DATE: 10/25/2023

NUMBER: wi-21-1023-1050

SUBJECT: Processing Form 1040X in Response to CP 08, CP 09, CP 27; Returned EIP With no Tax Return on File

AFFECTED IRM(s)/SUBSECTION(s): 21.6.3

CHANGE(s):

IRM 21.6.3.4.2.7.8 Added paragraph 11 how to process Form 1040-X in response to CP 09 / CP 27 notice.

(11) Refer to the following chart if you receive a Form 1040-X and a CP 09 / CP 27 has been sent to the taxpayer.

If	And	Then
If you receive a Form 1040-X in response to a CP 09 / CP 27	A Form 15111 / Form 15112 is attached	Process the case as a CP 09 / CP 27 response
If you receive a Form 1040-X for a tax year in which a CP 09 / CP 27 was sent	A Form 15111 / Form 15112 is **NOT** attached	Process the case as a Form 1040-X
If you receive a Form 1040-X in response to a CP 09 / CP 27 with additional changes (e.g., adding a child or income)	A Form 15111 / Form 15112 is attached	- Adjust the EITC following CP 09 /CP 27 processing - Do a separate adjustment for the other changes following normal Form 1040-X processing

IRM 21.6.3.4.2.8.3 Added note to follow IRM 21.5.3.4.2, Tax Decrease or Credit Increase Processing, if Schedule 8812 is not included and added paragraph 11 how to process Form 1040-X in response to CP 08 notice.

(7) For tax years 2018 - 2025, Schedule 8812 is required. If a taxpayer submits CP 08 without the Schedule 8812 when required, correspond for the missing schedule. Follow IRM 21.5.3.4.2, Tax Decrease or Credit Increase Processing.

(8) Compute the amount of the credit based on the qualifying children claimed on the CP 08 that meet the following criteria:

- A dependency exemption was allowed for the same child.
- The child was under 17 years old at the end of the calendar year.

(9) Partially / completely deny the claim by inputting a TC 290 .00, BS 05 and sending a Letter 76C if:

- the taxpayer claims additional children on the CP 08 for whom the taxpayer did not claim a dependency exemption on the original return
- the taxpayer claims any children on the CP 08 for whom a dependency exemption was disallowed to the taxpayer
- the taxpayer does not meet all of the criteria (see IRM 21.6.3.4.1.24, Child Tax Credit (CTC))

Note: If a refund on the module is being held by Return Integrity Verification Operations (RIVO), input a HC 4.

(10) When adjusting a module based on a CP 08:

a. Use Credit Reference Number (CRN) 336 to allow the credit.
b. Use RC 061, SC 1 and the applicable blocking series.
c. Use Priority Code 3 to allow interest to be systemically calculated as an IRS initiated adjustment. Refer to IRM 20.2.4.7.5.5, 45-day Rule and IRS Initiated Adjustments, for more information and procedures when a manual interest computation is required.
d. Do not input the amended claims date.

Note: If a refund on the module is being held by RIVO, see IRM 21.5.6.4.35.3, -R Freeze Overview For Accounts With Return Integrity Verification Operations (RIVO) Involvement.

(11) Refer to the following chart if you receive a Form 1040-X and a CP 08 has been sent to the taxpayer.

If	And	Then
If you receive a Form 1040-X in response to a CP 08	A Form 15110 is attached	Process the case as a CP 08
If you receive a Form 1040-X for a tax year in which a CP 08 was sent	A Form 15110 is **NOT** attached	Process the case as a Form 1040-X
If you receive a Form 1040-X in response to a CP 08 with additional changes (e.g., adding a child or income)	A Form 15110 is attached	- Adjust the ACTC following CP 08 processing - Do a separate adjustment for the other changes following normal Form 1040-X processing

IRM 21.6.3.4.2.14 Clarified language in paragraph 4 regarding when to disallow and RRC claim and added note in paragraph 5 that if we receive a returned EIP and the taxpayer has not filed a return.

(4) Eligibility for RRC is the same as EIP (unless specified). Refer to IRM 21.6.3.4.2.13, Economic Impact Payments, for eligibility criteria for each EIP. If eligibility for RRC is not met, the taxpayer was issued and received (i.e., was not returned to the account) the full amount of EIP they were entitled to, or the full amount of RRC they were entitled to on either an original or amended return, refer to IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures.

Exception: Taxpayers must have a valid SSN assigned before the return due date, disaster return due date, or the extended due date, if an extension was filed. If a joint return is filed and only one spouse has a valid SSN, a partial credit is allowed.

(5) For taxpayers who do not have a filing requirement or would not normally need to file but may be eligible for the RRC, they **must** file a 2020 / 2021 tax return. Individuals who are e-filing only to claim the RRC should use the following for prior year AGI verification:

- If the Non-Filers tool was used to file a 2019 return to register for an EIP, "$1" should be entered as the prior year AGI verification.
- If they did not use the Non-Filers tool and did not file a return for 2019, or 2020 as applicable, then "$0" should be entered as the prior year AGI verification.

    Note: If an EIP is returned and the taxpayer is now eligible for RRC but has not filed a return, advise the taxpayer they must file a tax return to claim the RRC. Advise the taxpayer normal Refund Statute Expiration Date (RSED) procedures apply. The RSED is generally three years from the Return Due Date (RDD) for prepaid credits if a return was filed, or two years from the payment date for other payments whichever is later. See IRM 25.6.1, Statute of Limitations Processes and Procedures, for further explanations.

IRM 21.6.3.5.1 Added indicator for EIC recertification listed on CC IMFOLE.

(1) Once ACTC, AOTC, CTC, EITC, and/or ODC is disallowed through deficiency procedures, taxpayers must file Form 8862, Information to Claim Certain Credits After Disallowance, with the next return on which the taxpayer claims the credit(s). See Instructions to Form 8862, Information To Claim Certain Credits After Disallowance, for exceptions. Exam reviews all returns with Form 8862 to determine if the credit(s) is allowable.

(2) The entity module reflects a Recertification Indicator (RI) if the credit was disallowed through deficiency procedures, or if Exam determines recertification is no longer required. CC ENMOD displays the indicator under the literal **"EIC-RECERT-IND"**. CC IMFOLE displays the indicator under the literal **"EIC"**. The entity module also provides the following literals:

- The ENMOD literal **"TXPD>"** identifies the tax year the ban was set.
- The ENMOD literal **"EL-TXPD>"** identifies the tax year the ban is lifted.
- The IMFOLE literal **"RECRT TXPD>"** identifies the tax year the ban was set.
- The IMFOLE literal **"ELG TXPD>"** identifies the tax year the ban is lifted.

Each credit has its own literal (CTC and ODC is captured under ACTC).

(3) If the taxpayer responds to a recertification math error and does not understand the reason for the notice, explain:

- the prior disallowance
- the need to file Form 8862 if the taxpayer believes they are entitled to the credit for the current tax year
- if the taxpayer files Form 8862, Exam may review to determine if the credit is allowable

(4) If the taxpayer can't or won't file Form 8862 and demands the credit(s), follow procedures in IRM 21.5.4.5.5, Math Error Unsubstantiated Protest Processing.

(5) If a taxpayer is responding to a recertification math error or submits a claim and the account contains a Recertification Indicator (RI), follow the procedures below. When applying tolerance criteria, and the taxpayer submits Form 8862 for multiple tax years, treat each year as a separate case.

Reminder: The claim or inquiry must include a Form 8862 if recertification is required. Follow procedures in IRM 21.5.1.5.6, Incomplete CII Cases, if the Form 8862 is incomplete.

Caution: When working math error 100, 653, 814 - 816, and/or 819 - 824 responses and accessing DDBCK, **do not** use blocking series 74 unless directed to IRM 21.5.4.5.5, Math Error Unsubstantiated Protest Processing.

CC DDBCK has a new field titled "RefCR (L15)", for credits shown on line 15 of Form 1040-X. ACTC and AOTC should be entered in that field.

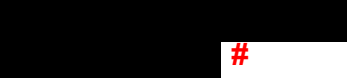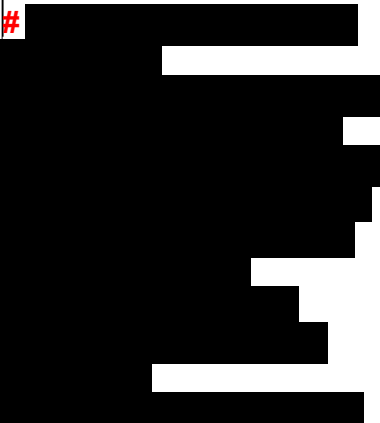When using CC DDBCK, input one of the following in the "Category Code" field:

- EICC - EITC increases
- EICN - EITC decreases or when EITC is not involved

RI is	and	Action: unable to access DDBCK	Action: able to access DDBCK
Blank or 00	Recertification is no longer required	Verify eligibility is met and allow the credit(s). Do not use BS 74.	Verify eligibility is met and allow the credit(s). Do not use BS 74.
1	Recertification is required	Total credit is: # ██████████ ██████ #	• Input the data into CC DDBCK • On DDBCK's Return Summary Screen, overlay "YYYYMMDD", under "Claim Rcvd Dates", with the received date of the Form 8862 or Form 1040-X. • **See IRM 21.6.1.7.2 (9), Command Code DDBCK, for the correct actions**
9	Recertification is required RI9 indicates the taxpayer's credit was adjusted due to an adjustment to income	Total credit is: # ██████████ ██████ #	• Input the data into CC DDBCK • On DDBCK's Return Summary Screen, overlay "YYYYMMDD", under "Claim Rcvd Dates", with the received date of the Form 8862 or Form 1040-X. • **See IRM 21.6.1.7.2 (9), Command Code DDBCK, for the correct actions**
2	The tax year is less than the EL-TXPD Taxpayer is under a 2-year ban and is not entitled to the credit	•Filed within 60 days of the math error notice - follow procedures in IRM 21.5.4.5.5, Math Error Unsubstantiated Protest Processing. •Filed after 60 days of the math error notice, or this is the first time the taxpayer is claiming the credit for the	• Input the data into CC DDBCK • On DDBCK's Return Summary Screen, overlay "YYYYMMDD", under "Claim Rcvd Dates", with the received date of the Form 8862 or Form 1040-X.

		year - deny the credit and send Letter 474C using the correct paragraph indicating the reason for the ban.	• **See IRM 21.6.1.7.2 (9), Command Code DDBCK, for the correct actions** **Note:** If the DDBCK response is "RECERT IND Present - Follow IRM", follow procedures to the left for employees unable to access DDBCK.
2	The tax year is greater than or equal to the EL-TXPD Recertification is required	Total credit is: # ███████████████████████ #	• Input the data into CC DDBCK • On DDBCK's Return Summary Screen, overlay "YYYYMMDD", under "Claim Rcvd Dates", with the received date of the Form 8862 or Form 1040-X. • **See IRM 21.6.1.7.2 (9), Command Code DDBCK, for the correct actions**
3	The tax year is less than the EL-TXPD The taxpayer recertified for the credit after the disallowance and is still under a ban for the banned years.	•Filed within 60 days of the math error notice - follow procedures in IRM 21.5.4.5.5, Math Error Unsubstantiated Protest Processing. •Filed after 60 days of the math error notice, or this is the first time the taxpayer is claiming the credit for the year - deny the credit and send Letter 474C using the correct paragraph indicating the reason for the ban.	• Input the data into CC DDBCK • On DDBCK's Return Summary Screen, overlay "YYYYMMDD", under "Claim Rcvd Dates", with the received date of the Form 8862 or Form 1040-X. • **See IRM 21.6.1.7.2 (9), Command Code DDBCK, for the correct actions**
3	The tax year is greater than or equal to the EL-TXPD	Total credit is: # ████████	• Input the data into CC DDBCK • On DDBCK's Return Summary Screen,

	Recertification is not required	███████████ **#** ██	overlay "YYYYMMDD", under "Claim Rcvd Dates", with the received date of the Form 8862 or Form 1040-X. • **See IRM 21.6.1.7.2 (9), Command Code DDBCK, for the correct actions**
4	The tax year is less than the EL-TXPD The taxpayer is under a 10-year ban and is not entitled to the credit.	• Filed within 60 days of the math error notice - follow procedures in IRM 21.5.4.5.5, Math Error Unsubstantiated Protest Processing. • Filed after 60 days of the math error notice, or this is the first time the taxpayer is claiming the credit for the year - deny the credit and send Letter 474C using the correct paragraph indicating the reason for the ban.	• Input the data into CC DDBCK • On DDBCK's Return Summary Screen, overlay "YYYYMMDD", under "Claim Rcvd Dates", with the received date of the Form 8862 or Form 1040-X. • **See IRM 21.6.1.7.2 (9), Command Code DDBCK, for the correct actions** **Note:** If the DDBCK response is "RECERT IND Present - Follow IRM", follow procedures to the left for employees unable to access DDBCK.
4	The tax year is greater than or equal to the EL-TXPD Recertification is required	Total credit is: **#** ██████████████ ████████████ ██████ ███████████ ████████ ████████ ██████████ ████████	• Input the data into CC DDBCK • On DDBCK's Return Summary Screen, overlay "YYYYMMDD", under "Claim Rcvd Dates", with the received date of the Form 8862 or Form 1040-X. • **See IRM 21.6.1.7.2 (9), Command Code**

			DDBCK, for the correct actions
		#	

(6) The following procedures are for claims or correspondence that do not reflect a recertification math error:

Row Number	If	And	Then
1	The taxpayer did not claim AOTC and/or EITC on the original return	Files Form 1040-X claiming AOTC and/or EITC for self/spouse only and the recertification indicator is 1	• Allow the credit(s) if eligibility is met • Return Form 8862 to the taxpayer, if attached, explaining the need to file the form when claiming AOTC and/or EITC with a qualifying child.
2	The taxpayer did not claim AOTC, CTC/ACTC/ODC, and/or EITC on the original return	Files Form 1040-X with Form 8862 attached, claims the credit for a qualifying child(ren), the recertification indicator is 1 or 9 and the amount claimed is **#** **#**	• Update CC DDBCK using Category Code "EICX". • Follow DDBCK responses shown in IRM 21.6.1.7.2(9), Command Code DDBCK. **Note:** TC 971 AC 056 (EITC), AC 160 (AOTC), AC 161 (CTC/ACTC/ODC) are not required as the DDBCK system removes the recertification indicator If unable to access DDBCK: • Allow the credit if eligibility is met. • Input TC 971 AC 056, 160, and/or 161 to remove the recertification indicator.

3	The taxpayer did not claim AOTC, CTC/ACTC/ODC, and/or EITC on the original return	Files Form 1040-X with Form 8862 attached, claims the credit for a qualifying child(ren), the recertification indicator is 1 or 9 and the amount claimed is **#** ▮▮▮▮ ▮▮▮ **#**	• Update CC DDBCK using Category Code "EICX". • Follow DDBCK responses shown in IRM 21.6.1.7.2(9), Command Code DDBCK. If unable to access DDBCK: • Verify eligibility is met. • If eligibility is met, route to Exam as CAT-A.
4	The taxpayer did not claim AOTC, CTC/ACTC/ODC, and/or EITC on the original return	Files Form 1040-X without Form 8862 attached, claims the credit for a qualifying child(ren) and the recertification indicator is 1	• Reject the claim per IRM 21.5.3.4.6, No Consideration and Disallowance of Claims and Amended Returns. • Advise the taxpayer the credit(s) was disallowed in a previous year and they must submit a completed Form 8862 with the claim.
5	The taxpayer files Form 1040-X to increase AOTC, CTC/ACTC/ODC, and/or EITC previously claimed	The recertification indicator is 1 or 9 and the case is open on AIMS	Reroute the case to the open Exam control using Form 5101, Examination Referral Slip.
6	The taxpayer did not claim AOTC, CTC/ACTC/ODC, and/or EITC on the original return	Files Form 1040-X claiming the credit(s) and the recertification indicator is 2 or 4	Follow the same procedures for recertification indicator 2 or 4 in (5) above.

IRM 21.6.3.6 Added paragraph 9 to correspond with taxpayer if we receive a payment and there is no tax return on file.

(9) If an EIP or AdvCTC payment is returned and there is not a tax return on file for the year in which the payment was issued from, send correspondence to the

Any line marked with a # if for Official Use Only

taxpayer advising we received their (returned, cancelled, expired, etc.) payment and they must file a tax return and claim RRC or CTC/RCTC.

Note: Advise the taxpayer normal Refund Statute Expiration Date (RSED) procedures apply. The RSED is generally three years from the Return Due Date (RDD) for prepaid credits if a return was filed, or two years from the payment date for other payments whichever is later. See IRM 25.6.1, Statute of Limitations Processes and Procedures, for further explanations.