IRM PROCEDURAL UPDATE

DATE: 05/12/2023

NUMBER: wi-03-0523-0627

SUBJECT: Manual Refund Correction

AFFECTED IRM(s)/SUBSECTION(s): 3.13.222

CHANGE(s):

IRM 3.13.222.8(3) - Added paragraph with information on completing international phone calls.

(3) If contact is needed with a taxpayer that is at an international phone number, please refer to IRM 3.42.7.14.8 before completing international telephone calls.

IRM 3.13.222.15(6) (A, D, E, F & G) - Updated manual refund tolerance to $100,000 for consistency with referenced IRMs.

(6) **Entity Unpostables is only responsible for identifying the need for a manual refund and prioritizing the processing of the case. Please follow chart below for the related return:**

If	And	Then
A. The unpostable case is a Form 1120 series return that includes the taxpayer requesting a refund amount of $100,000 or more, the case will need a manual refund.	The unpostable is a UPC 310, 329 or 307 issue and there is not a TC 840 or TC 846 on TXMOD, indicating a refund has not been issued.	Determine which correspondence letter, 3852C, 3853C or 3916C, is appropriate to be sent to the taxpayer requesting the necessary information to resolve the case and suspend the case for 45 days.
B. Taxpayer replies	The taxpayer replies with the correct information to resolve the case, input the necessary transactions to correct the account.	1. Close the case with a URC 8. **2. Attach proper routing form to request Rejects to "Manual Refund input CCC O".** **3.** Do not edit the **O** on the

If	And	Then
		return. 4. Edit the Correspondence Received Date (CRD) in the audit trail. See IRM 3.13.222.40. 5. Release per local procedures.
C. **No Reply**	1. The taxpayer replies with incorrect information or there is no other information available to correct the account.	Close with regular no reply procedures.
Caution: C. Do not URC 0 to close a manual refund case. If research indicates that a TC 840 or TC 846 has posted on TXMOD indicating that a refund has been issued for the unpostable case, close the case as an "Amended Return" with URC 6 and input the CCC **G** in the CCC field on UPRES. Edit the CCC **G** on the return. If the case is closed with a URC 0, the refund will be re-issued in error. Release per local procedures.		
D. The unpostable case is a Form 1041 return UPC 331 and the taxpayer is requesting a refund amount of $100,000 or more, the case is a manual refund.	Research indicates that the unpostables return is a possible duplicate for the tax period, however there is no TC 840 or TC 846 on TXMOD, indicating that a refund has not been issued.	1. Close the case with URC 6 and input **G** in the CCC field of UPRES, with the remarks "Amended Return". 2. Edit the CCC **G** on the return. 3. Release per local procedures.
E. The unpostable is a Form 1041 UPC 331 and the taxpayer is requesting a refund amount of $100,000 or more, the case is a manual refund.	Research indicates the return has posted on the incorrect tax period and there is no return posted on the correct tax period and there is no TC 840 or TC 846	1. Close the case with a URC 8. 2 Attach proper routing form to request Rejects to post return to tax period and Manual Refund input

If	And	Then
	on TXMOD, indicating that a refund has not been issued.	CCC **O**. 3. Do not edit CCC **O** on the return.
F. The unpostable is a Form 1041 return UPC 331 and the taxpayer is requesting a refund amount of $100,000 or more, the case is a manual refund.	Research indicates the return is a possible duplicate for the correct tax period and there is a TC 840 or TC 846 on TXMOD, indicating that a refund has been issued and all the money amounts are the same.	1. Process the return as a duplicate and close with URC 8, requesting Rejects to "cancel DLN and associate with return on file." 2. Release per local procedures.
G. If correspondence is not needed, the unpostable is requesting a refund amount of $100,000 or more.	Research indicates there is not a TC 840 or TC 846 on TXMOD, indicating a refund has not been issued.	1. Close the case URC 8 with remarks "Manual Refund input CCC O". 2. Attach proper routing form to request Rejects to "Manual Refund input CCC O". 3. Do not edit the CCC **O** on the return. 4. Release per local procedures.

Note: Ensure all actions to resolve the unpostable are notated on the rejects routing slip and complete all necessary actions before closing to prevent the unpostable from repeating.

Note: If the return is an e-filed return and needs to be closed with a URC 8, release per local procedures.

IRM 3.13.222.39(18) - Added paragraph with repeat unpostable monitoring guidelines.

(18) Repeat unpostable cases should be reviewed weekly to ensure proper handling. Repeat volumes should not exceed 10 percent of the current week's receipts. Additional information regarding acceptable repeat volumes can be found at IRM 3.30.123.2.4.4.

IRM 3.13.222.74.6.2(1) (J3) - Added input of TC 074.

(1) Use the following table to resolve Unpostable Form 1120-S conditions:

Note: When corresponding on the unpostable Form 1120-S inform the taxpayer (using the appropriate letter) that: "They may be able to apply for relief under Revenue Procedure 2013-30". If the Form 2553 is not timely received for the period of the unpostable return, by quoting this revenue procedure it could allow the election to qualify for the next tax year.

Note: If Master File has an incorrect filing requirement or incorrect LLC Indicator, correct the account appropriately from a current year return. Check Line I on Form 1120-S to verify member information.

Caution: Research on Command Code TRDBV for a cancelled extension to determine if the Form 1120-S was timely filed.

IF the UNP is a Form 1120-S and the name indicates a LLC, and	AND	THEN
J. IDRS does not show a TC 074 or TC 076/090.	3. Form 2553 is attached and cannot be approved for the tax year of the unpostable.	1. Input TC 090/TC 074, suppress notice with PSC>Z, for the next tax year they qualify. 2. Inform the taxpayer, using 3852C or appropriate letter, of the accepted effective date of their election and their option for a Private Letter Ruling. **Note:** A paragraph Selection Code may be used if the verbiage is appropriate for the response. 3. Close the unpostable with URC 8 4. Requests Rejects cancel DLN and re-file.