

## IRM PROCEDURAL UPDATE

**DATE:** 12/17/2020

**NUMBER:** wi-21-1220-1321

**SUBJECT:** Form 7200 Call Scenario and 2021 Wage Base

**AFFECTED IRM(s)/SUBSECTION(s):** 21.7.2

**IRM 21.7.2.3.3(2) Added wage base information in table for 2021 and removed information for 2011.**

2. Social security taxes are withheld at a combined tax rate of 12.4% (6.2% contributed by the employer and 6.2% contributed by the employee) except as modified by legislation for particular tax years (2010, 2011, and 2012) as described in (3), (4), and (5) below. However, social security taxes are withheld from wages and tips only up to a wage limit. The table below shows the social security wage limits from year to year.

<b>Year</b>	<b>Maximum Amount of Wages</b>
2012	110,100
2013	113,700
2014	117,000
2015 — 2016	118,500
2017	127,200
2018	128,400
2019	132,900
2020	137,700
2021	142,800

**IRM 21.7.2.6.4.2(3) Added Tier I wage base information in table for 2021 and removed information for 2011.**

3. The Tier I portion equivalent to the social security portion is 6.2% for both employer and employee (12.4% total) except as modified by legislation for particular years (2010, 2011, and 2012) as described in (4), (5), and (6) below. Tier I taxes are withheld from wages and tips only up to a wage limit. The table below shows the Tier I wage limits from year to year.

<b>Tax Year</b>	<b>Taxable Amount</b>
2012	On the first \$110,100
2013	On the first \$113,700

2014	On the first \$117,000
2015 - 2016	On the first \$118,500
2017	On the first \$127,200
2018	On the first \$128,400
2019	On the first \$132,900
2020	On the first \$137,700
2021	On the first \$142,800

**IRM 21.7.2.6.4.2(8) Added Tier II wage base and tax rate information in table for 2021 and removed information for 2011.**

8. Tier II tax rates are shown in the table below.

<b>Tax Year</b>	<b>Employer %/Employee %</b>	<b>On the first:</b>
2012	12.1%/3.9%	\$81,900
2013	12.6%/4.4%	\$84,300
2014	12.6%/4.4%	\$87,000
2015 - 2016	13.1%/4.9%	\$88,200
2017	13.1%/4.9%	\$94,500
2018	13.1%/4.9%	\$95,400
2019	13.1%/4.9%	\$98,700
2020	13.1%/4.9%	\$102,300
2021	13.1%/4.9%	\$106,200

**IRM 21.7.2.7.5.1(1) Inserted new third row in table with guidance on handling Form 7200 related phone inquiries when the account record reflects previous issuance of a letter.**

1. The following table provides guidance on handling common phone inquiries relating to Form 7200:

<b>If</b>	<b>And</b>	<b>Then</b>
The taxpayer has general questions on eligibility or how/where to file Form 7200		Refer the taxpayer to guidance on the Form 7200 landing page on irs.gov: About Form 7200, Advance Payment of Employer Credits Due to COVID-19.
The taxpayer has received either Letter 6312 or Letter 6313		See IRM 21.7.2.7.5.2, <i>Form 7200 — Letter 6312 and Letter 6313 Replies</i> .

<p>IDRS history/activity indicates either Letter 6312 or Letter 6313 has been issued</p>	<p>The taxpayer has not yet received the letter</p>	<ul style="list-style-type: none"> <li>• If three or less weeks have passed since the letter was issued, advise the taxpayer that our records indicate they will receive a letter within three weeks regarding their previously filed Form 7200 and to respond as directed in the letter (if they still have concerns) once they receive the letter.</li> <li>• If more than three weeks have passed since the letter was issued <b>and</b> the timeframe for submitting Form 7200 <b>has not expired</b>, advise the taxpayer to submit a complete, newly signed Form 7200 as per the filing instructions for the form. Remind the taxpayer to ensure the address entered on the Form 7200 matches the IRS address of record.</li> <li>• If more than three weeks have passed since the letter was issued <b>and</b> the timeframe for submitting Form 7200 <b>has expired</b>, advise the taxpayer that any eligible credits requested but not received as advance payments will be accounted for when they file their applicable employment tax return.</li> </ul>
<p>The taxpayer is an aggregate employment tax filer (Section 3504 Agents, CPEOs, and</p>	<p>Is inquiring about a refund generated from the processing of their original employment tax return (either</p>	<p>See IRM 21.7.2.7.5.4, <i>Reconciliation of Advance Payment Amounts for Aggregate Employment Tax Return Filers</i>.</p>

PEOs)	expected but not received or received but not expected)	
The taxpayer has questions about the processing of a previously filed Form 7200	A TC 766 transaction with CRN 299 and Reason Code 219 corresponding to the Form 7200 described by the taxpayer is present on the tax module	<ul style="list-style-type: none"> <li>• The dates and amounts of any refunds/offsets previously generated by the processing of Forms 7200, as recorded on the tax account, may be relayed verbally or in writing to the taxpayer.</li> <li>• The date printed on the refund check is the 23c date less 13 days.</li> <li>• Refunds issued from the processing of Form 7200 are accelerated and cannot be intercepted.</li> </ul>
The taxpayer is inquiring as to whether one or more specific advanced payments have been issued	A TC 766 transaction with CRN 299 and Reason Code 219 corresponding to the Form 7200 described by the taxpayer is <b>not</b> present on the tax module	<ul style="list-style-type: none"> <li>• Advise the taxpayer that their Form 7200 is not available for our review and that we are therefore unable to provide more specific information with regards to its processing.</li> <li>• Advise the taxpayer if they have a fax confirmation of having filed their Form 7200 that they will receive an advance payment when it is processed, or a letter if it cannot be processed, or they will receive credit for the amounts requested as an advance payment when their original employment tax return claiming credits for which they are eligible is processed.</li> <li>• Alternately, if they do not have a fax confirmation they may fax the Form 7200 as specified in the form instructions.</li> </ul>

<p>Taxpayer states they made a computation error on Form 7200</p>	<p>The advance payment received was <b>less than</b> what they could have requested</p>	<p>Advise the taxpayer that corrected/amended Forms 7200 cannot be filed. However, they can:</p> <ul style="list-style-type: none"> <li>• Reduce any remaining required deposits for the tax period in question until the amount of credit to which they are entitled to is fully absorbed.</li> <li>• Or, file another Form 7200.</li> <li>• Or, claim the correct credit amounts on their original tax return.</li> <li>• Or file a Form 94XX (specify form) if their original tax return has been filed and reported incorrect information.</li> </ul>
<p>Taxpayer states they made a computation error on Form 7200</p>	<p>The advance payment requested and received was <b>more than</b> the taxpayer is eligible to receive</p>	<p>Advise the taxpayer that corrected/amended Forms 7200 cannot be filed, that they should claim the correct amount of credits on their original return, and that their account will reflect a balance due when the return settles unless there are sufficient credits applied. Accordingly, they should make a federal tax deposit for the excessive advance payment amount, or pay the excessive advance payment amount with their original return (along with any other amounts owed).</p> <p><b>NOTE:</b> Do <b>not</b> advise the taxpayer to return the advance payment check received <b>unless</b> the entire amount of the payment was in error.</p> <p><b>NOTE:</b> The appropriate Form</p>

		94XX adjusted return must be filed if an original return was filed that did not claim correct credit amounts.
Taxpayer is responding to a balance due notice	Received one or more advance payments but did not report/claim the associated Credit for Qualified Sick and Family Leave Wages or Employee Retention Credit on their original employment tax return	<ul style="list-style-type: none"> <li>• Advise the taxpayer that Form 7200 is used to request advance payment but that any credits they were eligible for must be reported/claimed on their original employment tax return.</li> <li>• Advise the taxpayer that if they requested an advance payment but were not eligible for any credits, or for less than was requested as an advance, that they owe the excessive amount advanced. Address the balance due as appropriate.</li> <li>• Advise the taxpayer that if they were eligible for credits which were not reported on their employment tax return, they must file an amended return (specify form) to resolve the balance due.</li> </ul>
Taxpayer is responding to a balance due notice ( or received a refund less than what was expected)	Received one or more advance payments but did not report the correct amount(s) on Line 13f of Form 941	<p>Advise the taxpayer that:</p> <ul style="list-style-type: none"> <li>• Advance payments should not be requested on Form 7200 if they also reduced required federal tax deposits/payments for the same expected credit.</li> <li>• The amount of any advance payment received is a factor in reconciling Form 941 (i.e., determining whether the account is in full paid,</li> </ul>

		<p>balance due, or overpaid status) and must be reported on Line 13f of Form 941.</p> <ul style="list-style-type: none"><li>• If they reported the correct amount of credits for which they were eligible but did not enter the amount of any advance payments on Line 13f, the balance due notice (or reduced refund amount) is correct.</li></ul>
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