refunds.

IRM 21.4.2.4.15.3.1(4) - For consistency with updated AMRH procedures added information to express how transcripts received in AMRH with prior Refund Inquiry controls will be scanned in CII. Also added procedures for Refund Inquiry to follow in working these transcript cases.

(4) Reclamation Credits generated after a refund trace (Form 3911) has been processed and funds have been recovered through the banking system will post to the account with TC 841 with DLN 88000 or 88800 and a P- freeze.
When received in AMRH on AM10 transcript cases that indicate a prior Refund Inquiry control, are routed to ICT and scanned to Refund Inquiry inventory under Doc Type Refund Inquiry Correspondence; Program Code 01040 and Category RECL, for case resolution. Upon receipt of these transcript cases, Refund Inquiry assistors will research CII for related cases, if found link the cases using the "Link" function on the "Active Case" page. After linking related cases, or if no related cases are found, follow guidance in IRM 21.5.6.4.31.1 , P- Freeze with No Return Integrity Verification Operations (RIVO) Involvement, to release the refund to the taxpayer.

Exhibit 21.4.2-3 - Updated to incorporate updates for Executive Order 14249- Protecting America's Bank Account, added code: 06, description: beneficiary of account holder deceased, transaction code: 841 and Block and Serial Number: 77717.

The "Reason for Cancellation Code" associated with TC 740, TC 841 and TC 843 credits determines what block and serial number will be used to post the credit back on the account and determines whether a freeze will be set on the module.

Note: Direct deposit reject reason codes can be found in IRM 21.4.1.5.8.1, Direct Deposit Reject Reason Codes.

Note: Reason for Cancellation Code will appear as **RC** on SF 1098, Schedule of Canceled Checks. See IRM 3.17.79.10.1, Treasury Checks Returned to the Submission Processing Center and Regional Financial Center, for an example of the form.

Code	Description	T/C	Block and Serial Number
01	Intercepted checks, P- Freeze set.	841	55555
02	Undeliverable checks, S- Freeze set.	740	99999

03	Returned checks, P- Freeze set (Other than Intercepted or Undeliverable).	841	99999
03	Returned checks, P- Freeze set, Altered check	841	77715
06	Returned checks, P- Freeze set, beneficiary of account holder deceased	841	77717
08	Unavailable check cancellation credit (Credit returned on outstanding check due to a check claim). (CHKCL/STATUS-32) "P-" Freeze set.	841	88899
09	Unavailable check cancellation credit (Credit returned on outstanding check because of check claim).	841	88888
09	Reclamation	841	88000 or 88800
09	Payment Over Cancellation (POC).	843	55111
40	Limited Payability (LP) expired check credit, S- freeze set (1992 only).	740	666XX
40	Limited Payability (LP) expired check credit.	740	66666