IRM PROCEDURAL UPDATE

DATE: 10/06/2020

NUMBER: wi-21-1020-1077

SUBJECT: Procedures for Form 7200 Phone Inquiries

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

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 report amounts of advance payments when filing an original employment tax return.

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, *Form 7200 — Letter 6312 and Letter 6313 Replies*.
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, *Reconciliation of Advance Payment Amounts for Aggregate Employment Tax Return Filers*.
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	• 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.

	on the tax module	• 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 or more specific advanced payments have been issued	A TC 766 transaction with CRN 299 and Reason Code 219 corresponding to the Form 7200 described by the taxpayer is **not** present on the tax module	• Advise the taxpayer that their Form 7200 is not available for our review and that we are therefore unable to provide more specific information with regards to its processing. • 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.
Taxpayer states they made a computation error on Form 7200	The advance payment received was **less than** what they could have requested	Advise the taxpayer that corrected/amended Forms 7200 cannot be filed. However, they can: • 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	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). **NOTE:** Do **not** advise the taxpayer to return the advance payment check received **unless** the entire amount of the payment was in error.
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	• 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

	employment tax return	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.
Taxpayer is responding to a balance due notice (or received a refund less than what was expected)	Received one or more advance payments but did not report the amount(s) on Line 13f of Form 941	Advise the taxpayer that: • Advance payments should not be requested on Form 7200 if they also reduced required federal tax deposits/payments for the same expected credit. • The amount of any advance payment received is a factor in reconciling Form 941 (i.e., determining whether the account is in full paid, balance due, or overpaid status) and must be reported on Line 13f of Form 941. • If they reported the correct amount of credits for which they were eligible but did not enter the amount of any advance payments on Line 13f, the balance due notice (or reduced

		refund amount) is correct.

Exhibit 21.7.2-1 Added seven (7) new rows to the end of the Exhibit per SBSE to address new paragraphs added to Letter 6312.

Letter 6312 — Assistance by Selectable Paragraph Table

The following table can be used when assisting taxpayers responding to rejection Letter 6312 issued by the Employer Credit Team when Form 7200 can't be processed (see IRM 21.7.2.7.5.2, *Form 7200 — Letter 6312 and Letter 6313 Replies*, for more information).

If the Letter 6312 received by the taxpayer included:	And	Then
Paragraph B: Incomplete or Illegible Information • You didn't complete one or more sections of your Form 7200, or the information you entered was illegible.	The TP has not filed their employment tax return	**Explanation: The form was incomplete or could not be read.** You can submit a new, completed Form 7200 and fax it to the fax number at the top of the letter you received. Make sure all lines and boxes are filled out. Use N/A or zero (0) when needed.
	TP has filed their employment tax return	TP can't submit a Form 7200 for a tax period if they've already filed their employment tax return. May claim a credit for qualified sick leave wages or qualified family leave wages, or the employee retention credit for which you are eligible, on your applicable employment tax return for the applicable period in 2020.
Paragraph C: Multiple Quarters Selected/Future Quarter	The TP has not filed their employment tax return	**Explanation: TP has selected the wrong quarter or more than one quarter in completing the Form 7200.** Check ONE box to indicate

• You checked more than one applicable calendar quarter or listed a future quarter. See page 3, Instructions for Form 7200, Advance Payment of Employer Credits Due to COVID-19, "Applicable Calendar Quarter."		the applicable quarter. The TP can submit a new, completed Form 7200 and fax it to the fax number at the top of the letter they received.
	TP has filed their employment tax return	The TP cannot file Form 7200 for the quarter covered by the filed employment tax return. The TP may claim a credit for qualified sick leave wages or qualified family leave wages, or the employee retention credit for which they are eligible, on their applicable employment tax return for the applicable period in 2020.
Paragraph D: Filing Requirement Mismatch • The filing requirement information you provided on Part I, Line A, of Form 7200 doesn't match our records.	The TP has not filed their employment tax return	**Explanation: The filing requirement information listed on the submitted Form 7200 does not match our records.** Advise the TP of the open filing requirement listed in IDRS. The TP can submit a new, completed Form 7200 and fax it to the fax number at the top of the letter they received.
	TP has filed their employment tax return	Advise the TP of the open filing requirement listed in IDRS. The TP may claim a credit for qualified sick leave wages or qualified family leave wages, or the employee retention credit for which they are eligible, on their applicable employment tax return for the applicable period in 2020.
Paragraph E: Missing	The TP has	**Explanation: There was no**

Signature • You didn't sign your Form 7200. See page 6, Instructions for Form 7200 Advance Payment of Employer Credits Due to COVID-19, "Sign Here (Approved Roles)," for a list of persons authorized to sign Form 7200 for each type of business entity.	not filed their employment tax return	**signature on the submitted Form 7200.** **(Approved Roles)** The following persons are authorized to sign Form 7200 for each type of business entity. • **Sole proprietorship—**The individual who owns the business. • **Corporation (including a limited liability company (LLC) treated as a corporation)—**The president, vice president, or other principal officer duly authorized to sign. • **Partnership (including an LLC treated as a partnership) or unincorporated organization—**A responsible and duly authorized partner, member, or officer having knowledge of its affairs. • **Single-member LLC treated as a disregarded entity for federal income tax purposes—**The owner of the LLC or a principal officer duly authorized to sign. • **Trust or estate—**The fiduciary Form 7200 may be signed by a duly authorized agent of the taxpayer if a valid power of

		attorney has been filed. An authorized person must sign the form. The TP can submit a new, completed Form 7200 and fax it to the fax number at the top of the letter they received.
	TP has filed their employment tax return	The TP may claim a credit for qualified sick leave wages or qualified family leave wages, or the employee retention credit for which they are eligible, on their applicable employment tax return for the applicable period in 2020.
Paragraph F: Unauthorized Signature • An unauthorized person signed your Form 7200. See page 6, Instructions for Form 7200 Advance Payment of Employer Credits Due to COVID-19, "Sign Here (Approved Roles)," for a list of persons authorized to sign Form 7200 for each type of business entity.	The TP has not filed their employment tax return	**Explanation: The signature on the submitted Form 7200 is not from an authorized person.** **(Approved Roles)** The following persons are authorized to sign Form 7200 for each type of business entity. • **Sole proprietorship—**The individual who owns the business. • **Corporation (including a limited liability company (LLC) treated as a corporation)—**The president, vice president, or other principal officer duly authorized to sign. • **Partnership (including an LLC treated as a**

		partnership) or unincorporated organization—A responsible and duly authorized partner, member, or officer having knowledge of its affairs. • **Single-member LLC treated as a disregarded entity for federal income tax purposes—**The owner of the LLC or a principal officer duly authorized to sign. • **Trust or estate—**The fiduciary Form 7200 may be signed by a duly authorized agent of the taxpayer if a valid power of attorney has been filed. An authorized person must sign the form. The TP can submit a new, completed Form 7200 and fax it to the fax number at the top of the letter they received
	TP has filed their employment tax return	The TP may claim a credit for qualified sick leave wages or qualified family leave wages, or the employee retention credit for which they are eligible, on their applicable employment tax return for the applicable period in 2020.
Paragraph G: Missing Name / EIN • The name or employer identification	The TP has not filed their employment tax return	**Explanation: The TP name or EIN is missing from the submitted Form 7200.** Make sure the TP name and complete EIN are on the form.

number (EIN) on your Form 7200 is missing or doesn't match our records. Make sure that the name and EIN exactly match the name of your business and the EIN that the IRS assigned to your business. See page 3, Instructions for Form 7200 Advance Payment of Employer Credits Due to COVID-19, "Enter Your Business Information".		The TP can submit a new, completed Form 7200 and fax it to the fax number at the top of the letter they received.
	TP has filed their employment tax return	The TP may claim a credit for qualified sick leave wages or qualified family leave wages, or the employee retention credit for which they are eligible, on their applicable employment tax return for the applicable period in 2020.
Paragraph H: Form 8822-B Not Received • We haven't received your completed Form 8822-B, Change of Address or Responsible Party - Business. We can't process your Form 7200 because the address on your Form 7200 doesn't match our records. See page 3, Instructions for Form 7200 Advance Payment of	The TP has not filed their employment tax return	**Explanation: The address verification response to the Letter 6313, Address Change Verification for Form 7200, was not received within the notice timeframe (25 days for domestic addresses, 35 days for foreign addresses)** The TP may claim a credit for qualified sick leave wages or qualified family leave wages, or the employee retention credit for which they are eligible, on their applicable employment tax return for the applicable period in 2020.
	TP has filed their employment tax return	The TP may claim a credit for qualified sick leave wages or qualified family leave wages, or the employee retention credit for which they are

Employer Credits Due to COVID-19, "Enter Your Business Information".		eligible, on their applicable employment tax return for the applicable period in 2020.
Paragraph I: Invalid Third-Party Payer Information • We couldn't verify the third-party payer information on your Form 7200. The information must match the name and employer identification number (EIN) used by the third-party payer to report and pay your federal employment taxes.	The TP has not filed their employment tax return	**Explanation: Third party payer information listed on the submitted Form 7200 does not match our records.** **Advise TP of the third-party payer information on file.** The TP can submit a new, completed Form 7200 and fax it to the fax number at the top of the letter they received.
	TP has filed their employment tax return	The TP may claim a credit for qualified sick leave wages or qualified family leave wages, or the employee retention credit for which they are eligible, on their applicable employment tax return for the applicable period in 2020.
Selectable Paragraph J: Business Opened Within Last 30 Days • To apply for an advance of the credits under the FFCRA and CARES Act, you must have been operating a business and paying qualified wages. According to our records, you opened your business shortly before filing your		**Out of scope**

Form 7200.		
Paragraph K: Unable to Verify Wages • The amount shown on Part 1, Line C, of your Form 7200 doesn't equal the amount shown on your most recently filed employment tax return. Enter the amount listed on your employment tax return. See page 3, Instructions for Form 7200, Advance Payment of Employer Credits Due to COVID-19, Part 1, "Tell Us About Your Employment Tax Return", Lines A-D.	The TP has not filed their employment tax return	The wages listed on the Form 7200 do not match the wages indicated on your previously filed return. You can submit a new, completed Form 7200 and fax it to the fax number at the top of the letter you received.
Paragraph L: Return on File (TC 150 Present on the Module) • We can't process your advanced payment for this tax period because you already filed an employment tax return for this tax period. See page 3, Instructions	TP has filed their employment tax return	**Explanation: TP has filed their tax return for the quarter listed on the submitted Form 7200.** They cannot file a form 7200 for the quarter covered by the employment tax return. The TP may claim a credit for qualified sick leave wages or qualified family leave wages, or the employee retention credit for which they are eligible, on their applicable employment tax return for the

for Form 7200, Advance Payment of Employer Credits Due to COVID-19, "When May You File".		applicable period in 2020.
Paragraph M: Rejection - More Than 500 Employees • You entered amounts for eligible sick leave or family leave wages on Part II, Lines 2 and 3, of your Form 7200. Because you also listed 500 or more employees on Part 1, Line D, you can't request an advanced payment for sick leave or family leave wages under the FFCRA.	The TP has not filed their employment tax return TP has filed their employment tax return	**Out of scope**
Paragraph N: Amended Form 7200 • You filed a Form 7200 marked "Amended" seeking to correct a previously filed Form 7200. You can't file a corrected or amended Form	The TP has not filed their employment tax return	**Explanation: The TP has attempted to file a prior submitted Form 7200 with amended or corrected information.** The TP cannot file an amended or corrected Form 7200. If the TP made an error on Form 7200, the error will be corrected when they file your Form(s) 941, 943, 944, or

7200. If you made an error on your previously filed Form 7200, you can correct the error by claiming the correct credit when you file your Form(s) 941, 943, 944, or CT-1 for 2020. See page 3, Instructions for Form 7200, "Advance Payment of Employer Credits Due to COVID-19", "Correcting Form 7200".		CT-1 for 2020. The TP can submit a new, completed Form 7200 and fax it to the fax number at the top of the letter they received.
	TP has filed their employment tax return	The TP cannot file an amended or corrected Form 7200. If the TP made an error on Form 7200, the error will be corrected when they file your Form(s) 941, 943, 944, or CT-1 for 2020. The TP may claim a credit for qualified sick leave wages or qualified family leave wages, or the employee retention credit for which they are eligible, on their applicable employment tax return for the applicable period in 2020
Paragraph O: Line D - Over the $5,000 Limit • You indicated you're eligible for the employee retention credit on Part II, Line 1, of your Form 7200, but the employee retention credit may not exceed $5,000 for any employee for all quarters. See page 4, Instructions for Form 7200, "Advance Payment of Employer Credits Due to		**Out of scope**

COVID-19".		
Paragraph P: Line 6 - Prior Credits • The amount on Part II, Line 6 of your Form 7200 doesn't match our records. See page 5, Instructions for Form 7200, Advance Payment of Employer Credits Due to COVID-19.	The TP has not filed their employment tax return	**Explanation: The line 6 amount on the submitted Form 7200 does not match the sum of all previously requested advance payments.** The TP can submit a new, completed Form 7200 and fax it to the fax number at the top of the letter they received.
	TP has filed their employment tax return	The TP may claim a credit for qualified sick leave wages or qualified family leave wages, or the employee retention credit for which they are eligible, on their applicable employment tax return for the applicable period in 2020.
Selectable Paragraph Q: Line 2 • You indicated you paid qualified sick leave wages eligible for the credit on Form 7200, Part II, Line 2. The amount you indicated you paid appears to exceed the qualified sick leave wages that could have been paid per employee, considering the maximum of $5,110 in qualified sick		**Out of scope**

leave wages, the employer's share of Medicare tax on those wages, and an estimate of the qualified health plan expenses per employee. For more information, please see "COVID-19-Related Tax Credits: Determining the Amount of Allocable Qualified Health Plan Expenses FAQs" on IRS.gov and pages 4 and 5 of the Form 7200 instructions.		
Selectable Paragraph R: Line 3 • You indicated you paid qualified family leave wages eligible for the credit on Form 7200, Part II, Line 3. The amount you indicated you paid appears to exceed the qualified family leave wages that could have been paid per employee,		**Out of scope**

considering the maximum of $10,000 in qualified family leave wages per employee, the employer's share of Medicare tax on those wages, and an estimate of the qualified health plan expenses per employee. For more information, please see "COVID-19-Related Tax Credits: Determining the Amount of Allocable Qualified Health Plan Expenses FAQs" on IRS.gov and page 5 of the Form 7200 instructions.		
Paragraph S: Line 8 - Is Zero • The amount you entered on Part II, Line 8, on Form 7200 is zero.	The TP has not filed their employment tax return	**Explanation: The amount listed on line 8 is zero (0) or a negative number.** T**P must have a positive number on line 8.** The TP can submit a new, completed Form 7200 and fax it to the fax number at the top of the letter they received.
	TP has filed their employment tax return	The TP may claim a credit for qualified sick leave wages or qualified family leave wages, or the employee retention credit for which they are

		eligible, on their applicable employment tax return for the applicable period in 2020.
Selectable Paragraph T: Duplicate Form • We received duplicate Forms 7200 for tax period. We processed one Form 7200. We did not process the duplicate forms.		**Explanation: The same Form 7200 was submitted more than once. One was processed, the others were not processed.**
Paragraph U: Withdrawal • We received your request to withdraw your Form 7200 [dated}. We granted your request to withdraw your Form 7200. We will not process the Form 7200 dated.		**Explanation: The TP requested that the submitted Form 7200 be removed from processing.** **The form was not processed at the TP's request.**
Paragraph V: **Government Entity** • As a government entity, you are not entitled to the advance payment. See page 1, Instructions for Form 7200, Advance Payment of		**Explanation: The TP filing the Form 7200 is considered a government entity.** **Government entities aren't entitled to the credit.**

Employer Credits Due to COVID-19.		
Selectable Paragraph W: Form 7200 Received After the Quarter Ends • You submitted a Form 7200 after the end of the month following the quarter in which you paid the qualified wages. You must file Forms 7200 requesting an advance payment of the credits anticipated for a quarter before the end of the month following the quarter in which you paid the qualified wages. See page 3, Instructions for Form 7200, Advance Payment of Employer Credits Due to COVID-19, "When May You File?"		**Explanation: TP submitted the Form 7200 after the due date of the employment tax return.** **TP may claim the credit when they file their employment tax return.**
Selectable Paragraph X: **Ineligible for Advance Payment (OFE)** • The information		**Out of scope**

shown on your Form 7200 doesn't demonstrate your eligibility for an advance payment of credits due to COVID-19.		
Selectable Paragraph Y: **Electronic Signature** • You must sign the Form 7200 in ink. We don't accept electronic signatures. If you want to submit a new Form 7200, make a copy of the signed Form 7200 and fax the copy to us at the fax number shown at the top of this letter. Save the original for your records.		**Explanation: Inform TP to complete new Form 7200, sign it with a handwritten signature and fax to the number at the top of the letter. Keep original for your records.**
Selectable Paragraph AA: **Line 5 is Negative** • You cannot enter a negative number on Line 5 of Form 7200. You cannot obtain credit for federal tax deposits previously paid.		**Explanation: Inform the TP that we do not have a Form 8655 on file for the reporting agent who signed their Form 7200.**
Selectable Paragraph AB: **Signed by Reporting**		**Explanation: Inform the TP that we do not have a Form 8655 on file for the**

Agent with no Form 8655 on File • A payroll reporting agent (RA) signed your Form 7200, but we have no record that RA is authorized to sign your employment tax return for the same tax period for which you submitted Form 7200. We must receive and process Form 8655, Reporting Agent Authorization, before the submission date of the Form 7200. You, as the employer, may sign and submit the Form 7200 and send a copy to your RA.		**reporting agent who signed their Form 7200.**
Selectable Paragraph AC: **Signed by Reporting Agent without RA elements listed** • A payroll reporting agent (RA) signed your Form 7200, but one or more elements of the signature is missing. If signed by an RA, the Form 7200		**Explanation: Inform TP that their reporting agent who signed their Form 7200 did not include one or more of the following elements:** 1. Signature 2. Printed Date 3. Printed Name 4. Printed Title (must include company name as it appears on line 9 of Form 8655).

signature block must have a signature, printed name, date, and printed title (including the RA's company name as it appeared on Line 9 of the Form 8655, Reporting Agent Authorization). You, as the employer, may sign and submit the Form 7200 and send a copy to your RA**.**		
Selectable Paragraph AD: **Less Than $25 Requested** • The minimum advance amount that you can claim on a Form 7200 is $25. Since you requested less than $25, we won't process your Form 7200. However, you may claim the credits for which you are eligible on your applicable employment tax return.		**Explanation: Inform TP the amount requested on Form 7200 must exceed $25 to receive an advanced payment check. TP may claim the credit on their applicable employment tax return.**
Selectable Paragraph AE: **Open Paragraph**		**Out of scope**