

## IRM PROCEDURAL UPDATE

**DATE: 03/15/2023**

**NUMBER: wi-21-0323-0402**

**SUBJECT: Various Changes to Returned Refunds/Releases**

**AFFECTED IRM(s)/SUBSECTION(s): 21.4.3**

**CHANGE(s):**

### **IRM 21.4.3.5.4 Updated to change the Refund Inquiry (Unit location for returned refund checks. Update made due to research and review.**

(1) If the taxpayer calls or sends in a request on how to return their refund check, the customer service representative (CSR) or tax examiner at the IRS Campus Refund Inquiry (RI) Unit, should first confirm the refund check was issued by the Service. Refer to IRM 3.8.44-7, Agency Location Codes (ALC), to confirm the ALC is on the list. If the ALC (begins with 2009XXXX) located at the top of the check next to the date is on the listing, advise taxpayer to write "void" in the endorsement area on the back of the check. Advise taxpayer to mail the check with a letter of explanation to the IRS campus RI Unit. See the Refund Inquiry Unit Addresses link for the correct address. Advise the taxpayer not to write on the front of the check. If the ALC is not on the list, advise taxpayer the check was not issued by the Service, but by another federal agency.

**Caution:** If the check is a Refund Anticipation Loan (RAL) or a Refund Anticipation Check (RAC), advise the taxpayer to send the check along with an explanation of why they are returning it, to the IRS campus RI Unit. See IRM 21.4.1.5.7.1 (7), Direct Deposit of Refunds, for guidance to determine if a refund is a RAL/RAC. When received, Receipt and Control or Campus Support will take the proper action to route the check to RIVO. Enter a narrative in AMS with the advice to the taxpayer and the reason for it.

(2) Returned refund checks, whether being sent to a Refund Inquiry team from within the campus, or from outside the campus, must follow the procedures in IRM 3.8.47.4.4, Secure and Process a Returned Refund Check, for documentation and packaging to ensure the security of the check.

**Note:** Managers should refer to IRM 1.4.16.5 (6-7), Monitoring and Reviews, for Form 3210 Managerial Review requirements.

(3) When there is potential refund fraud or ID theft involved, Refund Inquiry should take the following actions. (In most instances, these checks will already have been routed by Submission Processing.)

**Reminder:** Refund checks returned to a Taxpayer Assistance Center (TAC) must be forwarded to the IRS campus Refund Inquiry Unit. For fax numbers and addresses, see Refund Inquiry Unit Addresses, located on Servicewide Electronic Research Program (SERP) under the Who/Where tab. Follow the procedures in the table in IRM 21.4.3.5.5, Resolving Returned Refunds (Unexpired Checks).

- a. Make a copy of the returned Treasury refund check. All Treasury checks must be stamped "Non-Negotiable", or, have the word "void" stamped or written on the front or back of the check.
- b. Prepare a Form 3210, Document Transmittal, and send to BFS as normal. See IRM 21.4.3.5.5, Resolving Returned Refunds (Unexpired Checks), for the BFS address.
- c. The following table describes the types of checks and the routing procedures:

| If   | Then   |
|--|--|
| Treasury IRS refund checks are returned as undeliverable and you identify that there is the <b>same address</b> (different names) on <b>multiple checks</b> indicating possible fraud  | <ul style="list-style-type: none"> <li>○ Fax/eFax check copies and correspondence to Kansas City RIVO at:<br/># [REDACTED] #</li> <li>○ Include the date the Treasury check was sent to BFS on the Fax/eFax</li> </ul> |
| Treasury check(s) is returned and ID theft is not indicated, but appears to be fraud related (e.g., <b>Multiple checks with different names</b> have been mailed to the <b>same address</b> . Explanation is something like, "I don't know these people, but these checks were mailed to my house.") | <ul style="list-style-type: none"> <li>○ Fax/eFax check copies and correspondence to Kansas City RIVO at:<br/># [REDACTED] #</li> <li>○ Include the date the Treasury check was sent to BFS on the Fax/eFax</li> </ul> |
| Treasury check(s) is returned and a note is attached indicating <b>ID theft</b> (e.g., "I got this refund check made payable to me but <b>I have not even filed my tax return this year</b> . I don't know why I got this check.")   | <ul style="list-style-type: none"> <li>○ Fax/eFax check copies and correspondence to Kansas City RIVO at:<br/># [REDACTED] #</li> <li>○ Include the date the Treasury check was sent to BFS on the Fax/eFax</li> </ul> |
| Treasury check(s) is returned undeliverable, <b>OR</b> not belonging to the person named on the check, <b>AND</b> there is evidence of previous RIVO External Leads review. i.e., TC 841 DLN blocking series/serial number 77711, 77712, or 77713 and issuance of a CP 53A, CP 53B or CP 53C notice  | <ul style="list-style-type: none"> <li>○ Fax/eFax check copies and correspondence to Kansas City RIVO at:<br/># [REDACTED] #</li> <li>○ Include the date the Treasury check was sent to BFS on the Fax/eFax</li> </ul> |

| If   | Then   |
|--|--|
| A third-party check (non-Treasury checks including RAL/RAC checks) is received outside of Receipt and Control or Campus Support                | Process it back to the proper function per IRM 3.8.46.1, Discovered Remittances (for Receipt and Control), or IRM 21.1.7.9.20, Discovered Remittance (for Campus Support).   |
| Check is attached to: <ul style="list-style-type: none"> <li>○ Letter 4115C, or</li> <li>○ Letter 4464C, or</li> <li>○ Letter 4883C</li> </ul> | <ul style="list-style-type: none"> <li>○ Fax/eFax check copies and correspondence to Kansas City RIVO at:<br/># [REDACTED] #</li> <li>○ Include the date the Treasury check was sent to BFS on the Fax/eFax</li> </ul> |

- d. If not already on the account, input TC 971 AC 522 and the proper IDT tracking code. See IRM 25.23.2.4.4, Initial Allegation or Suspicion of Tax-Related Identity Theft - IMF Identity Theft Indicators, for codes and more information.

**Note:** Do not keep an open or monitor control on the case once it has been forwarded to RIVO.

- e. If you receive items (including debit cards) from different sources, for example U.S. Postal Service, a law enforcement agency, etc., sort the items and mail to:

Internal Revenue Service  
 Attn: RIVO External Leads Manager  
 P.O. Box 219981  
 Kansas City, MO 64121

**Exception:** For returned Economic Impact Payment pre-paid debit cards, follow instructions in IRM 3.8.45.19.1 (4), Repayment of Economic Impact Payments (EIP).

**IRM 21.4.3.5.5(3)(4) Updated to change where returned refund checks are returned, and removed reference to EIP. Update for consistency.**

- (3) Take the following action when you receive a Form 3210 and/or a returned refund check.

| If the returned check is   | Then   |
|--|--|
| Received in a Territory Office or Taxpayer Assistance Center (TAC) | <ol style="list-style-type: none"> <li>1. Write "Void" on back of check.</li> <li>2. Complete the Form 3913, Acknowledgment of Returned Refund Check, and provide the taxpayer with a copy.</li> <li>3. Complete the Form 3210. Refer to IRM 3.8.47.4.4, Secure and Process a Returned Refund Check.</li> <li>4. Send the check, Form 3210 and Form 3913 to the IRS campus Refund Inquiry Unit for processing. For fax numbers and addresses, see Refund Inquiry Unit Addresses, located on Servicewide Electronic Research Program (SERP) under the Who/Where tab.</li> </ol> |
| Received by a campus   | <ol style="list-style-type: none"> <li>1. Acknowledge receipt of form.</li> <li>2. Keep expired returned refund check per note above in paragraph 2.</li> <li>3. Send unexpired checks directly to Philadelphia RFC for cancellation.</li> <li>4. Send Letter 4427C, Acknowledgment of Returned Refund Check, for refund checks received</li> </ol>  |

**Note:** If the returned check is a non-IRS returned refund, refer to IRM 21.1.7.9.25, Non IRS Return Refund Checks, for routing procedures.

**Note:** For more information about the follow up actions required for Form 3210 see IRM 3.5.61.1.7.5, Form 3210, Document Transmittal.

(4) To research and resolve returned refund checks that include an explanation from the taxpayer, refer to the chart below. Follow the taxpayer's instructions whenever possible.

| If   | And   | Then   |
|--|---|--|
| Credit is to be applied to a balance due   | Credit not posted   | Input CC STAUP or TC 470 to prevent offset and monitor for credit. |
| Credit is to be applied to a balance due   | No balance due  | Notify taxpayer of status.   |
| Credit has posted  |   | Follow taxpayer's instructions.                                    |
| Credit intended as payment for taxes   | Credit not posted   | Monitor for credit, when posted, follow taxpayer's instructions.   |
| Refund returned on a deceased taxpayer's account, refer to IRM 21.6.6.2.20.2, Processing | Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, or required | Follow instructions and comply with the request.                   |

| If   | And  | Then   |
|--|--|--|
| Decedent Account Refunds   | documentation attached                           |  |
| Refund returned on a deceased taxpayer's account, refer to IRM 21.6.6.2.20.2, Processing Decedent Account Refunds    | Form 1310 or required documentation not attached | Send Form 1310 to estate of deceased taxpayer requesting documentation. If the surviving spouse of a joint return is claiming the refund, Form 1310 is not required.   |
| An erroneous name or designation of payee  | Not negotiable                                   | Request original document to verify payee, if necessary.   |
| An original Form 1040-X, Amended U.S. Individual Income Tax Return received with the check                           |  | Adjust account or route return to the proper function. When TC 841 posts, close 3913 base<br><br>"XXXXX2POST" if the amended return was routed.<br><br><b>Note:</b> If routing a Form 1040-X, input a TC 971 Action Code (AC) 010 using the Received Date as the Transaction Date.   |
| Adjustment action posts before TC 841  | Credit and P- freeze remaining on account        | Refer to IRM 21.5.6, Freeze Codes, to determine if the P- freeze can be released.  |
| Refund was correct when issued   | Returned in error                                | Provide explanation to taxpayer. <b>Do not</b> allow additional interest if the refund is to be reissued or applied to an outstanding liability.<br><br><b>Note:</b> If the original refund was a manual refund, you may need to reissue it as a manual refund. See IRM 21.4.4, Manual Refunds.  |
| Refund was correct when issued, but is returned by a third party because the taxpayer no longer lives at the address | P- freeze or TC 841 pending to post              | <ul style="list-style-type: none"> <li>• Research CC ENMOD, if a current address is found, reissue the refund.</li> <li>• If no current address is found on CC ENMOD, research current year IRPTR and issue a Letter 533C, Refund Check Undelivered or Not Negotiated, asking the taxpayer to verify their current address. Suspend and allow 45 days for a</li> </ul> |

| If   | And  | Then   |
|--|--|--|
|  |  | <p>response (70 days for overseas taxpayers).</p> <ul style="list-style-type: none"> <li>If no current address is located or no response is received, follow paragraph (11) below.</li> </ul> <p><b>Note:</b> See paragraphs (7) and (8) below to determine if interest is allowable.</p>  |
| <p>Refund check is a non-IRS Treasury check (See IRM 3.8.44-7, Agency Location Codes (ALC), for IRS ALC listing)</p> | <p>Correspondence attached is requesting we apply or reissue the refund to a certain year or other IRS account action</p>              | <ul style="list-style-type: none"> <li>Issue Letter 86C, Referring Taxpayer Inquiry/Forms to Another Office, explaining we cannot accept a third party check and the check will be returned to the originating agency to be reissued.</li> <li>Do not forward correspondence to BFS, detach from the check.</li> <li>Prepare a Form 3210 using procedures in IRM 3.8.47.4.4, Secure and Process a Returned Refund Check and forward to BFS in Philadelphia. See IRM 21.1.7.9.25, Non IRS Return Refund Checks, for mailing address.</li> </ul> |
| <p>Refund check is a non-IRS Treasury check (See IRM 3.8.44-7, Agency Location Codes (ALC), for IRS ALC listing)</p> | <p>Correspondence is attached and is NOT requesting an IRS related action, but asking about the check or information related to it</p> | <ul style="list-style-type: none"> <li>Prepare a Form 3210 using procedures in IRM 3.8.47.4.4, Secure and Process a Returned Refund Check, and forward to BFS in Philadelphia. See IRM 21.1.7.9.25, Non IRS Return Refund Checks, for mailing address.</li> <li>Add a note on the Form 3210, "Forward Correspondence to Originating Agency, Do Not Return to IRS. Not an IRS Check"</li> </ul>   |

**Reminder:** If there is any correspondence, unrelated to the returned refund check, that is not within your scope, forward correspondence to Image Control Team (ICT).

**IRM 21.4.3.5.5.1 Updated to change the Refund Inquiry Unit location for returned refund checks. Change made for consistency.**

(1) If the taxpayer receives a refund in an amount different than expected, and the check has not expired, follow the table below to resolve.

**Note:** For fax numbers and addresses, see Refund Inquiry Unit Addresses, located on Servicewide Electronic Research Program (SERP) under the Who/Where tab.

| If                                | And  | Then   |
|-----------------------------------|--|--|
| The taxpayer questions the amount | You can determine the difference through IDRS and original refund is correct   | <ol style="list-style-type: none"> <li>1. Provide explanation to taxpayer.</li> <li>2. If refund was returned, reissue and limit interest to the amount of the original refund.</li> </ol>   |
| The taxpayer questions the amount | You can determine the difference through IDRS research and refund is incorrect | <ol style="list-style-type: none"> <li>1. Advise taxpayer to write <b>void</b> on the back of the check and return it to the IRS with a letter of explanation.</li> <li>2. If the refund was returned adjust account as necessary.</li> </ol>  |
| The taxpayer questions the amount | You cannot determine the difference through IDRS research                      | <ol style="list-style-type: none"> <li>1. Advise taxpayer to write "<b>void</b>" on the back of the check and return it to the IRS with a letter of explanation.</li> <li>2. If refund returned, request the return and all related documents, if necessary, to resolve the case.</li> <li>3. Send an interim letter or telephone taxpayer with explanation of the delay, if necessary.</li> <li>4. Upon receipt of the documents, take the proper action and send taxpayer a letter explaining the resolution.</li> <li>5. Adjust the account and/or reissue the refund.</li> </ol> |

**IRM 21.4.3.5.6 Updated to include link to S- freeze and to change the Refund Inquiry Unit location for returned refund checks, also added link to the S-freeze IRM. Change made for consistency.**

(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:

| If   | Then  |
|--|---|
| S- freeze is present   | <ol style="list-style-type: none"> <li>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.</li> <li>2. Advise the taxpayer to destroy the expired check if it is still in their possession.</li> </ol>  |
| 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"> <li>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.</li> <li>2. Refer to IRM 21.4.2.4.9, Processing Limited Payability (LP) Cancellations on Checks Dated After 09/30/1989</li> </ol>  |
| No S- freeze is present  | <ol style="list-style-type: none"> <li>1. Check the tax module for a TC 740, with blocking series 66666, and matching posting date after the TC 846.</li> <li>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.</li> <li>3. Advise the taxpayer to destroy the expired check if it is still in their possession.</li> </ol>   |
| 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"> <li>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. 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.</li> <li>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</li> </ol> |



| If  | Then   |
|---|--|
|   | <p>Reason Codes Conversion Guide, for available codes.</p> <p>3. Do not allow additional interest if the IRS is not at fault.</p> <p>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 <b>void</b> 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.</p> |
| No S- freeze is present or refund cancellation credit on the module | If no refund cancellation credit transaction is found on the module and it's after 7 years of the issue date of the refund check, advise the taxpayer by telephone or Letter 2218C, Refund Inquiry; Check Claim Disallowed, Check Endorsed/Paid, that the check cannot be reissued.  |
| 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.   |
| 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.