IRM PROCEDURAL UPDATE

DATE: 06/26/2023

NUMBER: wi-03-0623-0772

SUBJECT: IMF Notice Review

AFFECTED IRM(s)/SUBSECTION(s): 3.14.1

CHANGE(s):

IRM 3.14.1.4.2.3(3) - First bullet after RTR, added or EFTPSE.

(3) Input disposition code "H" to hold the notice for processing in a subsequent cycle. Examples that may cause the review of the notice to be delayed include:

- Request for a voucher to validate a payment not found on Remittance Transaction Research (RTR) System or EFTPSE
- Request for documents from the taxpayer
- Referring of a case to RIVO

IRM 3.14.1.6.4.4(1) - Added Electronic Federal Tax Payment System (EFTPS).

(1) This section contains information related to payments and credits. It includes information on Lockbox Payments, the Remittance Transaction Research (RTR) System, Electronic Federal Tax Payment System (EFTPS), Dishonored Payments, Discovered Remittance, and Contributions to Reduce the Public Debt.

IRM 3.14.1.6.4.4.3 - Added new subsection for Electronic Federal Tax Payment System (EFTPS).

(1) The Electronic Federal Tax Payment System (EFTPS) is a free service taxpayers can use to pay federal taxes, 24 hours a day, 7 days a week.

(2) All EFTPS operations are located at the Ogden Submission Processing Center.

(3) Command Code EFTPS provides IDRS users with the ability to request immediate research of the Electronic Federal Tax Payment System. (EFTPS).

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IRM 3.14.1.6.6.3(1) - Added Form 5792 can only be used for manual refunds under $100 million and Form 3753 for manual refunds $100 million and over.

(1) Complete Form 5792, Request for IDRS Generated Refund (IGR). Refer to the IRS intranet for a visual example of Form 5792. Form 5792 can only be used for manual refunds under $100 million and Form 3753 for manual refunds $100 million and over.

    a. Write the taxpayer's SSN, tax period, and transaction code where the supporting document will be filed, in the remarks area of Form 5792.

    b. If a manual refund will be issued to an address other than the Master File address, explain in the remarks area and indicate where the supporting documentation will be filed. Also input a TC 971/AC037 on the module using CC REQ77.

       Example: REMARKS: Temporary Address Change per Taxpayer Request.

    c. Monitor the case until the TC 840 posts. Input CC NOREFP, if necessary, to prevent a duplicate TC 846 from generating.

       Note: For additional directions on monitoring manual refunds see IRM 21.4.4.6.1, Monitoring Manual Refunds.

Item	Field Name	Form 5792 Field Descriptions, Section I
1	TIN and File Source	Enter the taxpayer's SSN
2	MFT Code	Enter MFT code from the refunding module
3	Tax Period	Enter Tax Period of the refunding module in YYYYMM format
4	Plan number	Leave Blank
5	Name Control	Enter Name Control from refunding module
6	TC 840 Amount	Enter the total overpayment plus any credit interest
7	TC 770 Amount	Enter the credit interest portion of the refund
8	Overpayment Amount	Enter the overpayment on the tax module, without interest. **Note:** Consider previously assessed failure to file and failure to pay penalties, and underpayment interest that will be affected by an adjustment action. Any decrease in penalties and/or interest already paid must be included in the overpayment amount. In addition, unassessed accruals of penalty and/or interest may reduce the overpayment amount.
9	Line No.	Enter "01" for prior year, or "02" for current year. See IRM 2.4.20, CC RFUND Input
10	(Interest) Indicator	Enter "N" for normal, "R" for restricted, or "0" if no interest
11	ULC Code	Enter the Primary Location Code from TXMOD

12	Sequence Number	Enter the IDRS sequence number
13	Block Series No.	Blank unless refund is for an Injured Spouse claim
14	1st Name Line	Enter the name of the payee. Include Executor/Executrix, Administrator, etc., if Form 1310 is attached
15	2nd Name Line	Optional unless refund is for a decedent return with or without surviving spouse
18	Street Address or PO Box	Enter address where the check is to be mailed
19	City, State, and ZIP Code	Enter City, State, and ZIP code where the check is to be mailed
20	Remarks	Enter all appropriate remarks
21	Initiating BOD	Check box - W&I-SP
22	DLN of Return	Enter DLN of the return
23	Bankruptcy code case	None applicable
24	TC 130 (check-box)	Check if a TC 130 is present
Section II	Manual Refund Authority checklist	Contains 13 check-boxes to address if appropriate
Section III	Interest Computation	Contains Interest to Date and Total Interest Fields. Attach COMPAD print if interest is included in refund
Section IV	Manual Refund Approval	Complete Items 1, 2, and 3 prior to submitting for approval

Figure 3.14.1-2a
Form 5792 Field Descriptions – Request for IDRS Generated Refund

IRM 3.14.1.6.7(6) (h) - Replaced in the note Form 3465 to Form 5101.

(6) **Erroneous Refund procedures are not necessary in the following situations:**

  a. Erroneous refund in Category A that is **#** ▮▮▮▮▮▮▮▮▮▮ **#**
  b. Missing signature(s)

  Note: It is still necessary to attempt to obtain the missing signature(s).

  c. A Credit Elect request to the next year was not processed, and instead the credit refunded.
  d. No CCC "L" or "W" code was present on a decedent return.
  e. No Form 1310 or court appointment documentation is present.

    f.   An error found in Notice Review (including errors made during initial processing) results in a tax increase with no prior tax decrease.

    g.   An error found in Notice Review (including errors made during initial processing) results in a refundable credit (except withholding) decrease with no prior refundable credit increase.

    h.   Scenario (f) and (g) are identified as "turnaround" cases and should be adjusted by using Blocking Series "77" or "78" as appropriate, Source Code "6", and Hold Code "0". Insert Label 1 on the notice in the current cycle.

       Note: If a taxpayer requests abatement of the adjustment, route to Exam for a deficiency assessment on Form 5101, **Examination Referral Slip**. Attach all documentation available and a print of RTVUE and TXMOD.

IRM 3.14.1.6.7(7) (b) - Replaced Form 3465 to Form 5101.

(7) Route returns requiring reprocessing with an erroneous refund to Accounts Management.

    a.   Order the return if the return is not included with the case.

    b.   Complete Form 5101, **Examination Referral Slip** and explain the erroneous refund and the reason for the adjustment.

    c.   Void the notice.

    d.   Recharge the return using CC ESTABDT and route the case to Accounts Management.

       Note: Also refer cases involving two taxpayers using the same SSN or one taxpayer using two SSNs to Accounts Management. If a refund scheme or fraud is suspected, route the case to the Criminal Investigation Function.

IRM 3.14.1.6.13(4) - Added or EFTPSE.

(4) Review the notice using Control D and/or IDRS, and RTR or EFPTSE (to verify payments). Use CC IRPTR to review withholding on current-year returns. It is also useful to review the taxpayer's prior year withholding to establish a pattern if CC IRPTR is unavailable for verification of current year withholding. The Control D/NRPS selection key will explain why the notice was selected. It will also reveal the ES discrepancy, which will be one of the following:

- More credits than the taxpayer claimed
- Fewer credits than the taxpayer claimed
- A line entry duplicate credit. These occur if taxpayers incorrectly combine ES payments and withholding on the withholding line, or if a payment is input twice during processing, and is a true duplicate. See (5) below for more.

- Key 004 discrepancies: These notices are often voided, because a true credit discrepancy does not exist. These notices usually generate in one of two situations:
1. When a timely ES payment is given an incorrect transaction code (usually TC 610/670), because of voucher and DLN inconsistencies, or
2. When the taxpayer includes bad check penalties in his payments, and the system adds the "Dishonored Check" to the payments table, but not the original payment.

  Refer to IRM 3.14.1.6.17.3, Key 004 - ES Discrepancy Notice with Incomplete or Out of Balance Payment Data. Also refer to Clerical Support instructions in IRM 3.14.1.4.3.1.5, ES Payment Balance Discrepancy - Code 06 and IRM 3.14.1.6.21.4.5, Quarterly Estimated Tax Payments.

IRM 3.14.1.6.13(5) (c) - Added or EFTPSE.

(5) Look for:

a. A potential "double credit". where the taxpayer incorrectly entered ES payments on the withholding line, or combined ES payments with withholding in the line entry. Both situations, if not corrected, may result in a "double credit."

    Watch for a blank ES payments line with a withholding amount greater than ES payments posted, and greater than what can be verified from the return's attached Form(s) W-2 and Form(s) 1099. Request the paper return if the ES Discrepancy appears to be a duplicate credit.

    Use CC IRPTR to verify withholding. If CC IRPTR data is unavailable for verification of current year withholding, review the taxpayer's prior year withholding. Current year withholding data may not appear in CC IRPTR until after the mid-year point.

    If a double credit situation exists, prevent the refund from generating (if possible) and adjust withholding. See IRM 3.14.1.6.7.2, Category B ERRF Resolution.
b. Transcription errors. Processing erroneously transcribed ES payments as another payment, i.e. withholding or Additional Child Tax Credit, may result in the taxpayer receiving too much credit or not enough credit.
c. Unclaimed payments that post to the wrong account. Use RTR or EFTPSE to verify payments for CP 23, CP 24, and CP 25. If payments have been erroneously credited, prevent the refund from generating (if possible), then transfer the money to the correct account. If the refund cannot be prevented from generating, follow Category D erroneous refund procedures and transfer the money. See IRM 3.14.1.6.7.3, Category D ERRF Resolution
Caution: Check for potential IRC 965 Payments.

d. EFTPS ES payments for 201512 and subsequent years could be inadvertently designated as SRP payments to the MFT 35 account instead of the MFT 30. Review CC SUMRY/IMFOLI on accounts with Estimated Tax discrepancies. If the taxpayer has claimed estimated tax payments on their return, complete general research to identify those payments belonging to the MFT 30. If research indicates those were designated to the wrong MFT, credit transfer them from the MFT 35 account to the MFT 30 to satisfy the account.

IRM 3.14.1.6.13(6) (i) - Added or EFTPSE.

(6) Excess credit should be allowed to refund in the following situations. Refer to the IMF Excess Credits Quick Reference Figure 3.14.1-7a

a. Prior year credit elect (TC 716/710).
b. Doc Code 24 or 34 credit transferred into the module.
c. A TC 670 payment has the same DLN as a TC 460 extension. Verify the extension if it posted after the return or if the TC 670 is for an unreasonable amount.
d. The credit is a timely estimated tax payment that is 1/4 (.25) of the current or prior year tax liability, or of the tax liability minus the withholding.
e. The total estimated tax payments are 90 percent of current year liability or 100 percent of prior year tax liability. If prior year AGI is more than $150,000 ($75,000 married filing separately), use 110 percent.
f. The taxpayer has a history of making ES payments of approximately the same amount as the current year's unclaimed payments.

   Note: If the ES payments are not claimed refer to IRM 3.14.1.6.9.5, RIVO (Return Integrity and Verification Operation

g. Prior-year credit elect (TC 716/710) plus an ES amount smaller than other ES payments on the module equals each of the other estimated tax payments.

   Example: The module shows three timely ES payments of $500 plus one timely ES payment of $200 and $300 in credit elect.

h. Two or more estimated tax payments combined equal the amount of another estimated tax payment.
i. RTR or EFTPSE verifies that payments belong to the notice tax module but the taxpayer has not claimed them. If the ES payments are not claimed refer to IRM 3.14.1.6.9.5, RIVO (Return Integrity and Verification Operation
j. There is one timely unclaimed first-quarter payment with no other ES payments on account.

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Caution: If the amount in question is not reasonable, verify the payment. Watch for conditions where the Farmers and Fisherman's rule may apply. Refer to IRM 3.14.1.6.21.4.4, Special Computation for Farmers and Fisherman. Also, watch for money intended for estate-tax payments with Form 706 (identified by the presence of a "V" or "W" after the SSN).

Text Only Link

Situation	Credits Claimed by TP?		Research Payment?		Research Method	Verify Information	If Credits Refunding...		Action to be Taken
	Yes	No	Yes	No			Do not Delete...	Delete...	
(1) 2, 3, or 4 equal timely payments.		Any		X			X See * Caution.		
(2) 1 payment. Not timely 1st quarter payment.	X		X		RTR	• Name • SSN • Tax Period • Dollar amounts	If all information agrees. See * Caution.	If a discrepancy in TP, SSN, Tax Period, Dollar amounts, etc.	Transfer credit to the correct tax module or taxpayer.
(3) 1 timely 1st quarter payment.	X			X			X See * Caution.		
(4) 2 or more payments create money amount equal to one ES payment.	X			X			X See * Caution.		
(5) Smaller payment plus prior year credit equals one regular ES payment.	X			X			X See * Caution.		
(6) TC 670 - Check notice module for any prior balance due amount. If the amount matches -	X			X			If amount refunding is the TC 670.		
(7) TC 670 - Check tax module for any prior balance due amount. If money amounts do not match - (See Note.)	X		X		RTR	• Name • SSN • Tax Period • Dollar amounts	If no discrepancy and no other balance due tax modules found for the taxpayer.	If a discrepancy in TP, SSN, Tax Period, Dollar amounts, OR a balance due tax module is found for the amount.	Transfer credit(s) to the correct tax module or taxpayer.
(8) Prior year credit – TC 716 or TC 710	X			X			If credit is the refund amount. **Note:** Check for credit elect. See * Caution.		
(9) TC 922 with a TC 670 and tax assessment has not posted.							If TC 290.00 has been input by Under reporter.	If pending assessment.	Input TC 290.00 and use HC 1.
(10) Doc Code 18; questionable payments.	X		X		RTR	• Name • SSN • Tax Period • Dollar amounts	If backup information matches.	If backup information does not match.	Transfer credit(s) to the correct tax module or taxpayer.

Note: If an unclaimed TC 670 has the same DLN as an extension, review the date of the payment. If the payment posted **before** the return, allow the payment to refund, see 3.14.1.6.13 (6c). If the TC 670 posted **after** the return or is for an unreasonable amount, see 3.14.6.9.5 (7h) to follow possible identity theft procedures.

***Caution:** Watch for double credit situations if the taxpayer includes estimated tax payments with the withholding.

Figure 3.14.1-7
IMF Excess Credits Quick Reference

Situation	Credits Claimed by TP?		Research Payment?		Research Method	Verify Information	If Credits Refunding...		Action to be Taken
	Yes	No	Yes	No			Do not Delete...	Delete...	
(11) 2 Payments with the same date.		1 or both	Both		RTR	• Name • SSN • Tax Period • Dollar amounts	If no discrepancy.	If a discrepancy in TP, SSN, Tax Period, Dollar Amounts, etc.	Transfer credit(s) to the correct tax module or taxpayer.
(12) 5 payments with 1 or 2 in January.	4	1	Last or odd payment .		RTR	• Name • SSN • Tax Period • Dollar amounts • May be 1st payment for next module.	If no discrepancy.	If payment is for next module or any other discrepancy.	Transfer credit(s) to the correct tax module or taxpayer.
(13) Questionable ES payments - 3 or 4 equal and another payment for a different amount.	3 or 4	1	Odd payment		RTR	• Name • SSN • Tax Period • Dollar amounts	If all information agrees with Master File. See * Caution .	If credit belongs to a different taxpayer.	Transfer credit(s) to the correct tax module or taxpayer.
(14) Questionable TC 610 or two TC 610's.		X	X		RTR	• Name • SSN • Tax Period • Dollar amounts		If credit (s) belongs to another taxpayer or to a different module.	Transfer credit(s) to the correct tax module or taxpayer.
(15) TC 640 amount with a TC 300 for .00 and no adjustment posted. **Note**: Disposal codes 01 and 02 indicate no assessment will be made.								If pending assessment.	Input TC 290 .00 and use HC 1.
(16) TC 291, 295, or 299 posted and refunding.		X	X				X		
(17) Combination of a questionable TC 610 plus credit elect equals one ES payment.		Any	X					If tax module contains a pending assessment.	Input TC 290 .00 and use HC 1.
(18) Each payment equals ¼ of the prior year tax; payments equal the prior year tax.		Any	X				X See * Caution.		

Note: If an unclaimed TC 670 has the same DLN as an extension, review the date of the payment. If the payment posted *before* the return, allow the payment to refund, see 3.14.1.6.13 (6c). If the TC 670 posted *after* the return or is for an unreasonable amount, see 3.14.1.6.9.5 (7h) to follow possible identity theft procedures.

* **Caution:** Watch for double credit situations if the taxpayer includes estimated tax payments with the withholding.

Figure 3.14.1-7a
IMF Excess Credits Quick Reference

IRM 3.14.1.6.13(7) (9) - Added in the table after RTR or EFTPSE.

(7) Use the following table as guidance for research and procedure. If a refund hold has been applied (TC 570 with blocking series "55555"), prevent the refund from generating, when necessary, using guidelines in IRM 3.14.1.7.1.1, Refund Intercepts and transfer the money to the correct account. If payments credited to the notice tax module belong to another taxpayer and the refund cannot be prevented from

generating because it is after 10 P.M. Eastern Time on Thursday, transfer the money and follow Category D erroneous refund procedures. Refer to IRM 3.14.1.6.7.3, Category D ERRF Resolution.

If...	Then...
The excess credit is a TC 430, TC 660, TC 610, or TC 670 payment (usually dated after February 15)	The payment may be intended for the subsequent tax period. Research or order estimated payment vouchers and analyze the payment history and taxpayer intent
(If the payment was) For the subsequent tax period	(Then) Transfer the payment
(If the payment was) Not for the tax period under review	(Then) Allow the payment to refund **Exception:** Taxpayers may mistakenly use a prior year voucher to make an ES payment intended for the subsequent tax year. If the payment is timely for the subsequent year (dated after Feb 15), is not claimed on the current year, but is for an amount conforming to their ES payment history, disregard the voucher year. Acknowledge taxpayer intent, and transfer the payment to the subsequent tax year.
A refunding TC 610 or TC 670, combined with the Credit Elect amount (TC 716 or TC 710), equals an estimated tax (ES) payment (e.g., an even amount that is 1/4 (.25) of the current year tax, payment history, etc.)	Transfer the payment to the subsequent tax period
An unclaimed estimated tax payment does not fit the payment amounts, pattern, or history	Research the voucher to verify the payment. **Example:** Three payments for $1,000 and one payment for $3,000.
Two or more estimated tax payments posted for the same amount on the same day	Research **all** of these payments
The posted dollar amount does not match the dollar amount entered on the voucher by the taxpayer	The taxpayer could be using one coupon to make multiple payments. Allow the refund if the amount posted is a multiple of the amount entered on the voucher **Note:** Pay close attention to vouchers for minor children. The taxpayer may send a voucher for each child, but only one check, or one voucher with two SSNs and instructions on how to divide the one check. If the full amount has posted to one child's account, any refund must be prevented from generating and the money

	transferred to the correct account. **Example:** 3 x $150=$450
The refunding amount is a requested credit elect	Refer to IRM 3.14.1.6.4.1, Credit Elect – TC 830/716 or TC 830/710 for instructions on prior year credit elect. Prevent the refund from generating and credit elect the money per taxpayer intent. Erroneous refund procedures are not applied for a refund of the taxpayer's money. **Note:** The TOP offset program will override a request for credit elect. Refer to IRM 3.14.1.6.4.3
The account involves: • Married Filing Separate • Filing Status was FS2 in the prior year, • A community property split, or • A J– freeze on the notice module	1. The estimated credits and withholding may have posted to the wrong SSN, creating both an excess credit on the notice module and a missing credit situation for another taxpayer (former spouse/secondary) 2. Before transferring any credits or payments, verify that the estimated tax credits were in both names or in the name of the taxpayer claiming the credits 3. Use RTR or EFTPSE to research the ES vouchers. Also look for an attachment to the return showing the split of credits 4. Follow taxpayer intent if it can be clearly determined **Example:** If the taxpayer claimed 50 percent of the credit and the spouse also claimed 50 percent on an attachment showing a split of credits, prevent the refund from generating, if possible, following guidelines in IRM 3.14.1.7.1.1, Refund Intercepts and transfer half the credits

(8) For an excess credit (ES payment) condition, prevent the refund from generating ONLY after research makes clear that an unclaimed ES payment belongs in another tax year (i.e. a credit elect) or belongs to another taxpayer. If the ES payments are not claimed refer to IRM 3.14.1.6.9.5, RIVO (Return Integrity and Verification Operation).

(9) For a missing credit (ES payment) condition on a paper return, look for checks/remittances and for attachments that would explain the discrepancy. Research the following conditions to establish cross-references that might indicate

where to find missing (claimed) ES payments and/or where to transfer excess credits. Prevent refunds from generating as needed, then transfer money as required to correct all accounts affected by the payment discrepancy.

If...	Then...
The account has an **invalid SSN**	1. Research the NRPS Package/Control D for a cross-reference 2. Use CC NAMES to search for a different SSN 3. Use CC INOLE to search for a different name and for a possible cross-reference
The account is a joint account or with a **deceased spouse**	Use the NRPS Package/Control D and CC IMFOLT to research both the primary and secondary SSN for missing estimated tax credits or credit elects
The account involves: • Married Filing Separate • Filing Status was FS2 in the prior year, • A community property split, or • A J– freeze on a related module	1. The estimated credits and withholding may have posted to the wrong SSN, creating both an excess credit on the notice module and a missing credit situation for another taxpayer 2. Verify that the estimated tax credits were in both names or in the name of the taxpayer claiming the credits before transferring any credits or payments. 3. Research the ES vouchers using RTR or EFTPSE. Also look for an attachment to the return showing the split of credits 4. Use CC INOLE, CC TXMOD, and CC IMFOLT to search for the spouse's account and to locate other Master File accounts that may have missing ES credits and/or tax information
The filing status is **Married Filing Joint**	Use CC IMFOLI to research the Secondary SSN for estimated tax payments. If found, transfer to the notice module to resolve the discrepancy
The return is a **Short Period Return**	Review the return to verify that it is a short period return. If the estimated tax payments are posted to the calendar year module, transfer the credits
The return is a **Fiscal Year Return**	The payments are often incorrectly applied to calendar year modules. If a taxpayer recently switched from fiscal filing to a calendar year tax period, payments may still be posted on the fiscal tax period. Transfer the credits
Missing credit refunded (exactly) in the preceding year.	Print the notice; the computer will automatically insert Label 8

IRM 3.14.1.6.13.1(1) - Deleted (unless prior to 2004), added after RTR or EFTPSE, and changed or EFTPSE throughout the table.

(1) Review the estimated tax payment voucher using RTR or EFTPSE using the following table as a guide:

If...	Then...
The name and SSN on the voucher does not match those on the entity of the notice module	Verify the SSN using RTR or EFTPSE. Transfer the payment to the correct SSN
The tax period on the voucher does not match the notice tax period	Transfer credit to the appropriate tax period. **Exception:** Taxpayers may use a prior year voucher to make their first quarter payment. If the payment is timely for the **subsequent** year (after Feb 15), is unclaimed on current year, and for an amount conforming to their history of estimated tax payments, disregard the tax period on the voucher. Transfer the payment to the subsequent tax period.
The dollar amount entered on the voucher does not match the dollar amount posted on the account	Research the posted data for a mismatch that is not a multiple: 1. Research the payment using RTR or EFTPSE. 2. Request a copy of the check from the taxpayer, if necessary
The money amount on a Lockbox voucher was altered with red ink	The payment needs further research. The marks mean that the check did not match the voucher amount. Verify the altered amount and research payment using RTR or EFTPSE.
All information on RTR or EFTPSE matches posted data	Allow the refund

Note: If the voucher was received prior to Aug. 2004 request through files.