

IRM PROCEDURAL UPDATE

DATE: 05/04/2023

NUMBER: wi-03-0523-0585

SUBJECT: IMF Notice Review

AFFECTED IRM(s)/SUBSECTION(s): 3.14.1

CHANGE(s):

IRM 3.14.1.6.14.4(2) - Added note- If a payment is in question review AMS and EUP for amended returns.

(2) Research documents, images, and case notes available through AMS.

Note: If a payment is in question review AMS and EUP for amended returns.

IRM 3.14.1.6.14.4(4) - Added in the table, first and last row verify payments in RTR or EFTPSE and added new content for a TC 640 or TC 670 is refunding and the reason for the payment cannot be determined.

(4) Research and possibly prevent refunds from generating under any of the following circumstances:

Circumstances	Guidelines
Two TC 670 non-levy payments, same amounts posted to the module.	Verify payments in RTR or EFTPSE. Check for a possible duplicate credit.
TC 670 payment is refunding after TC 846 has posted. If the payment was sent in with an amendment return (1040X)	Check AMS images and verify 1040X amount (if it's available). TC 290.00 hold code 4 through AMS to hold the refund for the pending amended return.
TC 670 payment is refunding after TC 846 has posted, and the reason for the payment cannot be determined.	Suspend for Additional Research in AMS. Look up documents/images/case notes available through AMS, to verify taxpayer's intent.
TC 670 payment submitted is for TC 460 extension	If the amount of payment is unreasonable, or if it's posted after the TC 846, verify the extension through AMS.
TC 670 is refunding (usually Key 041, 045, or 052 Transcripts), and on AIMS indicator (Exams,	Prevent the refund from generating. Close the case with Closing TC 290 .00 hold code 4 in AMS.

CC TXMOD) is present indicating a tax increase and the taxpayer has sent, or will be sending payment)	
Refund was release by a TC 300 for zero (.00) and the disposal code 01 and blocking series 700-790.	Close the case using Closing Action "Module Situation Resolved" without selecting any transactions in the window in AMS. Indicate in the cases notes the case was closed to Exam.
Refund was release by a TC 300 for zero (.00) and the disposal code is not 01, 02, 20, 21, or 22.	Closing Action "Module Situation Resolved" without selecting any transactions in the window in AMS. Indicate in the cases notes the case was closed to Exam.
Two TC 610 payments posted and one is refunding.	Check for a possible duplicate credit.
IDRS shows a pending tax increase or credit decrease	Prevent the refund from generating. Close the case using Closing Action "Module Situation Resolved." Indicate in the case notes a pending transaction is present. Check for possible duplicate adjustment.
A TC 640 (AUR) or TC 680 amount matches the overpayment amount	TC 290 .00 hold code 4 through AMS to hold the refund for the pending adjustment payment.
A TC 640 or TC 670 is refunding and the reason for the payment cannot be determined.	Use RTR or EFTPSE to research the payment. If the taxpayer did not claim the payment on their return and the payment module cannot be determined, correspond for the questionable payment and send Letter 1687C. If the taxpayer does not respond to the correspondence and payment cannot be determined, refer to IRM 3.14.1.6.8, Excess Collections (XSF) and Unidentified Remittance (URF) Files.
A TC 922 and a TC 670 or TC 640 posted to the module with no tax increase	Review TXMOD for TC 922 closing codes. If there is an open AUR Control Base, and the processing code indicates that the case is still being reviewed then close with Closing Action, "Close to URP/AUR" in AMS. Note: If the TC 922 processing code listed on TXMOD are 70-73, 91- 93, Release the refund using "Standard Release Refund" in AMS. Note: If there is a second TC 922 with processing code 87, release the refund using "Standard Release Refund" in AMS.
A TC 766 (refundable credit) is being released by a TC 577 that is generated by TC 421 with	Closing Action "Module Situation Resolved" without selecting any transactions in the window in AMS. Hold the refund, and indicate in the case notes a pending transaction is present.

Disposal Code 29 (missing return)	
Prior year credit elect is refunding, a TC 150 posted to the subsequent year, and penalties, additions to tax, and interest have accrued on that module that will abate when the credit elect posts.	Check for debt indicators/TOP Offset using CC INOLES before using Closing Action, "Credit Transfer Needed" and select appropriate transaction(s) in the window in AMS. Refer to IRM 3.14.1.6.4.3
Prior year credit elect is refunding, a TC 150 posted to the subsequent period, and the module has a debit balance	Close with Closing Action, "Credit Transfer Needed" and select appropriate transaction(s) in the window in AMS.
Prior year credit elect is refunding, the credit is claimed on the subsequent year, and the credit elect field of that year is inconsistent.	Check for debt indicators/TOP Offset using CC INOLES before using Closing Action "Credit Transfer Needed" Prevent the refund from generating. Refer to IRM 3.14.1.6.4.1, Credit Elect-TC 836/716 or TC 830/710
If a TC 666/667 (systemic transfer) and a TC 670/672 payment has posted resulting in a refund.	Research the spouse's account to see if the module is in a balance due. Prevent the refund from generating. Transfer the TC 670 back to originating spousal account with a balance due. Note: Both payments will be transferred from the same date. Check RTR or EFTPSE to validate. See IRM 3.14.1.6.11.5(1), ES Spousal Freeze D-Code

IRM 3.14.1.6.14.5(2) - Added note- If a payment is in question review AMS and EUP for amended returns.

(2) Research documents, images, and case notes available through AMS.

Note: If a payment is in question review AMS and EUP for amended returns.

IRM 3.14.1.6.14.5(5) (a) - Added or EFTPSE on second sentence and If the taxpayer did not claim the payment on their return and the payment module cannot be determined, correspond for the questionable payment and send Letter 1687C. If the taxpayer does not respond to the correspondence and payment cannot be determined, refer to IRM 3.14.1.6.8, Excess Collections (XSF) and Unidentified Remittance (URF) Files.

(5) **Research and possibly prevent the refund from generating** under any of the following circumstances:

- a. A TC 640 or TC 670 is refunding and the reason for the payment cannot be determined. Use RTR or EFTPSE to research the payment. If the taxpayer did not claim the payment on their return and the payment module cannot be determined, correspond for the questionable payment and send Letter 1687C. If the taxpayer does not respond to the correspondence and payment cannot be determined, refer to IRM 3.14.1.6.8, Excess Collections (XSF) and Unidentified Remittance (URF) Files.
- b. The refunding amount is a TC 670 payment submitted with an Extension of Time to File (TC 460). If the amount is not reasonable or if the extension posted after the return, verify the extension.
- c. Prior year credit elect is refunding, a TC 150 posted to the subsequent year, and penalties, additions to tax, and interest have accrued on that module that will abate when the credit elect posts. Close the case using Closing Action "Credit Transfer Needed" and select appropriate transaction(s) in the window in AMS or perform necessary transactions outside of AMS and close using Module Situation resolved.
- d. Prior year credit elect is refunding, a TC 150 posted to the subsequent period, and the module has a debit balance. Close the case using Closing Action "Credit Transfer Needed" and select appropriate transaction(s) in the window in AMS.
- e. Prior year credit elect is refunding, the credit is claimed on the subsequent year, and the Credit Elect field of that year is significant. Refer to IRM 3.14.1.6.4.1, Credit Elect – TC 836/716 or TC 830/710.
- f. A subsequent year ES voucher amount is refunding. The TC 610 amount overpaid the account by an amount (approximately) equal to one ES payment for the following year (of the current year's tax liability).
- g. A TC 610 payment substantially overpaid the module, but does not match any amount on the return and does not appear to be intended for the subsequent tax period. Look for any pending debit action for which the overpayment may be intended. Check other modules on the taxpayer's account for debit balances that match the overpayment.
- h. There is an unsubstantiated refundable credit (TC 766 — other than withholding or ES payments) or the taxpayer entered total credits on the wrong line and the amount was transcribed as a TC 766. Watch for double credit situations.
- i. There is a Dishonored Check (TC 611, TC 641, TC 661, or TC 671) pending. Prevent the refund from generating. Close the case using Closing Action

"Module Situation Resolved" without selecting any transactions in the window in AMS. Indicate in the case notes a dishonored check is present.

IRM 3.14.1.6.14.6(3) - Added note- If a payment is in question review AMS and EUP for amended returns.

(3) Research documents, images, and case notes available through AMS.

Note: If a payment is in question review AMS and EUP for amended returns.

IRM 3.14.1.6.14.6(5) (b) - Added or EFTPSE on second sentence and If the taxpayer did not claim the payment on their return and the payment module cannot be determined, correspond for the questionable payment and send Letter 1687C. If the taxpayer does not respond to the correspondence and payment cannot be determined, refer to IRM 3.14.1.6.8, Excess Collections (XSF) and Unidentified Remittance (URF) Files.

(5) Research and possibly prevent the refund from generating under any of the following circumstances:

- a. For Key 50, if there are transcription or posting errors and/or withholding is inaccurate.
- b. A TC 640 or TC 670 is refunding and the reason for the payment cannot be determined. Use RTR or EFTPSE to research the payment. If the taxpayer did not claim the payment on their return and the payment module cannot be determined, correspond for the questionable payment and send Letter 1687C. If the taxpayer does not respond to the correspondence and payment cannot be determined, refer to IRM 3.14.1.6.8, Excess Collections (XSF) and Unidentified Remittance (URF) Files.
- c. The refunding amount is a TC 670 payment submitted with an Extension of Time to File (TC 460). If the amount is not reasonable or if the extension posted after the return, verify the extension.
- d. Prior year credit elect is refunding, a TC 150 posted to the subsequent year, and penalties, additions to tax, and interest have accrued on that module that will abate when the credit elect posts. Close the case using Closing Action "Credit Transfer Needed" and select appropriate transaction(s) in the window in AMS.
- e. Prior year credit elect is refunding, a TC 150 posted to the subsequent period, and the module has a debit balance. Close the case using Closing Action "Credit Transfer Needed" and select appropriate transaction(s) in the window in AMS.
- f. Prior year credit elect is refunding, the credit is claimed on the subsequent year, and the Credit Elect field of that year is significant. Refer to IRM 3.14.1.6.4.1, Credit Elect – TC 836/716 or TC 830/710.

- g. A subsequent year ES payment is on the account and that amount is refunding. The TC 610 amount overpaid the account by an amount (approximately) equal to one ES payment for the following year (of the current year's tax liability).
- h. A TC 610 payment substantially overpaid the module, but does not match any amount on the return and does not appear to be intended for the subsequent tax period. Look for any pending debit action for which the overpayment may be intended. Check other modules on the taxpayer's account for debit balances that match the overpayment.
- i. There is an unsubstantiated refundable credit (TC 766 — other than withholding or ES payments) or the taxpayer has mistakenly entered total credits amount on Form 1040/SR line 18d the TC 766 line and the amount was transcribed. Watch for double credit situations.
- j. There is a Dishonored Check (TC 611, TC 641, TC 661, or TC 671) pending. Prevent the refund from generating. Close the case using Closing Action "Module Situation Resolved" without selecting any transactions in the window in AMS. Indicate in the case notes a dishonored check is present.