

## IRM PROCEDURAL UPDATE

**DATE: 02/03/2023**

**NUMBER: wi-21-0223-0221**

**SUBJECT: Various Changes to Refund Trace and Limited Payability**

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

**CHANGE(s):**

**IRM 21.4.2.4(5) Updated to advise of refund timeframes for OSA, and to advise of requirement to mail blank Form 3911 if needed. Changes made for IRM consistency and clarity.**

(5) For *IMF only* taxpayers, you may accept oral statement if they meet **all** the following conditions:

- Refund issue date (TC 846 date) is within 12 months of the current date for paper checks, or 6 years for direct deposit.
- Caller is the taxpayer or the taxpayer's authorized representative.
- Tax return filed is an Individual tax return.
- All filing statuses including **Married Filing Joint** (MFJ).

**Note:** For MFJ taxpayers, the caller must verify that **neither** spouse cashed the refund check, and this verification must be notated as a history item on AMS.

- Direct deposit issued at least **5 calendar days** prior to inquiry and the taxpayer has already contacted the financial institution to check on the status of the refund; or issuance of the refund check was at least **four weeks** prior to inquiry (nine weeks if it's a foreign address); or the taxpayer states the check was received and then lost, stolen or destroyed, then no time frame would be involved.
- **The account does not have unresolved RIVO/IDT involvement, including, but not limited to, the bank leads program.** See IRM 25.25.8.7, Responding to Taxpayer Inquiries, for additional information.
- Taxpayers with valid TIN.
- Taxpayer's module does not contain a TC 841 or TC 740 on the module for this specific refund.
- Taxpayer resides at the address currently on record (CC ENMOD). If taxpayer resides at a different address **DO NOT** change the address unless the taxpayer meets oral statement criteria for changing the address. See IRM 3.13.5.29, Oral Statement/Telephone Contact Address Change Requirements, for guidance. If you **can** update the address per oral

statement, input CC CHKCL using the new address to begin the refund trace. If you **cannot** update the address per oral statement, DO NOT input CC CHKCL. Advise taxpayer they can obtain a copy of Form 3911 at [www.irs.gov](http://www.irs.gov) under Forms and Instructions. If the taxpayer states they can not obtain the form via the internet, a blank copy of the form can be mailed to their correct address. Advise taxpayer to complete, sign and return in the envelope provided or they may fax their request. Provide the address and fax number of your affiliated Refund Inquiry function. For fax numbers and addresses, see Refund Inquiry Unit Addresses, located on SERP under the Who/Where tab. Use of the IAT Missing Refund (CHKCL) tool is mandatory when sending the Form 3911 to the taxpayer. If Married Filing Joint, advise taxpayer both spouses must sign. Send taxpayer a return envelope with the address of your affiliated Refund Inquiry function.

**Note:** A written statement can be accepted for CC CHKCL input provided all oral statement criteria are met and the correspondence is signed by the taxpayer or their authorized representative.

**Reminder:** Form 3911 can be used as written documentation to change a taxpayer's address. Upon receipt of Form 3911, update the address and input CC CHKCL. However, if the refund check was returned undelivered by the Postal Service, do not input CC CHKCL. See IRM 21.4.3.5.3, Undeliverable Refund Checks.

**Note:** Refer to IRM 21.1.3, Operational Guidelines Overview, for the appropriate disclosure authorization procedures.

**Caution:** Additional taxpayer authentication is required on modules where a CP 53 series notice was issued (e.g., CP 53, 53A, 53B, 53C, or 53D) for the tax period in question. If the taxpayer is calling and the CP 53 issue has been resolved and the inquiry is unrelated, additional authentication is not required. Follow the procedures in IRM 21.1.3.2.4, Additional Taxpayer Authentication, and refer to IRM 25.25.12.8, Limited Direct Deposit Refund Procedures. See IRM 21.4.1.5.8.1, Direct Deposit Reject Reason Codes, for additional CP 53 notice series information. If the caller cannot authenticate and this is a TPP call, provide the caller the toll-free appointment number, 844-545-5640, to schedule an appointment at one of the Taxpayer Assistance Centers (TACs), (Hours of operation: 7:00 a.m. to 7:00 p.m. local time; Hawaii and Alaska follow Pacific Time Zone). For non TPP calls, taxpayers may check their records and call back.

#### **IRM 21.4.2.4.4 Update direct deposit refund trace timeframe and provided BFS call center phone number. Update made for IRM consistency.**

(1) The taxpayer may subsequently inquire after initiation of a refund trace on their missing refund check or non-receipt of a direct deposit refund. Determine if the taxpayer expected to receive their refund as a paper check or direct deposit. Use the following table in your attempt to resolve the taxpayer's issues. If no TC 971 AC 011

(indicates previous trace) is posted after the TC 846 date, see IRM 21.4.2.4, Refund Trace Actions.

If	And	Then
Taxpayer calls to check the status of their refund trace	The refund was issued as a paper check	<ol style="list-style-type: none"> <li>1. Research IDRS to determine the disposition code of the claim. Follow the procedures for the appropriate disposition code. See Exhibit 21.4.2-5, Disposition and Status Codes — Additional Action Time Frames for more information.</li> <li>2. If there is no disposition code or you cannot resolve the taxpayer's inquiry, you may need to refer (FAX) the case to the Refund Inquiry Unit which either now controls a case, or to your affiliated RI unit if there is no current control base. Advise the taxpayer to expect a response within <b>30 days</b>.</li> </ol>
Taxpayer calls to check the status of a direct deposit refund trace	Less than 90 days from the Activity Code <b>3911TOR</b> DCC	<p>Advise the taxpayer banks are allowed up to <b>90 days</b> to respond to our request for information, from the date of the CC CHKCL input.</p> <p><b>Note:</b> While banks may have 90 days to respond, it may take up to 120 days for resolution.</p>
Taxpayer calls to check the status of a direct deposit refund trace	90 days or more from the Activity Code <b>3911TOR</b> DCC	<ol style="list-style-type: none"> <li>1. Research IDRS to determine the disposition code of the claim. Follow the procedures for the appropriate disposition code. See Exhibit 21.4.2-5, Disposition and Status Codes — Additional Action Time Frames for more information.</li> <li>2. If there is no disposition code or you cannot resolve the taxpayer's inquiry, you may need to refer (FAX) the case to the Refund Inquiry Unit which either now controls a case, or to your affiliated RI unit if there is no current control base. Advise the taxpayer to expect a response within <b>30 days</b>.</li> </ol>

<p>Taxpayer finds their refund after Form 3911, Taxpayer Statement Regarding Refund, was sent, or a refund trace was initiated per oral statement authority</p>		<ol style="list-style-type: none"> <li>1. Determine if the CC CHKCL action can be interrupted. See Note below for CHKCL TERUP time frame.  <b>Note:</b> A refund trace cannot be interrupted if the campus deadline to "DQ" the trace has passed. Per IRM 2.4.23.2 (5), General Overview for Command Code CHKCL/CHKCLR, CC TERUPC can only be done on the same day of input. If it is too late to cancel the trace and the trace was valid, advise the taxpayer to wait for a replacement check and return the original when the replacement is received. If the original check is found and cashed, advise the taxpayer to return the replacement check.</li> <li>2. If the CC CHKCL was input today and the TERUP can be completed (this action requires same day contact with the site that completed the input of CC CHKCL), advise the taxpayer the refund trace can be cancelled, and the check can be cashed.</li> </ol>
<p>Taxpayer received FS Form 1133, Claim Against the United States for the Proceeds of a U.S. Treasury Check.</p>	<p>Check was cashed by someone other than the taxpayer</p>	<p><b>Advise</b> the taxpayer to complete the claim form (FS Form 1133) and return it to BFS to pursue the claim.  <b>Note:</b> If the taxpayer needs assistance with FS Form 1133, provide the taxpayer with the BFS Check Claims Branch toll-free number, 855-868-0151. Advise to press option 1, then option 1 again. Both English and Spanish speaking assistance is available on the Check Claims toll free number.</p>
<p>Taxpayer received FS Form 1133, Claim Against the United States for the Proceeds of a</p>	<p>Does not wish to pursue the claim</p>	<p><b>Advise</b> the taxpayer no further action is required. Taxpayer may keep the copy of the check for personal records.</p>

U.S. Treasury Check		
Taxpayer finds the original check	Also received a replacement check	<b>Advise</b> the taxpayer to return the original as soon as possible. See IRM 21.4.3.5.4, Returned Refund Check Procedures, for information. Input a History Item on CC TXMOD saying "CHKFOUND".

**Note:** If you are unable to determine where an employee is located, refer to the IUUD:IDRS UNIT & USR DATABASE and Discovery Directory. When faxing Form 4442/e-4442, you must use the fax number provided in the IRM if one is available. If a fax number is not available, refer to the fax number for the appropriate function shown on the Form 4442 Referral Fax Numbers on the SERP Who/Where page. For additional information regarding preparing Form 4442/e-4442 and sending to the responsible Refund Inquiry function, see IRM 21.3.5.4.3, How to Transmit/Route Referrals to Another Office/Function.

(2) Upon receipt of cases from the field where it has been more than three weeks since the CC CHKCL was input and no disposition code received, the Refund Inquiry Unit is to reinput the CC CHKCL and advise the taxpayer of the action. Once the trace is reinput, the refund trace time frames start over again, the TP must allow 6 weeks for paper checks and up to 120 days for direct deposits.

**IRM 21.4.2.4.11(7) Updated email address to notify TIGTA if an altered check is discovered. Changes made due to updated information received.**

(7) If an altered limited payability check is identified during your research, take the following actions:

- Refer the PDF copy of the check to the TIGTA Complaints Management Team (CMT) at OI.GovReports@tigta.treas.gov with a copy to the IRS CI mailbox at SDCLeads@ci.irs.gov. TIGTA CMT will respond with a reference number for your case file.

**Note:** A TIGTA Special Agent will contact the financial institution to retrieve the altered check if they are in possession of it.

- Since these mailboxes are not secure, two e-mails must be sent regardless of the order. Documents must be password protected, you must create that password and send separate from the documents.
- Include the following when sending the PDF document:
  - b. A complete image of the front and back of the altered check(s).
  - c. A screenshot image of the TCIS Payment details screen.
  - d. Information for the bank where the check was cashed.
- Indicate in the body of the e-mail that the Lead Submission Excel spreadsheet pertaining to the specific altered check is not applicable.

- Follow the procedures in IRM 21.4.2.4.14, Account 6565 Processing for Refund Inquiry Function.

**Exhibit 21.4.2-2 Added note to advise of possible need to use TCIS to initiate trace on disposition code 07. Added requirement to advise taxpayer of BFS call center contact information in 86C letter. Changes made for IRM clarity.**

The disposition code can be located in the Activity Field of the IDRS Control History. The disposition code is displayed as the first 2 digits of the Activity Code followed by the date BFS provided the Disposition in YYYYMMDD format (i.e., 0120190325 = Disposition 01 provided by BFS on March 25, 2019).

**Note:** Additional category code information can be found in, Exhibit 21.4.2-6, Category Codes.

**Note:** Additional Disposition Code 11 information can be found in IRM 21.4.2.4.4.1, Subsequent Inquiries, With Status Codes, Without Prior Forgery Determination (CSR's and Refund Inquiry Unit), and Exhibit 21.4.2-5, Disposition and Status Codes - Additional Action Time Frames.

In the follow up actions outlined below for IMF cases, except where noted, close cases with a TC 290 .00, use Blocking Series "05" and a source document. A source document is defined as a paper Form 3911, Taxpayer Statement Regarding Refund, and/or taxpayer correspondence. A source document is not required for refund trace cases initiated via phone calls, or online through the Where's My Refund application.

<b>Disposition Status Code</b> ★ (Asterisk equals blank)	<b>Category Code</b>	<b>Definition</b>	<b>Follow Up Action</b>
<b>01</b>	<b>ACKN</b>	Claim processed by RFC to Treasury Check Information System (TCIS).	1. <b>Wait 30 days</b> for second status. 2. No reply, resubmit CC CHKCL.
<b>03</b>	<b>OOPS</b>	Rejected (Failed preliminary validity checks.)	1. Pull case. 2. Resubmit CC CHKCL.
<b>04</b>	<b>OOPS</b>	1. Previously processed as Available Check Cancellation (ACC), 2. Refund credit returned by RFC,	(1 - 4) Take action to release credit, if necessary. Place any case documentation in classified waste when actions are complete.

		<p>through the Electronic Funds Transfer (EFT) from the bank,</p> <ol style="list-style-type: none"> <li>3. Refund check intercepted,</li> <li>4. Undeliverable TC 740. See IRM 21.4.3.5.3, Undeliverable Refund Checks.</li> <li>5. If the refund credit has already generated a subsequent TC 846 in the same month. don't input CC CHKCL as the refund trace will default to the first TC 846. See IRM 21.4.1.4.3, Multiple Refunds Issued From the Same Module in the Same Cycle.</li> </ol>	5) Initiate the refund trace through the Treasury Check Information System (TCIS).
<b>05</b>	<b>OOPS</b>	Check previously mailed (within 5 days).	Close case and place any case documentation in classified waste when actions are complete.
<b>06</b>	<b>OOPS</b>	Previous CC CHKCL.	Check TCIS for previous claim. Send Letter 129C, Refund Inquiry; Form 3911 Required <b>or</b> Letter 206C, Refund Inquiry; Copy of Check Requested, Check Being Traced (FS Form 1133), as appropriate, to the taxpayer. Include check number and date along with the toll-free telephone number for BFS. Place any case documentation in classified waste when actions are complete.
<b>07</b>	<b>OOPS</b>	No payment issued or unprocessable claim.	<ol style="list-style-type: none"> <li>1. Pull Case.</li> <li>2. Conduct additional research (i.e., different TIN.)</li> </ol>

			<p>3. Resubmit CC CHKCL.</p> <p><b>Note:</b> If input of additional CC CHKCL does not yield results, initiate the refund trace through the Treasury Check Information System (TCIS).</p> <p><b>Note:</b> Do not reinput trace for EIP pre-paid debit cards.</p>
08	OOPS	Second trace input on DD.	<p>Monitor case for 30 days.</p> <ul style="list-style-type: none"> <li>• BFS will automatically follow up with the financial institution until the issue is resolved. BFS will load an electronic copy of the FS Form 150.1 to TCIS when it is received from the financial institution.</li> <li>• If after 30 days, there is no FS Form 150.1 posted on TCIS, send the taxpayer a Letter 86C, Referring Taxpayer Inquiry/Forms to Another Office, to notify them you are transferring the case to BFS for resolution.</li> <li>• In your letter, advise the taxpayer: <ul style="list-style-type: none"> <li>a. The BFS toll-free assistance center phone number is 855-868-0151.</li> <li>b. They should select option 1, then option 1.</li> <li>c. The call center can be reached between the hours of 6:00 a.m. and 6:00 p.m. ET Monday - Friday.</li> <li>d. English and Spanish speaking assistance are available.</li> </ul> </li> </ul>



			<ul style="list-style-type: none"> <li>• Close case. See Exhibit 21.4.2-2, Disposition Code Chart -Refund Inquiry Employee Actions.</li> <li>• If the FS Form 150.1 is loaded to TCIS, update the case control to “DDPD” and follow status 09 instructions.</li> <li>• If a Form 4442/e-4442, Inquiry Referral is received, research case and take appropriate action.</li> </ul>
<b>09</b>	<b>DDPD</b>	<ol style="list-style-type: none"> <li>1. RFC has contacted bank via FS Form 150.1 to trace refund.</li> <li>2. Bank to send a copy to RFC.</li> <li>3. RFC will load an electronic copy of the FS Form 150.1 to TCIS.</li> </ol>	<ol style="list-style-type: none"> <li>1. Research TCIS. If FS Form 150.1 is located, verify routing transit number, account code (either C for checking or S for savings), bank account number on CC IMFOBT.</li> <li>2. If the information doesn't match, follow IRM 21.4.1.5.7.5, Non-Receipt of Direct Deposited Refunds-”Refund Inquiry Employees”.</li> <li>3. If the information does match, send appropriate letter to the taxpayer.</li> <li>4. Close case. See Exhibit 21.4.2-2, Disposition Code Chart -Refund Inquiry Employee Actions.</li> <li>5. If it has been at least 90 days, and no FS Form 150.1 copy is available on TCIS, reinput CC CHKCL. Refer to Status 08 above.</li> <li>6. If FS Form 150.1 does not resolve taxpayer's issue, continue processing, if necessary.</li> </ol>
<b>10</b>	<b>OOPS</b>	Invalid Stop Reason Code	<ol style="list-style-type: none"> <li>1. Pull Case.</li> <li>2. Resubmit CC CHKCL.</li> </ol>

2☆	<b>OOPS</b>	Amount difference	1. Pull Case. 2. Resubmit CC CHKCL.
3☆	<b>OOPS</b>	Claim submitted too early for RFC to process	1. Pull Case. 2. Resubmit CC CHKCL.
4☆	<b>OOPS</b>	Duplicate tape claims submitted.	1. Wait for update. 2. <b>No reply in 30 days</b> , resubmit CC CHKCL.
5☆	<b>OOPS</b>	Invalid Direct Deposit information submitted.	1. Pull Case. 2. Resubmit CC CHKCL.
7☆	<b>ACKN</b>	Photocopy request processed by RFC to TCIS.	1. Wait for 2nd status. 2. No reply in <b>30 days</b> , research TCIS for copy. If not on TCIS, resubmit CC CHKCL.
9☆	<b>PAID</b>	Direct Deposit trace input with Non-Receipt Code "P" no FS Form 150.1 will generate.	Reinput trace with Non-Receipt Code "N" no limited payability on Direct Deposit. (Electronic File Transfer processed).
11	<b>PAID or 3858</b>	Paid -Photocopy and claim mailed to taxpayer.	BFS has sent claim package (FS Form 1133) to the taxpayer. Refund Inquiry Unit will send Letter 206C to taxpayer, including check information and using appropriate paragraph. Close case. See Exhibit 21.4.2-2, Disposition Code Chart - Refund Inquiry Employee Actions.
14	<b>PAID</b>	1. Paid - Photocopy to follow, or 2. CC CHKCL input after an uncashed check has expired and the credit returned to IRS.	1. Monitor for receipt. a. Upon receipt continue processing. See IRM 21.4.2.4, Refund Trace Actions. b. If copy not received in 30 days, research TCIS for a copy or reinput CC CHKCL. 2. Research for TC 740 and release freeze if necessary.

			3. Close case. See Exhibit 21.4.2-2, Disposition Code Chart - Refund Inquiry Employee Actions.
<b>14</b>	<b>PAID</b>	1. Paid - Photocopy to follow, or 2. CC CHKCL input after an uncashed check has expired and the credit returned to IRS.	If no photocopy within <b>30 days</b> :  a. IDRS shows certified photocopy previously received, update Activity Code to reflect proper status of case, or b. IDRS shows no indication that certified photocopy received, contact BFS.
<b>15</b>	<b>PAID</b>	Paid - Certified photocopy to follow.	Monitor for receipt of certified photocopy.  a. Upon receipt continue processing. See IRM 21.4.2.4.15.2, Request for Administrative Photocopy. b. If no photocopy within <b>30 days</b> and IDRS shows photocopy previously received, update activity code to reflect proper status of case. c. If IDRS shows no indication that certified photocopy received, contact BFS.
<b>17</b>	<b>PAID</b>	Paid - Endorsed, photo/claim to follow.	Monitor. If no photocopy in <b>30 days</b> , contact BFS.
<b>18</b>	<b>PAID</b>	Paid - Claim submitted after the Limited Payability cutoff date.	If Form 3911 is available, research TCIS for a check copy.  <ul style="list-style-type: none"> <li>• If check is available on the TCIS system, provide the taxpayer with a copy and close case. See Exhibit 21.4.2-2, Disposition Code Chart - Refund Inquiry Employee Actions.</li> <li>• Input a TC 971 AC 011 on CC TXMOD using the</li> </ul>

			<p>date you secure the check. You must also include the money amount of the check in the FREEZE-RELEASE-AMT field.</p> <ul style="list-style-type: none"> <li>If not found, process as a Limited Payability (LP) Trace, reinputting the CC CHKCL with Non-Receipt Code <b>P</b>.</li> </ul> <p>If no Form 3911 is present, correspond with the taxpayer.</p>
<b>20</b>	<b>OOPS</b>	Payment declined due to alteration of check. Photocopy and claim to follow.	Monitor if no photocopy in <b>30 days</b> , follow up, contact BFS.
<b>22</b>	<b>OOPS</b>	Insufficient agency information.	<ol style="list-style-type: none"> <li>1. Pull case.</li> <li>2. Resubmit CC CHKCL.</li> <li>3. Use appropriate Stop Reason Code.</li> </ol>
<b>27</b>	<b>OOPS</b>	Previously processed as Limited Payability Check Cancellation and refund credit (TC 740) was returned by the RFC.	Take action to release credit, if necessary. Place case documents in classified waste when case is closed.
<b>31</b>		Check Outstanding. RFC will issue recertified check.	Monitor for TC 841.
<b>32</b>	<b>ST32</b>	Outstanding check cancelled credit will be returned to IRS.	Monitor for TC 841.
<b>33</b>	<b>OOPS</b>	Outstanding - No Photocopy.	Send Letter 1219C, Refund Inquiry; (Joint F3911) Requires Certification: Form 1040.
<b>53</b>	<b>OOPS</b>	Reject - Duplicate Stop	Contact BFS Check Information Section at 855-868-0151, Option 1.
<b>65</b>	<b>ACKN</b>	Refund associated with TOP Offset.	<ol style="list-style-type: none"> <li>1. Wait for subsequent disposition code.</li> <li>2. <b>No reply within 30 days</b>, contact BFS Birmingham.</li> </ol>
<b>71</b>	<b>OOPS</b>	TOP Offset refund in full.	See IRM 21.4.6.5.1, Taxpayer Inquiries on TOP Offset

<b>72</b>	<b>OOPS</b>	TOP Offset partial refund.	See IRM 21.4.6.5.1, Taxpayer Inquiries on TOP Offset
<b>90</b>	<b>OOPS</b>	TCIS/PACER disconnect error.	Contact BFS to reset the interface indicator.