

IRM PROCEDURAL UPDATE

DATE: 02/01/2024

NUMBER: wi-21-0224-0184

SUBJECT: Updates to Returned Refunds/Releases

AFFECTED IRM(s)/SUBSECTION(s): 21.4.3.5.6

CHANGE(s):

IRM 21.4.3.5.6 -Updated to include refunds older than seven years when S-freeze is present.

(1) Under Title X, Government Checks, of the Competitive Equality Banking Act of 1987 (known as Limited Payability provision), checks issued October 1, 1989 or later expire the last business day of the 12th month after issuance. The credit for an expired refund will post as a TC 740, blocking series/serial number "66666", approximately three weeks into the 14th month. Upon completion of the case, destroy the original expired refund check as classified waste. Do not send an original check to files.

(2) If the taxpayer contacts IRS and either returns or wants to return a refund check that is over 1 year old (known as a "stale dated" check) use the following chart to determine your response:

Row	If	Then
1	S- freeze is present	<ol style="list-style-type: none">1. Follow S- freeze procedures in IRM 21.4.3.5.3, Undeliverable Refund Checks. For additional information see IRM 21.5.6.4.38, S- Freeze.2. Advise the taxpayer to destroy the expired check if it is still in their possession.
2	S- freeze is present on the module and a TC 388 is present on CC IMFOL and not on CC TXMOD	<ol style="list-style-type: none">1. Input CC RECON to activate the module. The refund will generate once the TC 389 posts. Advise the taxpayer to allow 4-6 weeks. Note: If the refund is older than seven years, TC 389 will post and reissue the refund when the account is brought back from retention. See IRM 2.3.51.2, Command Code IMFOL.2. Refer to IRM 21.4.2.4.9, Processing Limited Payability (LP) Cancellations on Checks Dated After 09/30/1989

3	No S- freeze is present	<ol style="list-style-type: none"> 1. Check the tax module for a TC 740, with blocking series 66666, and matching posting date after the TC 846. 2. If the TC 740 is present and another TC 846 or TC 826 is posted after the TC 740, advise the taxpayer their refund has been re-issued or offset. 3. Advise the taxpayer to destroy the expired check if it is still in their possession.
4	No S- freeze is present or credit on the module	<p>Conduct research. Check the account for subsequent refund transactions TC 740, TC 841, TC 846, TC 840, or TC 826.</p> <ol style="list-style-type: none"> 1. If no subsequent refund is found, and it's been 12 months past the refund issue date but no more than 14 months, prepare a Form 4442/e-4442, Inquiry Referral, to the issuing campus Refund Inquiry Unit for CC CHKCL input. Select Referral Type "IRM" with Category - "Other Write-In". For Write-In description use "IRM 21.4.3.5.6" - Resolving Returned Expired Refunds Limited Payability, and for Reason, select "Other or Complex Issue/Training Specialization". Include in the notes any pertinent information. Advise the taxpayer to allow 4-6 weeks for us to provide a refund check status or the refund to be reissued. Tell the taxpayer to destroy the expired check if it is still in their possession. 2. Refund Inquiry Unit employees: Input CC CHKCL to post the credit for the check. Use the "N" non-receipt code on CC CHKCL. If a P- freeze needs to be set, use non-receipt code "H". See Exhibit 21.4.2-4, Stop Reason Codes Conversion Guide, for available codes. 3. Do not allow additional interest if the IRS is not at fault. 4. If the refund check is between the 14th month and 7 years after the issue date, inform the taxpayer to return the refund check to the Refund Inquiry Unit for further research. Advise the taxpayer to write void on the back of the check and return it to IRS along with a letter of explanation. See the Refund Inquiry Unit Addresses for the proper address. Once research has been completed the taxpayer will receive the refund or a letter.
5	No S- freeze is present or refund	If no refund cancellation credit transaction is found on the module and it's after 7 years of the issue date of the

	cancellation credit on the module	refund check, advise the taxpayer by telephone or Letter 2218C, Refund Inquiry; Check Claim Disallowed, Check Endorsed/Paid, that the check cannot be reissued.
6	Expired check is an Economic Impact Payment (EIP)	The EIP should have been systemically reversed. Instead, the taxpayer may claim the Recovery Rebate Credit on their 2020/2021 tax return if eligible. See IRM 21.6.3.4.2.14, Recovery Rebate Credit, for more information.
7	Expired check is an Advance Child Tax Credit Payment (AdvCTC)	The AdvCTC should have been systemically reversed. The funds cannot be reissued, see IRM 21.6.3.4.1.24.2.1, Reconciling Advance Child Tax Credit (AdvCTC) Payments, for more information.

Note: If the original refund was a manual refund, you may need to reissue as a manual refund. Refer to IRM 21.4.4, Manual Refunds.

(3) For refunds meeting or related to TRNS46 transcripts (STAT-08 and AMX-08) with decedent refunds, refer to IRM 21.2.4.3.20, Processing TRNS46 Cases, to address refund.