

IRM PROCEDURAL UPDATE

DATE: 08/13/2020

NUMBER: wi-21-0820-0909

SUBJECT: Form 7200 Phone Inquiry Other Clarifications

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

IRM 21.7.2.7.1(9) Replaced erroneous references to Employee Retention Credit in two of the bullet list items and the second succeeding note with the correct credit being discussed, Credit for Qualified Sick and Family Leave Wages.

9. Form 941 has been revised to administer the Credit for Qualified Sick and Family Leave Wages beginning with the second quarter of 2020:
 - The employee share of social security tax on qualified sick leave wages is reported on lines 5a(i) of Form 941.
 - The employee share of social security tax on qualified family leave wages is reported on lines 5a(ii) of Form 941.
 - The non-refundable portion of the Credit for Qualified Sick and Family Leave Wages, if applicable, is reported on Line 11b of Form 941.
 - The refundable portion of the Credit for Qualified Sick and Family Leave Wages, if applicable, is reported on Line 13c of Form 941 (and will post as a TC 766 with CRN 299).
 - Qualified health plan expenses allocable to qualified sick leave wages are reported on line 19 of Form 941.
 - Qualified health plan expenses allocable to qualified family leave wages are reported on line 20 of Form 941.

REMINDER: Qualified sick and family leave wages aren't subject to the employer share of social security tax (or Railroad Retirement Tax Act Tier 1 tax).

NOTE: The Instructions for Form 941 include a worksheet for calculating amounts of non-refundable and refundable Credit for Qualified Sick and Family Leave Wages to be carried to Lines 11b and 13c (respectively) of Form 941.

NOTE: Annual employment tax forms and instructions are being revised in similar fashion to enable reporting Credit for Qualified Sick and Family Leave Wages amounts.

IRM 21.7.2.7.5.1(1) Added new row at end of table with guidance on response scenario wherein a taxpayer failed to claim associated credits on their employment tax return after receiving an advance payment.

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

If	And	Then
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> .
The taxpayer is an aggregate employment tax filer (Section 3504 Agents, CPEOs, and PEOs)	Is inquiring about a refund generated from the processing of their original employment tax return (either expected but not received or received but not expected)	See IRM 21.7.2.7.5.4, <i>Reconciliation of Advance Payment Amounts for Aggregate Employment Tax Return Filers</i> .
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"> • 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. • The date printed on the refund check is the 23c date less 13 days. • Refunds issued from the processing of Form 7200 are accelerated and cannot be intercepted.
The taxpayer is inquiring as to whether one	A TC 766 transaction with CRN 299 and	<ul style="list-style-type: none"> • Advise the taxpayer that their Form 7200 is not available for our review

<p>or more specific advanced payments have been issued</p>	<p>Reason Code 219 corresponding to the Form 7200 described by the taxpayer is not present on the tax module</p>	<p>and that we are therefore unable to provide more specific information with regards to its processing.</p> <ul style="list-style-type: none"> • 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. • Alternately, if they do not have a fax confirmation they may fax the Form 7200 as specified in the form instructions.
<p>Taxpayer states they made a computation error on Form 7200</p>	<p>The advance payment received was less than 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"> • 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. • Or, file another Form 7200. • Or, claim the correct credit amounts on their original tax return. • Or file a Form 94XX (specify form) if their original tax return has been filed and reported incorrect

		information.
Taxpayer states they made a computation error on Form 7200	The advance payment requested and received was more than the taxpayer is eligible to receive	<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>NOTE: Do not advise the taxpayer to return the advance payment check received unless the entire amount of the payment was in error.</p>
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"> • 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. • 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. • 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.
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