

IRM PROCEDURAL UPDATE

DATE: 07/03/2017

NUMBER: wi-21-0717-1087

SUBJECT: Internal Controls Section Added & Form 3911 Procedures

AFFECTED IRM(s)/SUBSECTION(s): 21.4.2

CHANGE(s):

IRM 21.4.2.1 - Added Internal Controls section.

1. **Purpose:** This IRM covers information on Refund Traces and Limited Payability. This chapter covers research procedures to be used when a refund check is lost, stolen, destroyed or not received by the taxpayer and a trace may be required.
2. **Audience:** The primary users of the IRM are all customer service representatives (CSR), (telephone & paper), and Taxpayer Assistance Center functions.
3. **Policy Owner:** The Director of Accounts Management.
4. **Programmer Owner:** Process and Program Management, Accounts Management, Wage and Investment (WI).
5. **Primary Stakeholders:** The primary stakeholders are Management Officials who rely on accurate data, reports and quality information to ensure there are no gaps in efficiencies.
6. **Program Goals:** Program goals for this type of work are included in the Accounts Management Program Letter as well as IRM 1.4.16.24, Resource Guide for Accounts Management Managers.

IRM 21.4.2.1.1 Background

1. Employees in the Accounts Management (AM) organization respond to taxpayer inquiries and phone calls as well as process claims and other internal adjustment requests.

IRM 21.4.2.1.2 Authority

1. Refer to IRM 1.4.3.3, *Authorities*, for information.

IRM 21.4.2.1.3 Responsibilities

1. Account Management's Policy and Program Management Section has responsibility for information in this IRM. Information is published in this IRM on a yearly basis.

2. The Director of Accounts Management is responsible for policy related to this IRM.
3. The Chief of this team is responsible for ensuring this IRM is timely submitted to publishing each year.
4. Additional information is found in IRM 1.1.13.9.4, *Accounts Management* and IRM 21.1.1, *Accounts Management and Compliance Services Overview*.

IRM 21.4.2.1.4 Program Controls

1. **Program Reports:** The program reports provided in this IRM are for identification purposes for the Accounts Management Customer Service Representatives (CSRs) and Tax Examiners (TEs). For reports concerning quality, inventory and aged listing, please refer to IRM 1.4.16.24, *Resource Guide*, for Accounts Management Managers. Aged listings can also be viewed by accessing Control Data Analysis, Project PCD, are on the Control-D/Web Access server, which has a login program control.
2. **Program Effectiveness:** Program Effectiveness is determined by Accounts Management's employees successfully using IRM guidance to perform necessary account actions and duties.
3. **Program Controls:** Goals, measures and operating guidelines are listed in the yearly Program Letter. Quality data and guidelines for measurement is referenced in IRM 21.10.1, *Embedded Quality (EQ) for Accounts Management, Campus Compliance, Tax Exempt/Government Entities, Return Integrity and Compliance Services (RICS) and Electronic Products and Services Support*.

IRM 21.4.2.1.5 Acronyms

1. For a comprehensive listing of any IRS acronyms, please refer to the **Acronym Database**. Below are acronyms currently not listed in the database.

IRM 21.4.2.1.6 Related Resources

1. Refer to IRM 1.4.2.15, *Related Resources*, for information on related resources that impact internal controls.

IRM 21.4.2.1.7 Refund Trace and Limited Payability Overview

1. When a refund check is lost, stolen, destroyed or not received by the taxpayer, a refund trace can be initiated. This section of the IRM provides information and instructions for tracing.

NOTE: Many U.S. Post Offices will forward the refund check if the taxpayer has a forwarding address on file with the local post office. If this is the case, advise the taxpayer to allow 2 additional weeks to the IDRS refund payment date for receipt of the check. If the check is not received by the end of those 2

weeks, follow normal refund trace procedures.

CAUTION: If the taxpayer states he/she did not receive their refund and there is some indication identity theft may be involved, see IRM 25.23.3.2.2.1, *Telephone Inquiries Regarding Tax-Related IDTVA Cases*, for additional information.

2. In addition to researching IDRS for prior activity, review Account Management Service (AMS) for prior taxpayer contact.
3. Command code (CC) CHKCL is used to initiate a refund trace on Integrated Data Retrieval System (IDRS). For CC CHKCL instructions, see Exhibit 21.4.2-1, *Command Code (CC) CHKCL Input*. To access CC CHKCL, you must be able to access IDRS. See IRM 21.4.3, *Returned Refunds/Releases*, if there is an "S-" freeze (Undelivered Refund) on the module. See IRM 21.5.6, *Freeze Codes*, for additional information on "S-" freezes.
4. Refund inquiries are worked in all campuses. Inquiries received in your campus must be worked at your campus, except for the few instances identified in IRM 21.4.2.4, *Refund Trace Actions*. Do not forward work to another campus unless the campus specifically requests you forward them the case. The case request must be in writing and signed by the requesting employee's manager. For fax numbers and addresses, see Refund Inquiry Unit Addresses, located on Servicewide Electronic Research Program (SERP) under the Who/Where tab.
5. The IRS works with other Federal agencies to trace refunds. Bureau of the Fiscal Service (BFS) (formerly Financial Management Service (FMS)) and the Regional Financial Centers (RFCs) play key roles.
6. BFS, an agency in the Treasury Department, issues and maintains records relating to United States (U.S.) Treasury checks and Electronic Funds Transfer (EFT) deposits. BFS headquarters are located in Philadelphia, PA.
7. The Department of the Treasury delegates to BFS the authority to certify second payments to payees who did not receive their refund checks or whose check was lost, stolen or destroyed. In case of forgery, BFS certifies second payments, issues a refund check, and notifies the IRS to input transaction code (TC) 971, action code (AC) 078 or AC 079 on Master File.
8. Effective January 1, 1999, BFS is responsible for making refund offsets for child support and federal agency non-tax debts. This is referred to as the Treasury Offset Program (TOP), formerly the Debtor Master File Program (DMF). Refunds will be offset after IRS certifies them to BFS for payment but before the refund check or direct deposit is issued/made. See IRM 21.4.6, *Refund Offset*, for information on the TOP.
9. The Kansas City Financial Center and the Philadelphia Financial Center print and mail the refund checks for all campuses.
10. The Regional Finance Center (RFC) keeps records for Treasury checks for seven years and on EFT deposit refunds for six years on the following information:
 - Check Number
 - Check Symbol
 - Social Security Number or Employer Identification Number

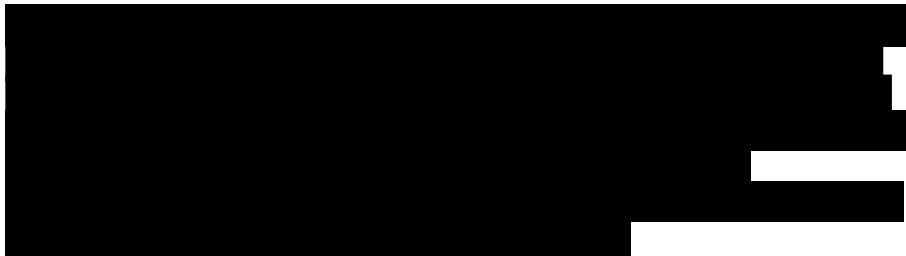
- Amount of refund
 - Date refund was issued
 - Name and address on check
 - Routing transit number and account number
11. If the actual refund amount differs from the amount the taxpayer claimed, the RFC inserts Notice 54, *About Your Refund Check*, into Individual Master File (IMF) refund checks and Notice 134, *About Your Refund Check*, into Business Master File (BMF) refund checks. In addition, BFS will attach a notice of offset if the original amount was reduced due to a TOP Offset.
 12. The Financial Processing Division (FPD) in Philadelphia, PA encompasses the total check claims process.
 13. Per the Taxpayer Bill of Rights, taxpayers have the right to expect a fair and just tax system which provides taxpayers with the opportunity to have their facts and circumstances considered when it might affect their underlying liabilities, ability to pay, or ability to provide information timely. Taxpayers have the right to receive assistance from the Taxpayer Advocate Service (TAS) if they are experiencing financial difficulty or if the IRS has not resolved their tax issues properly and timely through normal channels.
 - Refer taxpayers to the Taxpayer Advocate Service (TAS) (see IRM 13, *Taxpayer Advocate Service*) when the contact meets TAS criteria, (see IRM 13.1.7, *Taxpayer Advocate Service (TAS) Case Criteria*) and you cannot resolve the taxpayer's issue the same day. TAS provides assistance to taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that the IRS has not been able to resolve through normal channels or believe that an IRS system or procedure is not working as it should. See IRM 21.1.3.18, *Taxpayer Advocate Services (TAS) Guidelines*, for further information. If you are able to resolve and close the TAS issue on the same day as the taxpayer contact, do not refer the inquiry to TAS. The definition of **same day** is within 24 hours. There will be times you can completely resolve the TAS issue within 24 hours. There will also be times that, although you cannot completely resolve the issue within 24 hours, you have taken steps within 24 hours to resolve the taxpayer's issue. These cases also meet the definition of **same day**. Do not refer these cases to TAS unless the taxpayer asks to be transferred to TAS **and** the case meets TAS criteria. Refer to IRM 13.1.7.4, *Same Day Resolution by Operations*. When referring cases to TAS, use Form 911, *Request for Taxpayer Advocate Service Assistance (and Application for Taxpayer Assistance Order)*, and forward to TAS in accordance with your local procedures.

IRM 21.4.2.4.1 - Updated verbiage for Form 3911 online access and ordering a form for the taxpayer when needed. Added paper procedures when Form 3911 is needed, and clarified fax and address information must be provided on phone and paper inquiries.

1. If the contact does not meet oral statement criteria:
 - a. If the refund time frame prescribed in IRM 21.4.1.4.4, *Refund Issued But Lost, Stolen, Destroyed or Not Received*, has been met, advise the taxpayer that Form 3911, *Taxpayer Statement Regarding Refund* is available through the internet on irs.gov. See IRM 21.3.6.4.2, *Other Methods of Obtaining Forms and Publications*. If the taxpayer cannot obtain the form online, advise the taxpayer you can mail them a form. Use of the IAT Missing Refund (CHKCL) tool is mandatory when sending the Form 3911 to the taxpayer. Be sure to verify the taxpayer's mailing address. If taxpayer has moved since filing their return and their current address is not on record (CC ENMOD), advise the taxpayer the form is available on irs.gov. DO NOT UPDATE ADDRESS ON CC ENMOD unless the taxpayer meets oral statement criteria. See IRM 3.13.5.27, *Oral Statement/Telephone Contact Address Change Requirements*.

CAUTION: Do not initiate a refund trace over the phone if there is IDT involvement on the module. When providing a pre-populated Form 3911, *Taxpayer Statement Regarding Refund*, verify all information is for the correct taxpayer. See IRM 25.23.3.2.2.1, *Telephone Inquiries Regarding Tax-Related IDTVA Cases*, for additional information.

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- b. For paper inquiries, mail the taxpayer a Form 3911 and advise them of online trace options. See IRM 21.4.2.5.16, *Automated Refund Trace Applications Integrated Customer Communications Environment (ICCE) Refund Trace, Internet Refund Trace (IRTRC), and Internet Refund Fact of Filing (IRFOF)*.
- c. Advise taxpayers they must sign the Form 3911. If joint return, both taxpayers must sign. If surviving spouse, advise the taxpayer to add "Surviving Spouse" on the decedent's signature line. See IRM

- 21.6.6.3.22.2(1), *Processing Decedent Account Refunds*, for Form 1310 requirements.
- d. For phone or paper inquiries, advise taxpayer they can either mail or fax their request. Provide the address and fax number of your servicing Refund Inquiry function. Advise the taxpayer they will be contacted within 6 weeks of the date they return the Form 3911. For fax numbers and addresses, see Refund Inquiry Unit Addresses , located on SERP under the Who/Where tab.
 - e. Using the Integrated Automation Technologies (IAT) Missing Refund (CHKCL) tool or Account Management Services (AMS), input the following history item on the account - "H,39112TP. "
 - f. If forwarding the Form 3911 to another campus with an open Refund Inquiry Unit control, create a history item stating - 39112SC - using command code (CC) ACTON.
2. If the taxpayer returns the Form 3911, review the form for completeness. If a joint return, both taxpayers must sign. Update CC ENMOD if an address change is required.
 3. If a Form 3911 mailed to the taxpayer is returned by the United States Postal Service as undeliverable, the Refund Inquiry function will research for a new or corrected address or a phone number to contact the taxpayer. If a corrected address is found, re-mail the Form 3911. If no new address is located, destroy the Form 3911.