IRM PROCEDURAL UPDATE

DATE: 08/06/2026

NUMBER: ts-21-0826-0756

SUBJECT: Update to Withholding and Various Credit Procedures

AFFECTED IRM(s)/SUBSECTION(s): 21.6.3

CHANGE(s):

IRM 21.6.3.4.2.7.8 Added signatures are required for 2021 and prior, removed incomplete claims procedures, and added close the CII case after sending the C letter.

(1) If taxpayer appears to qualify for EITC but did not claim it on their original return:

- A CP 09, Earned Income Credit - You May Be Entitled to EIC, is issued to taxpayers with qualifying child(ren).
- A CP 27, EIC Potential for T/P Without Qualifying Children, is issued to taxpayers with no qualifying children.

Exception: The CP 09 / CP 27 generates for tax returns with no unallowable conditions.

Note: A TC 971 Action Code (AC) 503 means the CP 09 / CP 27 notice was suppressed.

(2) The notice advises the taxpayer to allow 8 weeks for receipt of refund or correspondence.

Exception: CP 09 and CP 27 responses received **prior to** September 11, 2023, were scanned in and assigned a TC 971 AC 120 and AC 010 causing a -A freeze to generate. If you receive a phone call meeting this scenario, provide the taxpayer the timeframe based on IRM 21.5.6.4.2, -A Freeze.

Take the following action if contacted by the taxpayer:

Row Number	If	And	Then
1	Less than 8 weeks have passed since taxpayer	There is no open IDRS control, and adjustment has not been made **or** Research shows an open	Advise the taxpayer to allow 8 weeks for normal processing time.

	submitted CP 09 / CP 27	control, but adjustment has not been made	
2	8 weeks have passed since taxpayer submitted CP 09 / CP 27	Research shows no record of receiving taxpayer's response	Advise the taxpayer to complete Form 1040-X, Amended U. S. Individual Income Tax Return, and attach Schedule EIC, if applicable.
3	8 weeks have passed since taxpayer submitted CP 09 / CP 27	The taxpayer's response has been received, there is an open control **to an employee** and an adjustment has not been made	If you have access to Correspondence Imaging Inventory (CII): • Add a Case Note to CII indicating taxpayer called to check status. • Apologize for the delay in processing and advise the taxpayer to allow an additional 30 days for a response. If you do not have access to CII: • Prepare Form 4442/e-4442, Inquiry Referral, and route to the employee with the open control. • Apologize for the delay in processing and advise the taxpayer to allow an additional 30 days for a response.
4	8 weeks have passed since taxpayer submitted CP 09 / CP 27	The taxpayer's response has been received, there is an open control **to a clerical unit or generic IDRS queue** and an adjustment has not been made **Note:** Generic IDRS queue numbers for Submission	• If you have access to CII and sufficient information to work the case during the phone call, reassign the case to yourself in CII, work and close the case. • If you do not have access to CII, sufficient information

		Processing (SP) can be found in IRM 3.11.6.3, Controlling Cases on the Integrated Data Retrieval System (IDRS). Generic IDRS queue numbers for Accounts Management (AM) can be found in IRM 21.5.1.5.1, CII General Guidelines.	to work the case or are unable to work the case due to a training issue (e.g., call sites), apologize for the delay in processing and advise the taxpayer to allow an additional 30 days for a response.

(3) Generally, a completed CP 09 or CP 27 is considered an informal claim. However, if the taxpayer returns the CP 09 / CP 27 or Form 15111, Earned Income Credit Worksheet (CP 09) / Form 15112, Earned Income Credit Worksheet (CP 27), indicating they are not eligible for EITC (no other issue involved), a reply is not necessary. Destroy as classified waste per IRM 21.5.1.4.10, Classified Waste.

Note: Occasionally taxpayers get confused with the earned income / investment income statement and check the box. If CC IRPTR verifies earned income, continue with (5).

(4) Beginning January 2023, taxpayers can send responses to CP 09 notices electronically via the Documentation Upload Tool (DUT). Taxpayers can access the DUT by scanning the QR code or entering the access code located on the CP notice or form, or by visiting irs.gov/dutreply. The responses are transferred to Correspondence Imaging Inventory (CII) and worked following normal procedures.

(5) Taxpayers must complete and return the Form 15111 / Form 15112 (Earned Income Worksheet), or CP 09 / CP 27, if qualified. Signatures are only required for tax year 2021 and earlier.

Exception: .

(6) If you receive a CP 09 / CP 27 response with the incorrect revision of Form 15111 or Form 15112, respond as follows.

- For CP 27, EIC Potential for T/P Without Qualifying Children, try to contact taxpayer via telephone (refer to IRM 21.1.1.4, Communication Skills) to verify their responses for the correct tax year. If contact is made via telephone, document CII with a case note "**Verified 20XX EITC eligibility via oral statement authority."** If unable to contact via telephone, send an appropriate "C" letter apologizing for the inconvenience, request a new Form 15112 for the correct year, and close the CII case.
- For CP 09, Earned Income Credit - You May Be Entitled to EIC, try to contact taxpayer via telephone (refer to IRM 21.1.1.4, Communication Skills) to request a

new Form 15111 for the correct year **or** Schedule EIC via fax. If unable to contact via telephone, send an appropriate “C” letter apologizing for the inconvenience, request a new Form 15111 for the correct year **or** Schedule EIC., and close the CII case.

(7) See IRM 21.6.3.4.2.7.3, Earned Income Tax Credit (EITC) - Social Security Number Requirements, to verify SSN validity for qualifying child(ren)'s SSNs. If SSN provided for qualifying child is not valid, reduce or disallow the credit.

(8) Compute the EITC amount using normal procedures. If the taxpayer is **not** eligible for EITC based on our computation, eligibility criteria, or other reason:

- Deny the credit
- Input a TC 290 for .00, BS 05, RC 054
- Send Letter 76C with the appropriate paragraph, and an open paragraph explaining why the taxpayer is not eligible, if necessary.
- Input a TC 971 AC 112, if the criteria in IRM 21.6.3.4.2.7.10, Earned Income Tax Credit (EITC) - Claims, is met

Note: If a refund on the module is being held by Return Integrity Verification Operations (RIVO), input a HC 4

(9) If the taxpayer claims a child on the CP 09 that was not claimed on the original return, send a Letter 76C explaining why the credit was partially disallowed and inform the taxpayer to file a Form 1040-X to claim the additional child.

(10) When allowing EITC based on a CP 09 / CP 27 or Form 15111 / Form 15112, use:

- Blocking series 05
- Source code 1
- Reason Code (RC) 017 and 053. The RC 017 is for tracking purposes only; nothing prints on the CP 21 / CP 22.
- Priority Code 3 when allowing the credit. Refer to IRM 20.2.4.8.3.3, 45-Day Rule and IRS Initiated Adjustments, for more information
- CRN 764
- Do not input the amended claims date

Note: If a refund on the module is being held by RIVO, see IRM 21.5.6.4.35.3, -R Freeze Overview For Accounts With Return Integrity Verification Operations (RIVO) Involvement.

Note: The Additional Child Tax Credit may have to be recomputed if EITC is allowed and the taxpayer claimed three or more qualifying children for the Child Tax Credit.

See Instructions for Schedule 8812 (Form 1040), Credits for Qualifying Children and Other Dependents, for more information.

(11) Refer to the following chart if you receive a Form 1040-X and a CP 09 / CP 27 has been sent to the taxpayer.

If	And	Then
If you receive a Form 1040-X in response to a CP 09 / CP 27	A Form 15111 / Form 15112 is attached	Process the case as a CP 09 / CP 27 response
If you receive a Form 1040-X for a tax year in which a CP 09 / CP 27 was sent	A Form 15111 / Form 15112 is **NOT** attached	Process the case as a Form 1040-X
If you receive a Form 1040-X in response to a CP 09 / CP 27 with additional changes (e.g., adding a child or income)	A Form 15111 / Form 15112 is attached	• Adjust the EITC following CP 09 /CP 27 processing • Do a separate adjustment for the other changes following normal Form 1040-X processing

(12) If current year, update Command Code DUPED (using the child's SSN, not the primary SSN) when allowing EITC based on a CP 09. Refer to IRM 21.6.1.7, Command Code DUPED and DDBCK, for more information.

(13) Unpostable CP 27 adjustments input by Submission Processing are forwarded to Accounts Management.

IRM 21.6.3.4.2.8.3 Added signatures are required for 2021 and prior and added close the CII case after sending the C letter.

(1) The CP 08, You May Qualify for a Refund From the Additional Child Tax Credit (ACTC), is generated if specific criteria based on the original return are met. Taxpayers are issued a CP 08, informing them of their potential eligibility to claim the Additional Child Tax Credit, when they:

a. Compute an amount for the Child Tax Credit (CTC), have no tax liability, and fail to use the remaining portion of the credit to claim ACTC, or
b. Indicate eligibility for CTC (by checking the Child Tax Credit box on Form 1040), do not claim CTC due to no tax liability and do not claim ACTC.

(2) The notice advises the taxpayer to allow 8 weeks for receipt of refund or correspondence.

Exception: CP 08 responses received **prior to** September 11, 2023, were scanned in and assigned a TC 971 AC 120 and AC 010 causing a -A freeze to generate. If you receive a phone call meeting this scenario, provide the taxpayer the timeframe based on IRM 21.5.6.4.2, -A Freeze.

Take the following action if contacted by the taxpayer:

Row Number	**If**	**And**	**Then**
1	Fewer than 8 weeks have passed since taxpayer submitted CP 08	There is no open IDRS control, and adjustment has not been made **or** Research shows an open control, adjustment has not been made	Advise Taxpayer to allow 8 weeks for normal processing time.
2	8 weeks have passed since taxpayer submitted CP 08	Research shows no record of receiving taxpayer's response	Advise Taxpayer to complete Form 1040-X, Amended U. S. Individual Income Tax Return, and attach Schedule 8812.
3	8 weeks have passed since taxpayer submitted CP 08	The taxpayer's response has been received, there is an open control **to an employee** and an adjustment has not been made	If you have access to Correspondence Imaging Inventory (CII): • Add a Case Note to CII indicating taxpayer called to check status. • Apologize for the delay in processing and advise the taxpayer to allow an additional 30 days for a response. If you do not have access to CII: • Prepare Form 4442/e-4442, Inquiry Referral, and

			route to the employee with the open control. • Apologize for the delay in processing and advise the taxpayer to allow an additional 30 days for a response.
4	8 weeks have passed since taxpayer submitted CP 08	The taxpayer's response has been received, there is an open control **to a clerical unit or generic IDRS queue** and an adjustment has not been made **Note:** Generic IDRS queue numbers for Submission Processing (SP) can be found in IRM 3.11.6.3, Controlling Cases on the Integrated Data Retrieval System (IDRS). Generic IDRS queue numbers for Accounts Management (AM) can be found in IRM 21.5.1.5.1, CII General Guidelines.	Take one of the following actions: • If you have access to CII and sufficient information to work the case during the phone call, reassign the case to yourself in CII, work and close the case. • If you do not have access to CII, sufficient information to work the case or are unable to work the case due to a training issue (e.g., call sites), apologize for the delay in processing and advise the taxpayer to allow an additional 30 days for a response.

(3) Generally, a completed CP 08 is considered an informal claim. However, if the taxpayer returns the CP 08 or Form 15110 notice indicating the taxpayer is not eligible for the Additional Child Tax Credit (no other issue involved), a reply is not necessary. Destroy as classified waste per IRM 21.5.1.4.10, Classified Waste.

(4) Beginning January 2023, taxpayers can send responses to CP 08 notices electronically via the Documentation Upload Tool (DUT). Taxpayers can access the DUT by scanning the QR code or entering the access code located on the CP notice or form, or by visiting IRS.gov/dutreply. The responses are transferred to Correspondence Imaging Inventory (CII) and worked following normal procedures.

(5) Taxpayers must complete, and return the CP 08 notice or Form 15110, Additional Child Tax Credit Worksheet, if qualified. Signatures are only required for tax year 2021 and earlier.

Exception:

(6) If you receive a CP 08 response with the incorrect revision of Form 15110, try to contact taxpayer via telephone (refer to IRM 21.1.1.4, Communication Skills) to request a new Form 15110 for the correct year **or** Schedule 8812, Credits for Qualifying Children and Other Dependents, (depending on year or number of children, see paragraph 7 below), via e-efax. If unable to contact via telephone, send an appropriate "C" letter apologizing for the inconvenience and request a new Form 15110 for the correct year **or** Schedule 8812, and close the CII case.

(7) For tax years 2018 - 2025, Schedule 8812 is required. If a taxpayer submits CP 08 without the Schedule 8812 when required, correspond for the missing schedule. Follow IRM 21.5.3.4.2, Tax Decrease or Credit Increase Processing.

(8) Compute the amount of the credit based on the qualifying children claimed on the CP 08 that meet the following criteria:

- A dependency exemption was allowed for the same child.
- The child was under 17 years old at the end of the calendar year.

(9) Partially / completely deny the claim by inputting a TC 290 for .00, BS 05 and send a Letter 76C with an open paragraph, "We are writing as a follow-up to the CP 08 we recently mailed. We are sorry to inform you that you do not qualify for the Additional Child Tax Credit because [include explanation]. We apologize for this inconvenience." if:

- the taxpayer claims additional children on the CP 08 for whom the taxpayer did not claim a dependency exemption on the original return
- the taxpayer claims any children on the CP 08 for whom a dependency exemption was disallowed to the taxpayer
- the taxpayer does not meet all of the criteria (see IRM 21.6.3.4.1.22, Child Tax Credit (CTC))

  Note: If a refund on the module is being held by Return Integrity Verification Operations (RIVO), input a HC 4.

(10) When adjusting a module based on a CP 08:

a. Use Credit Reference Number (CRN) 336 to allow the credit.
b. Use RC 061, SC 1 and the applicable blocking series.
c. Use Priority Code 3 to allow interest to be systemically calculated as an IRS initiated adjustment. Refer to IRM 20.2.4.8.3.3, 45-day Rule and IRS Initiated Adjustments, for more information and procedures when a manual interest computation is required.

d. Do not input the amended claims date.

Note: If a refund on the module is being held by RIVO, see IRM 21.5.6.4.35.3, -R Freeze Overview For Accounts With Return Integrity Verification Operations (RIVO) Involvement.

(11) Refer to the following chart if you receive a Form 1040-X and a CP 08 has been sent to the taxpayer.

If	And	Then
If you receive a Form 1040-X in response to a CP 08	A Form 15110 is attached	Process the case as a CP 08 response
If you receive a Form 1040-X for a tax year in which a CP 08 was sent	A Form 15110 is **NOT** attached	Process the case as a Form 1040-X
If you receive a Form 1040-X in response to a CP 08 with additional changes (e.g., adding a child or income)	A Form 15110 is attached	• Adjust the ACTC following CP 08 processing • Do a separate adjustment for the other changes following normal Form 1040-X processing

IRM 21.6.3.4.2.15(4) (bullet 3) Updated qualifying dependent description.

(4) An eligible self-employed individual who is entitled to claim qualified sick and family leave equivalent credits must attach Form 7202 for the correct year, to their tax return. The credit is reported on Form 1040, Schedule 3, Additional Credits and Payments, line 12b (tax year 2020) line 13b (tax year 2021). If filing a joint tax return and both spouses are self-employed individuals and eligible for the credit, each must attach a separate Form 7202 to the joint tax return. See IRM 21.6.4.4.15(4), Self-Employment Tax, for additional information. Form 7202 was only available for tax years 2020 and 2021. The credit can only be claimed on a tax year 2022 return on Schedule H. See IRM 21.6.4.4.9.5.3, Credits for Qualified Sick and Family Leave Wages.

Note: If a day meets the requirements for both the Credit for Sick Leave and the Credit for Family Leave, it can only be counted once. The same day cannot be included for both credits.

- Review Form 7202 for completeness and math verify the form. Follow IRM 21.5.3.4.5(6), Math and Master File Verification of Claims and Amended Returns, to verify the income reported to claim this credit. This includes prior year self-employment income if the taxpayer elects to use it. If the self-employment income used on the Form 7202 does not match current or prior year self-employment income, or the number of day does not match the dates listed, recompute the credit using the correct amount of self-employment income, or days and follow IRM 21.5.4.4.1, Setting the Initial Math Error Action.

- If the form is not attached or incomplete, follow procedures in IRM 21.5.3.4.2, Tax Decrease or Credit Increase Processing, or IRM 21.5.3.4.1.1, Tax Increase and Credit Increase Processing.

  Note: Returns received electronically and accessed through the Employee User Portal (EUP) may show data from Form 7202 under the heading “Gen Dep” (where the forms are listed) instead of a pdf of the form. Use the data to create a “dummy” Form 7202 to determine completeness of the form and math verify the claim. Attach a pdf of the “dummy” Form 7202 to your CII case.

- Disallow claims if the taxpayer submits Form 7202 without any self-employment income or tax, for the incorrect year (e.g., a 2021 Form 7202 attached to a 2022 or 2023 tax return), or if the taxpayer requests a credit in Part II or Part IV and they do not have a qualifying dependent (biological son or daughter, adopted or foster child; a step child; a legal ward; or a child of a person standing in **loco parentis** under 18 years of age or is 18 years of age or older and incapable of self-care because of a mental or physical disability). Refer to IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures.

  Note: If the taxpayer does not claim a qualifying dependent on their return, but provides proof the individual for whom they claimed the Credit for Family Leave is their qualifying dependent, allow the credit.

- # [redacted] #

IRM 21.6.3.5.1(5) (rows 2, 3, 5, and 9) Updated to add input TC 971 AC 056 to remove the recertification indicator.

(5) If a taxpayer is responding to a recertification math error or submits a claim and the account contains a Recertification Indicator (RI), follow the procedures below. When

applying tolerance criteria, and the taxpayer submits Form 8862 for multiple tax years, treat each year as a separate case.

Reminder: The claim or inquiry must include a Form 8862 if recertification is required. Follow procedures in IRM 21.5.1.5.6, Incomplete CII Cases, if the Form 8862 is incomplete.

Caution: When working math error 100, 653, 814 - 816, and/or 819 - 824 responses and accessing DDBCK, **do not** use blocking series 74 unless directed to IRM 21.5.4.4.5, Math Error Unsubstantiated Protest Processing.

When using CC DDBCK, input one of the following in the "Category Code" field:

- EICC - EITC increases
- EICN - EITC decreases or when EITC is not involved

Note: Once you input CC DDBCK per chart below, the case **MUST** be adjusted and sent to Exam as soon as possible based on CC DDBCK response. Do not leave your case in Active Status.

RI is	and	Action: unable to access DDBCK	Action: able to access DDBCK
Blank or 00	Recertification is no longer required	Verify eligibility is met and allow the credit(s). Do not use BS 74.	Verify eligibility is met and allow the credit(s). Do not use BS 74.
1	Recertification is required	Total credit is: # [redacted] #	• Input the data into CC DDBCK • On DDBCK's Return Summary Screen, overlay "YYYYMMDD", under "Claim Rcvd Dates", with the received date of the Form 8862 or Form 1040-X. • **See IRM 21.6.1.7.2 (9), Command Code DDBCK, for the correct actions**
9	Recertification is required RI9 shows the	Total credit is: # [redacted]	• Input the data into CC DDBCK

	taxpayer's credit was adjusted due to an adjustment to income	[redacted] #	• On DDBCK's Return Summary Screen, overlay "YYYYMMDD", under "Claim Rcvd Dates", with the received date of the Form 8862 or Form 1040-X. • **See IRM 21.6.1.7.2 (9), Command Code DDBCK, for the correct actions**
2	The tax year is less than the EL-TXPD Taxpayer is under a 2-year ban and is not entitled to the credit	•Filed within 60 days of the math error notice - follow procedures in IRM 21.5.4.4.5, Math Error Unsubstantiated Protest Processing. •Filed after 60 days of the math error notice, or this is the first time the taxpayer is claiming the credit for the year - deny the credit and send Letter 474C using the correct paragraph indicating the reason for the ban.	• Input the data into CC DDBCK • On DDBCK's Return Summary Screen, overlay "YYYYMMDD", under "Claim Rcvd Dates", with the received date of the Form 8862 or Form 1040-X. • **See IRM 21.6.1.7.2 (9), Command Code DDBCK, for the correct actions** **Note:** If the DDBCK response is "RECERT IND Present - Follow IRM", follow procedures to the left for employees unable to access DDBCK.
2	The tax year is greater than or equal to the EL-TXPD Recertification is required	Total credit is: # [redacted]	• Input the data into CC DDBCK • On DDBCK's Return Summary Screen, overlay "YYYYMMDD", under "Claim Rcvd Dates", with the received

		[redacted] #	date of the Form 8862 or Form 1040-X. • **See IRM 21.6.1.7.2 (9), Command Code DDBCK, for the correct actions**
3	The tax year is less than the EL-TXPD The taxpayer recertified for the credit after the disallowance and is still under a ban for the banned years.	•Filed within 60 days of the math error notice - follow procedures in IRM 21.5.4.4.5, Math Error Unsubstantiated Protest Processing. •Filed after 60 days of the math error notice, or this is the first time the taxpayer is claiming the credit for the year - deny the credit and send Letter 474C using the correct paragraph indicating the reason for the ban.	• Input the data into CC DDBCK • On DDBCK's Return Summary Screen, overlay "YYYYMMDD", under "Claim Rcvd Dates", with the received date of the Form 8862 or Form 1040-X. • **See IRM 21.6.1.7.2 (9), Command Code DDBCK, for the correct actions**
3	The tax year is greater than or equal to the EL-TXPD Recertification is not required	Total credit is: # [redacted] #	• Input the data into CC DDBCK • On DDBCK's Return Summary Screen, overlay "YYYYMMDD", under "Claim Rcvd Dates", with the received date of the Form 8862 or Form 1040-X. • **See IRM 21.6.1.7.2 (9), Command Code DDBCK, for the correct actions**
4	The tax year is less than the EL-TXPD The taxpayer is under a 10-year ban	• Filed within 60 days of the math error notice - follow procedures in IRM 21.5.4.4.5, Math Error Unsubstantiated	• Input the data into CC DDBCK

	and is not entitled to the credit.	Protest Processing. • Filed after 60 days of the math error notice, or this is the first time the taxpayer is claiming the credit for the year - deny the credit and send Letter 474C using the correct paragraph indicating the reason for the ban.	• On DDBCK's Return Summary Screen, overlay "YYYYMMDD", under "Claim Rcvd Dates", with the received date of the Form 8862 or Form 1040-X. • **See IRM 21.6.1.7.2 (9), Command Code DDBCK, for the correct actions** **Note:** If the DDBCK response is "RECERT IND Present - Follow IRM", follow procedures to the left for employees unable to access DDBCK.
4	The tax year is greater than or equal to the EL-TXPD Recertification is required	Total credit is: # [redacted] #	• Input the data into CC DDBCK • On DDBCK's Return Summary Screen, overlay "YYYYMMDD", under "Claim Rcvd Dates", with the received date of the Form 8862 or Form 1040-X. • **See IRM 21.6.1.7.2 (9), Command Code DDBCK, for the correct actions**