

## IRM PROCEDURAL UPDATE

**DATE: 07/31/2020**

**NUMBER: wi-21-0720-0861**

**SUBJECT: First Quarter 2020 Form 941 - Employee Retention Credits; Deferred Payments; Notice 1447**

**AFFECTED IRM(s)/SUBSECTION(s): 21.7.2.7.6**

**IRM 21.7.2.7.6(4) Replaced existing (4) with more detailed information on addressing Notice 1447 response.**

4. Procedures for addressing these inquiries are currently under development. In the meantime, for paper responses, suspend the case until the IRM is updated with procedures; for phone inquiries, follow the chart below in preparing a referral that will be worked once guidance is available.

<b>If</b>	<b>Then</b>
Taxpayer calls concerning a Notice 1447 received with a balance due notice but the balance due notice is <b>not</b> for a first quarter 2020 Form 941 account	<ol style="list-style-type: none"><li>1. Apologize to the taxpayer and advise them to disregard the Notice 1447 as it only applies to first quarter 2020 Form 941 accounts.</li><li>2. Address the taxpayer's balance due questions and concerns for the tax period at issue as appropriate.</li></ol>
Taxpayer calls concerning amounts for which they could defer payment of employer's share of social security taxes on their first quarter 2020 Form 941	<ol style="list-style-type: none"><li>1. Ask the taxpayer for the amount they deferred for their first quarter 2020 Form 941 account.</li><li>2. Continue processing as per the final row of this table.</li></ol>
TP calls concerning amounts by which they reduced	<ol style="list-style-type: none"><li>1. Ask the taxpayer for the amount by which they reduced</li></ol>

<p>deposits for their first quarter 2020 Form 941 account in anticipation of the Employee Retention Credit</p>	<p>their first quarter 2020 Form 941 tax deposits.</p> <ol style="list-style-type: none"> <li>2. Continue processing as per the final row of this table.</li> </ol>
<p>TP calls stating they both deferred amounts of employer's share of social security taxes for first quarter 2020 Form 941 <b>and</b> reduced deposits in anticipation of the Employee Retention Credit</p>	<ol style="list-style-type: none"> <li>1. Ask the taxpayer for the amount they deferred for their first quarter 2020 Form 941 account.</li> <li>2. Ask the taxpayer for the amount by which they reduced their first quarter 2020 Form 941 tax deposits.</li> <li>3. Continue processing as per the final row of this table.</li> </ol>
<p>The taxpayer cannot provide the figure for the amount of employer's share of social security tax they deferred for their first quarter 2020 Form 941 <b>and/or</b> for the amount by which they reduced their first quarter 2020 Form 941 tax deposits in anticipation of the Employee Retention Credit</p>	<p>Advise the taxpayer to either contact us again by phone when they can provide that information or to submit their request in writing.</p>
<p>The taxpayer provided the figure(s) requested as above</p>	<ol style="list-style-type: none"> <li>1. Prepare Form 4442 as per instructions in IRM 21.3.5, <i>Taxpayer Inquiry Referrals Form 4442</i>, using in-house referral, Other – Employment Taxes – BMF.</li> <li>2. Document the amount(s) provided by the taxpayer for deferral and/or reduction of deposits on the Form 4442.</li> <li>3. Input STAUPS on the first quarter 2020 Form 941 tax account as appropriate.</li> </ol>

	<ol style="list-style-type: none"><li data-bbox="818 201 1305 569">4. If the issue is related to Employee Retention Credit and the taxpayer's second quarter Form 941 account is overpaid, input a TC 570 on the second quarter account to freeze the overpayment. Also, input a history item "1STQTRERC" on TXMOD for both tax periods.</li><li data-bbox="818 579 1305 1079">5. Advise the taxpayer we are unable to take any action on their account at this time but that we have documented the information they provided. Advise the taxpayer we will contact them again within 60 days to inform them of action taken on their account or to request any additional information needed to complete their request.</li></ol>
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