

## IRM PROCEDURAL UPDATE

**DATE:** 11/24/2025

**NUMBER:** ts-21-1125-3684

**SUBJECT:** Handling RAAS Filtering Criteria for Risked Erc-Exam Potential Cases; Caution for Section 70605(d) With a P- Freeze; Link to 105c Cases That Meet IRC 6532(a)

**AFFECTED IRM(s)/SUBSECTION(s):** 21.7.2

**CHANGE(s):**

**IRM 21.7.2.7.11(3)** Added reminder to see IRM 25.6.1.10.3.1.5 *Reconsideration of a Disallowed Claim*, for information on the two-year period of limitations for filing a refund suit under IRC 6532(a).

(3) Use the table below for Letter 105C or Letter 106C replies regarding ERC claims.

If	And	Then
1) The taxpayer submits a copy of the Letter 105C or Letter 106C they received.	No additional information is included and there is no indication the taxpayer is appealing the determination.	Close the case as a “no consideration.” Follow the procedures in IRM 21.5.3.4.6.3, No Consideration Procedures.
2) The taxpayer submits a reply to the Letter 105C or Letter 106C and additional information regarding the ERC claim.	The disallowance was NOT a result of RAAS analysis, or provided by CAT-A AND CSR can review the prior ERC claim and the additional information to determine the taxpayer is eligible.	Follow normal adjustment procedures.
3) The taxpayer submits a reply to the Letter 105C or Letter 106C and additional information regarding the ERC claim.	The disallowance was NOT a result of RAAS analysis, or provided by CAT-A AND determination cannot be made to allow the claim.	<ul style="list-style-type: none"><li>• Link the prior CII case where the disallowance letter was sent.</li><li>• Follow the procedures in IRM 21.5.3.4.6.3, No Consideration Procedures, and explain what additional information is needed to make a determination.</li></ul>

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4) The taxpayer submits a reply to the Letter 105C or Letter 106C and additional information regarding the ERC claim.	The prior determination to disallow the claim was provided by CAT-A OR based on RAAS analysis.	<ul style="list-style-type: none"> <li>• Link the prior CII case where the disallowance letter was sent.</li> <li>• Attach any needed documentation listed in paragraph 4 below,</li> <li>• Forward the case to CAT-A using HQ Reserved 9.</li> </ul>
5) Taxpayer resubmits the same claim or resubmits a claim without new or additional information and a determination cannot be made to allow the claim.	The taxpayer submits a statement requesting an appeal, where no prior Appeals consideration was made and was not previously closed with finality. See IRM 8.7.7.2.2, <i>Liability Issues Previously Closed with Finality</i> .	<ul style="list-style-type: none"> <li>• Link the prior CII case where the claim was disallowed.</li> <li>• Attach any needed documentation listed in paragraph 4 below,</li> <li>• Forward the case to CAT-A using HQ Reserved 9.</li> </ul>

Reminder: See IRM 26.6.1.10.3.1.5 *Reconsideration of a Disallowed Claim*, for information on the two-year period of limitations for filing a refund suit under IRC 6532(a).

**IRM 21.7.2.7.12(7) Added caution to verify prior case was worked correctly prior to releasing a refund on a case with a P- Freeze.**

(7) There may be various freeze codes on these cases. See the table below to address action needed on Section 70605(d) of OBBBA cases with freeze codes.

Freeze Code	Action needed
P- Freeze	<p>NOREFs were input on some pending refunds when OBBBA legislation was passed. See IRM 21.5.6.4.31.1, <i>P- Freeze with No Return Integrity Verification Operations (RIVO) Involvement</i>.</p> <ol style="list-style-type: none"> <li>1. Determine if the claim was timely filed.</li> <li>2. If the claim was timely filed, release the refund.</li> <li>3. If the claim was not timely filed reverse the adjustment and follow procedures in row 3 of paragraph 5 above</li> </ol> <p><b>Caution:</b> Verify the prior case was worked correctly prior to releasing the refund.</p> <p><b>Note:</b> Follow IRM 25.6.1.9.5.10, <i>COVID-19 Related Employment Tax</i></p>

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	<i>Credits, for statute guidance.</i>
-Q Freeze - for OBBBA cases only.	Hold cases with a -Q Freeze pending further guidance.
Other Freeze codes	See IRM 21.5.6, Freeze Codes

**IRM 21.7.2.7.8.13(4) Updated paragraph with additional RAAS risking CII case notes.**

(4) Cases identified by RAAS for handling per guidance in this subsection will be assigned to IDRS number 0230488068 and identified to AM with one of the following CII case notes:

- "Risky ERC-Review"
- "Risky ERC-Exam Potential"
- "Risky ERC-Exam Potential – Group 1"
- "Risky ERC-Exam Potential – Group 2"

**Note:** CII case notes for these cases will also indicate the EIN and tax period that was identified during data transcription for RAAS analysis. This information is a factor in processing validation described in (5) below.

**IRM 21.7.2.7.8.13(6) Added paragraph with instructions on which paragraph to refer to based on RAAS risking CII case notes.**

(6) Use the table below and the RAAS CII case note indicating the specified filtering criteria to determine the appropriate paragraph to refer to.

Case Note	Refer to
"Risky ERC-Review" or "Risky ERC-Exam Potential"	Paragraph 7
"Risky ERC-Exam Potential – Group 1"	Paragraph 8
"Risky ERC-Exam Potential – Group 2"	Paragraph 9

**IRM 21.7.2.7.8.13(7) Modified if and then table rows 3 and 4 by moving information in "and" column to if column.**

(7) For accounts with a posted TC 150 original return: After applying the guidance in (5) above, continue handling processable Forms 94XX identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria "Risky ERC-Review" or "Risky ERC-Exam Potential" as follows:

If	And	Then
1) The Form 94XX reports only changes to	# [REDACTED]	See IRM 21.7.2.7.6.3, <i>Form 94XX — Employee</i>

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ERC and/or the Form 94XX reports other tax or credit changes in addition to ERC changes	[REDACTED] #	<i>Retention Credit (ERC) — Claims and Adjustments Cleared for Processing (Accepted) by RAAS and Forms 94XX Reporting Tax Increases or Credit Decreases</i> To execute the worksheet using normal guidance.
2) The Form 94XX reports only changes to ERC or the Form 94XX reports other tax and/or credit changes in addition to ERC changes	# [REDACTED] #	# [REDACTED] #
3) The Form 94XX reports other tax or credit changes in addition to ERC changes. The other changes do meet CAT-A criteria when considered separately from the ERC changes reported	# [REDACTED]	Complete the CAT-A referral per IRM 21.5.3-2, <i>Examination Criteria (CAT-A) - General</i> .
4) The Form 94XX reports other tax or credit changes in addition to ERC changes. The other changes do meet CAT-A criteria when considered separately from the ERC changes reported	# [REDACTED] #	# [REDACTED] . #

Reminder: The ASED has expired on Form 94XX for 2020 and 2021 with the exception of certain ERC credits for 2021 outlined in IRM 25.6.1.9.5.10, *COVID-19 Related Employment Tax Credits*.

**IRM 21.7.2.7.8.13(8) Added instructions for handling cases with RAAS risking determination "Risky ERC-Exam Potential - Group 1"**

(8) For accounts with a posted TC 150 original return: After applying the guidance in (5) above, continue handling processable Forms 94XX identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria "Risky ERC-Exam Potential – Group 1 "

If	And	Then
1) The Form 94XX	# [REDACTED]	See IRM 21.7.2.7.6.3, <i>Form</i>

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reportsonly changes to ERC or the Form 94XX reports other tax and/or credit changes in addition to ERC changes		94XX — <i>Employee Retention Credit (ERC) — Claims and Adjustments Cleared for Processing (Accepted) by RAAS and Forms 94XX Reporting Tax Increases or Credit Decreases</i> To execute the worksheet using normal guidance.
2) The Form 94XX reportsonlychanges to ERC or the Form 94XX reports other tax and/or credit changes in addition to ERC changes	#	#
3) The Form 94XX reports other tax or credit changes in addition to ERC changes. The other changes do meet CAT-A criteria when considered separately from the ERC changes reported	#	Complete the CAT-A referral per IRM 21.5.3-2, <i>Examination Criteria (CAT-A) - General</i> .
4) The Form 94XX reports other tax or credit changes in addition to ERC changes. The other changes do meet CAT-A criteria when considered separately from the ERC changes reported.	#	#

**IRM 21.7.2.7.8.13(9) Added instructions for handling cases with RAAS risking determination "Risky ERC-Exam Potential - Group 2"**

(9) **For accounts with a posted TC 150 original return:** After applying the guidance in (5) above, continue handling **processable** Forms 94XX identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria **"Risky ERC-Exam Potential – Group 2"**

If	And	Then
1) The Form 94XX reports <b>only</b> changes to ERC or the Form 94XX reports other tax and/or	#	See IRM 21.7.2.7.6.3, <i>Form 94XX — Employee Retention Credit (ERC) — Claims and Adjustments</i>

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credit changes in addition to ERC changes		<i>Cleared for Processing (Accepted) by RAAS and Forms 94XX Reporting Tax Increases or Credit Decreases To execute the worksheet using normal guidance.</i>
2) The Form 94XX reports <b>only</b> changes to ERC or the Form 94XX reports other tax and/or credit changes in addition to ERC changes	# [REDACTED] #	# [REDACTED] #
3) The Form 94XX reports other tax or credit changes <b>in addition to</b> ERC changes. The other changes <b>do meet</b> CAT-A criteria when considered separately from the ERC changes reported	# [REDACTED] #	Complete the CAT-A referral per IRM 21.5.3-2, <i>Examination Criteria (CAT-A) - General.</i>
4) The Form 94XX reports other tax or credit changes <b>in addition to</b> ERC changes. The other changes <b>do meet</b> CAT-A criteria when considered separately from the ERC changes reported	# [REDACTED] #	# [REDACTED] #

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