

IRM PROCEDURAL UPDATE

DATE: 11/16/2023

NUMBER: wi-21-1123-1094

SUBJECT: Various Changes

AFFECTED IRM(s)/SUBSECTION(s): 21.4.3

CHANGE(s):

IRM 21.4.3.5 -Updated to include procedures for Employee Retention Credit (ERC).

(1) Upon receipt of a returned refund check, Refund Inquiry (RI) employees will use the Returned Refund program in Account Management Services (AMS) to:

- a. Control the case on the Integrated Data Retrieval System (IDRS), Status B, Category 3913.
- b. Send Letter 4427C, Acknowledgement of Returned Refund Check, to the taxpayer, unless a completed Form 3913, Acknowledgement of Returned Refund Check, is received with the case from an IRS Taxpayer Assistance Center (TAC). In those cases, Form 3913 will serve as an acknowledgement letter. No interim letter is required, unless the 60-day time frame stated on Form 3913 cannot be met.
- c. Send voided checks less than one year old to the Philadelphia RFC on Form 3210, Document Transmittal, for cancellation. Form 3210 is generated by the Returned Refund program in AMS.

Note: When a check is received at a TAC, the employee will complete Form 3913 with all applicable information and send the voided check and Form 3913 to the proper RI Unit.

- d. Keep a copy of Form 3913 with cases received from TACs.

Note: If the automated system is down due to technical difficulty for more than one day, manually control the case on IDRS. Send Letter 4427C and manually complete Form 3210. Send to RFC.

Exception: Upon receipt of a returned refund check attached to Form 941-X, 943-X, 944-X or CT1-X indicating "Withdrawn" on the left margin of the first page, after using the Returned Refund program in Account Management Services (AMS), make two photocopies of the returned refund check and stamp both as "photocopy". Also, make one copy of the first page of the Employee Retention Credit (ERC) Withdrawal request and stamp that as "photocopy". Route the original ERC Withdrawal request

and one check photocopy to ICT on a Form 3210 clearly marked "ERC Withdrawal" to be scanned into CII. The second check photocopy and the photocopy of the Form 94X-X or CT1-X will be kept by RI until the TC 841 has posted.

(2) When answering taxpayer's calls regarding previously returned refund checks:

- a. Determine the date the taxpayer mailed the refund check back to the IRS.
- b. If an open control has been identified, advise taxpayers to allow 60 days from the control date for the returned check to be processed.
- c. If at least 4 weeks have passed since the taxpayer mailed the check and no open control is found, send a referral Form 4442/e-4442 to the Refund Inquiry Team where the taxpayer returned the check. Select Referral Type **IRM** with Category - Other Write-In. For Write-In description, use **IRM 21.4.3.5 - Acknowledgment of Returned Check**, and for Reason, select Other or Complex Issue/Training Specialization. Send to the Refund Inquiry Unit at the campus where the taxpayer states they mailed the check.
- d. Provide the following information on the referral: the date on which the check was returned to the IRS, the check amount, the 4-digit check symbol number and 8-digit check serial number; this information can be found on CC IMFOL# or CC IMFOLC. Include in your referral the taxpayer's intention for the funds - for example, apply funds as credit elect to following year, etc. Indicate on the referral that a refund trace should be input using a **non-receipt code H** on CC CHKCL.
- e. If at least four weeks have not passed since the taxpayer mailed the check to the IRS, advise the taxpayer to call back when four weeks have passed.

IRM 21.4.3.5.3 -Updated to include a link to Oral Statement Address Changes and to advise that refunds can not be issued to a temporary address.

(1) If the U.S. Postal Service cannot deliver the refund check to the taxpayer's address they will return the check to the Bureau of the Fiscal Service (BFS) Regional Finance Center (RFC).

(2) The RFC cancels the undelivered refund checks weekly and transmits the undeliverable refund checks to Martinsburg Computer Center (MCC) for posting of TC 740 to credit the correct taxpayer's account. If a Treasury Offset Program (TOP) offset was made on the original refund, TOP will generate a TC 899 code 1 to reverse it.

(3) Review the module for conditions that could determine allowable credit interest (e.g., identity theft (IDT), etc.) and take the proper action, including a manual computation of interest if necessary, before releasing the refund.

(4) An **S-** freeze occurs when:

- a. An undelivered refund check less than one year old is returned by the postal service (TC 740 Blocking Series 99999) and the address has not been updated since the refund was issued.

Exception: Undeliverable Economic Impact Payments will not set an **S-** freeze and will be systemically reversed after the following dates: first and second round after 12/31/2020, third round after 12/31/2021. Instead, the taxpayer may claim the Recovery Rebate Credit on their 2020/2021 tax return as appropriate, if eligible. See IRM 21.6.3.4.2.14, Recovery Rebate Credit, for more information.

Note: Refund checks not cashed within 12 months of issue date are considered expired checks and are identified by a TC 740 Blocking Series 66666. See IRM 21.4.3.5.6, Resolving Returned Expired Refunds Limited Payability.

Note: The IRS will update the taxpayer's address of record per the procedures in Rev. Proc. 2010-16 which includes clear and concise written notification. Taxpayers may notify the IRS of an address change using various methods (e.g., Form 8822, Change of Address; Form 8822-B, Change of Address or Responsible Party - Business; Form 3911, Taxpayer Statement Regarding Refund; correspondence described in section 5.04(1)(a) of the revenue procedure, etc.). Taxpayers can also request an address change via oral statement, see IRM 21.1.3.20.1, IMF and BMF Oral Statement Address Changes.

Caution: Refunds cannot be issued to a temporary address.

- b. A return is filed without an address and a "Campus Address" is assigned. For campus address cases, see IRM 21.4.1.4.5, Return Processed but No Address on File.
- c. Responses to CP 231, Undelivered Refund Check Returned to Us, and Letter 533C, Refund Check Undelivered or Not Negotiated, received in Refund Inquiry must be assigned using category code "UDRF".

(5) For SCADDRESS transcripts received in Refund Inquiry (RI), take the following actions for case resolution:

- a. Research CC IRPTRL for taxpayer address
- b. Send Letter 533C, to the CC IRPTRL address(es) requesting the taxpayer furnish their current address
- c. Close case
- d. Take proper action on Letter 533C replies
- e. For transcripts that involve Identity Theft (IDT) or Return Integrity and Verification Operations (RIVO), see IRM 21.2.4.3.18, Return Integrity and Verification Operations (RIVO) and Criminal Investigation (CI), Transcript Issues, and IRM 21.2.4.3.19, Transcripts with Identity Theft (IDT) Involvement

(6) Any of the following will release an **S**-freeze.

- a. The filing of a subsequent return (TC 150)
- b. CC CHK64 to generate a TC 018 on CC ENMOD

Note: Reissue Refund (CHK64) Tool is available as an IAT tool and is mandatory, unless a manual refund must be issued.

- c. Systemic module update with TC 013 Business Master File (BMF) or TC 014 Individual Master File (IMF) updating from the Postal Service National Change of Address (NCOA) database.

Note: Systemic releases will not occur if a name change has occurred since the return was filed. The NCOA and IRS records must match exactly. See IRM 3.13.5.42, Determining National Change of Address (NCOA) Address Changes.

- d. A taxpayer initiated address change through Internet Refund Fact of Filing (IRFOF) (address change option is currently disabled) will post as a TC 014 (IMF only) with a source code of 1.
- e. Input of TC 014 on IMF and TC 013 or TC 014 on BMF after posting of the TC 740

Reminder: Refund will not release if the TC 846 and TC 740 are for different amounts.

- f. Module balance becomes zero or debit

(7) Customer service representatives (CSRs), tax examiners (TEs) and RI Unit Examiners will input CC CHK64 (TC 018) to change the address.

Note: Taxpayer should receive a CP 564, Refund Check Not Delivered - New Check To Be Issued, when applicable. Therefore, do not use CC INCHG or CC BNCHG to update the address, use CC CHK64. For trustee changes, refer to IRM 21.7.1.4.9, Fiduciary Name/Address Change.

Caution: When using the 2nd name line on CC CHK64 for a foreign address, you must use the current year in the tax year field regardless of the tax year for which the refund is being issued. For example, if the claim is for tax year 2017, and it is made after January 1, 2018, you must use 2018 in the tax year field. If this same claim is received after January 1, 2019, you must use 2019 in the tax year field.

Note: Do not correspond for a current address on undeliverable refunds, unless specifically instructed to in the IRM.

- a. CC TXMOD must precede CC CHK64. (It cannot be input on a dummy module.)

- b. If there are multiple **S**- freezes, CC CHK64 input on any account with an **S**- freeze will release all **S**- freezes.
- c. Request must be from an authorized party. On a joint return, this would be either spouse (both signatures are required to negotiate the check). When updating our records through oral statement, advise taxpayer to change their address at their local post office.

Note: If the secondary taxpayer on a joint account requests an address change, determine if the change applies to the joint account or only the spouse. If the change applies only to the secondary taxpayer, make no change to the primary taxpayer's address. Advise the requestor the primary taxpayer must contact us or submit a Form 8822, Change of Address. IRM 21.4.2.4 (5), Refund Trace Actions, provides guidance for an acceptable oral statement.

- d. CC CHK64 can be input based on an oral statement or written correspondence from the taxpayer received via Correspondence Imaging Inventory (CII).
- e. Certain situations will require the CP 564 to be stopped (e.g., if the credit will not refund due to an offset). The CP 564 can be stopped by overlaying the notice indicator on the CC CHK64 screen with an "N". See IRM 25.25.12.8, Limited Direct Deposit Refund Procedures.

Note: If a CP 53 series notice was issued for the tax period in question, see IRM 21.4.1.4 (3), Refund Inquiry Response Procedures, for more information.

(8) Do NOT input a CC CHK64 under the following conditions (reissue refund as a manual refund):

- a. Original refund was a TC 840 and circumstances still exist where the taxpayer requires a manual refund.
- b. Original refund was a TC 846 with a Bypass Indicator (Injured Spouse).
- c. Deceased taxpayer and no CCC L or W on CC TXMOD or CC RTVUE for applicable period. See IRM 21.6.6.2.21, Decedent Accounts, for more information on decedent account refunds.
- d. Form 8038-CP, Return for Credit Payments to Issuers of Qualified Bonds, - Any address correction in response to a CP 231, Undelivered Refund Check, should not be updated on master file.

Note: See IRM 21.7.7.7.4.5.4, Form 8038-CP Manual Refund Guidelines, for more information about manual refunds.

(9) Use the chart below to release an **S**- freeze:

Reminder: After CC CHK64 is input a refund check will be reissued in about 4 weeks, unless otherwise stated below.

Note: Additional information regarding allowable interest calculations can be found in IRM 20.2.4.7.2.1, Undeliverable Refund Checks.

Row Number	If	And	Then
1	An unauthorized person requests the release		Advise the unauthorized person that the refund release request must come from the taxpayer or the taxpayer's authorized representative. Do not disclose any information.
2	An authorized person requests the release	The refund is a TC 846 and was returned undeliverable	<ol style="list-style-type: none"> 1. Verify the address. 2. Input CC CHK64. 3. Advise the requestor to allow up to 4 weeks for a refund check to be reissued.
3	An authorized person requests the release	The refund is a TC 840 (manual refund) and returned undeliverable	Determine if the refund must be re-input as a manual refund. If a manual refund is not necessary, input CC CHK64.
4	An authorized person requests the release	Pending TC 018 or TC 014 on CC ENMOD	<ol style="list-style-type: none"> 1. Verify the address. 2. Advise the requestor to allow up to 4 weeks for a refund check to be reissued.
5	An authorized person requests the release	Pending TC 018 or TC 014 is on CC ENMOD, address is incorrect	<ol style="list-style-type: none"> 1. Input CC NOREFP to stop the refund. 2. Update the address by using CC ENREQ, INCHG. 3. Advise the requestor to allow up to 8 weeks for a refund check to be reissued. 4. Release the P- freeze when the TC 841 posts.
6	An authorized person requests the release	<ul style="list-style-type: none"> • S- freeze after CC CHKCL action • No open control 	<ol style="list-style-type: none"> 1. Verify the address. 2. Input CC CHK64. 3. Advise the requestor to allow up to 4 weeks for a refund check to be reissued.

		<ul style="list-style-type: none"> No Pending TC 018 or TC 014 	
7	An authorized person requests the release	S- freeze after the CC CHKCL action and has an open control	<p>RI will contact area with open control for release of the refund.</p> <p>CSRs will forward Form 4442/e-4442, Inquiry Referral, with the new address, to the area with an open control. Advise the requestor to allow up to 6 weeks for a refund check to be reissued.</p>
8	An authorized person requests the release	<ul style="list-style-type: none"> Multiple freeze conditions No open control 	Follow the instructions for each freeze condition. See IRM 21.5.6, Freeze Codes.
9	An authorized person requests the release	<ul style="list-style-type: none"> Multiple freeze conditions Open control 	<p>Contact the employee/area with the control and coordinate the resolution of the conditions. See IRM 21.5.6, Freeze Codes. CSRs will forward Form 4442/e-4442 with the new address, to the area with an open control. Advise the taxpayer they will hear from the IRS in approximately 30 days.</p>
10	Exempt Organization sub-module on BMF CP 231 , Undelivered Refund Check		<p>CC CHK64 will unpost, a manual refund is required.</p> <p>Note: For trustee changes, refer to IRM 21.7.1.4.9, Fiduciary Name/Address Change.</p>
11	Invalid TIN shown on CC ENMOD or CC TXMOD		Research invalid condition and input CC CHK64, to release S- freeze, if appropriate.
12	If CC ENMOD shows an incorrect/incomplete address		Input CC CHK64 with correct address.
13	45-day interest-free period is in jeopardy.	Delay is due to IRS error	1. Allow interest.

	Interest free period expires 06/01 on IMF refund returns filed by 04/15		2. Overlay interest indicator "N" on CC CHK64 with "Y."
14	45-day interest-free period is in jeopardy. Interest free period expires 06/01 on IMF refund returns filed by 04/15	Delay is not due to IRS error	Do not allow interest. Note: Leave the interest indicator as N on CC CHK64.

(10) Additional research may be required to determine the type of refund to send to the taxpayer. If there appears to be a need for further research on the account, take the proper action. This may include contacting other IRS functions or more communication with the taxpayer, see Letter 533C, Refund Check Undelivered or Not Negotiated.

(11) If additional research or contact with the taxpayer results in moving the overpayment to a different tax module, follow the guidance in IRM 21.4.3.5.5 (5), Resolving Returned Refunds (Unexpired Checks).

(12) Take the proper action on Computer Paragraph (CP) replies.

IRM 21.4.3.5.5 -Updated to include procedures for Employee Retention Credit (ERC), Amended BMF returns and returned EIP checks.

(1) Refund checks returned within 12 months of issue date are stamped "NOT NEGOTIABLE", listed on a Form 3210, Document Transmittal, and sent to the Philadelphia RFC daily for cancellation. A copy of the check should be kept with the case. Non Refund Inquiry Unit employees, see (3) below. Refund Inquiry Unit employees, **do not** include any reference to the IRS in the **To** portion of the address label. Forward the Form 3210 and documentation via US Postal Service, to:

Bureau of the Fiscal Service
Attn: Mailroom Staff
P.O. Box 51318
Philadelphia, PA 19115

(2) RFC will return credit for returned refund checks via SF 1098 and will post a Transaction Code (TC) 841 to the taxpayer's account in approximately four to six weeks after the check is forwarded to RFC. If there was a TOP TC 898 on the original refund, TOP will generate a TC 899 to reverse it. RFC will return credits for Non Master File (NMF), Individual Retirement Account File (IRAF) and fee refunds manually on SF 1098.

Note: Returned refund checks are sent to the RFC in Philadelphia for cancellation only if they are received on or before the last business day of the 12th month after the issue date. Checks not meeting this criterion have expired and will remain with

the case. See IRM 21.4.3.5.6, Resolving Returned Expired Refunds Limited Payability, for procedures on expired checks.

(3) Take the following action when you receive a Form 3210 and/or a returned refund check.

If the returned check is	Then
Received in a Territory Office or Taxpayer Assistance Center (TAC)	<ol style="list-style-type: none"> 1. Write "Void" on back of check. 2. Complete the Form 3913, Acknowledgment of Returned Refund Check, and provide the taxpayer with a copy. 3. Complete the Form 3210. Refer to IRM 3.8.47.4.4, Secure and Process a Returned Refund Check. 4. Send the check, Form 3210 and Form 3913 to the IRS campus Refund Inquiry Unit for processing. For fax numbers and addresses, see Refund Inquiry Unit Addresses, located on Servicewide Electronic Research Program (SERP) under the Who/Where tab.
Received by a campus	<ol style="list-style-type: none"> 1. Acknowledge receipt of form. 2. Keep expired returned refund check per note above in paragraph 2. 3. Send unexpired checks directly to Philadelphia RFC for cancellation. 4. Send Letter 4427C, Acknowledgment of Returned Refund Check, for refund checks received

Note: If the returned check is a non-IRS returned refund, refer to IRM 21.1.7.9.25, Non IRS Return Refund Checks, for routing procedures.

Note: For more information about the follow up actions required for Form 3210 see IRM 3.5.61.1.7.5, Form 3210, Document Transmittal.

(4) To research and resolve returned refund checks that include an explanation from the taxpayer, refer to the chart below. Follow the taxpayer's instructions whenever possible.

Row Number	If	And	Then
1	Credit is to be applied to a balance due	Credit not posted	Input CC STAUP or TC 470 to prevent offset and monitor for credit.
2	Credit is to be applied to a balance due	No balance due	Notify taxpayer of status.
3	Credit has posted		Follow taxpayer's instructions.

4	Credit intended as payment for taxes	Credit not posted	Monitor for credit, when posted, follow taxpayer's instructions.
5	Refund returned on a deceased taxpayer's account, refer to IRM 21.6.6.2.21.2, Processing Decedent Account Refunds	Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, or required documentation attached	Follow instructions and comply with the request.
6	Refund returned on a deceased taxpayer's account, refer to IRM 21.6.6.2.21.2, Processing Decedent Account Refunds	Form 1310 or required documentation not attached	Send Form 1310 to estate of deceased taxpayer requesting documentation. If the surviving spouse of a joint return is claiming the refund, Form 1310 is not required.
7	An erroneous name or designation of payee	Not negotiable	Request original document to verify payee, if necessary.
8	An original Form 1040-X, Amended U.S. Individual Income Tax Return received with the check		Adjust account or route return to the proper function. When TC 841 posts, close 3913 base "XXXXX2POST" if the amended return was routed. Note: If routing a Form 1040-X, input a TC 971 Action Code (AC) 010 using the Received Date as the Transaction Date.
9	An original Form 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund; Form 1065-X, Amended Return or Administrative Adjustment Request (AAR); Form 1120-X, Amended U.S. Corporation Income Tax Return		Adjust account or route return to the proper function. When TC 841 posts, close 3913 base XXXXX2POST if the amended return was routed.
10	An original Form 941-X, 943-X, 944-X or CT1-X, indicating "Withdrawn" on		If the original Form 941-X, 943-X, 944-X or CT1-X, indicating "Withdrawn" on

	the left margin of the first page is received with the check		<p>the left margin of the first page is stamped "Photocopy", then monitor for posting of the TC 841 and close the control base with activity code "ERC2POST". Treat the photocopies of the form and returned refund check as classified waste taking no further action.</p> <p>Exception: If the Form 941X, 943X, 944X or CT1X, indicating "Withdrawn" on the left margin of the first page is not stamped as "photocopy" and the TC841 has or has not posted then route return/claim to ICT, include a copy of the returned check with the documentation. Monitor for posting of the TC 841 and close the control base with activity code "ERC2POST".</p>
11	Adjustment action posts before TC 841	Credit and P- freeze remaining on account	Refer to IRM 21.5.6, Freeze Codes, to determine if the P-freeze can be released.
12	Refund was correct when issued	Returned in error	<p>Provide explanation to taxpayer. Do not allow additional interest if the refund is to be reissued or applied to an outstanding liability.</p> <p>Note: If the original refund was a manual refund, you may need to reissue it as a manual refund. See IRM 21.4.4, Manual Refunds.</p>
13	Refund was correct when issued, but is returned by a third party because the taxpayer no longer lives at the address	P- freeze or TC 841 pending to post	<p>Research CC ENMOD:</p> <ul style="list-style-type: none"> If a current address is found, reissue the refund.

			<ul style="list-style-type: none"> • If no current address is found on CC ENMOD, research current year IRPTR and issue a Letter 533C, Refund Check Undelivered or Not Negotiated, asking the taxpayer to verify their current address. Suspend and allow 45 days for a response (70 days for overseas taxpayers). • If no current address is located or no response is received, follow paragraph (11) below. <p>Note: See paragraphs (7) and (8) below to determine if interest is allowable.</p>
14	Refund check is a non-IRS Treasury check (See IRM 3.8.44-7, Agency Location Codes (ALC), for IRS ALC listing)	Correspondence attached is requesting we apply or reissue the refund to a certain year or other IRS account action	<ul style="list-style-type: none"> • Issue Letter 86C, Referring Taxpayer Inquiry/Forms to Another Office, explaining we cannot accept a third party check and the check will be returned to the originating agency to be reissued. • Do not forward correspondence to BFS, detach from the check. • Prepare a Form 3210 using procedures in IRM 3.8.47.4.4, Secure and Process a Returned Refund Check and forward to BFS in Philadelphia. See IRM 21.1.7.9.25, Non IRS Return

			Refund Checks, for mailing address.
15	Refund check is a non-IRS Treasury check (See IRM 3.8.44-7, Agency Location Codes (ALC), for IRS ALC listing)	Correspondence is attached and is NOT requesting an IRS related action, but asking about the check or information related to it	<ul style="list-style-type: none"> • Prepare a Form 3210 using procedures in IRM 3.8.47.4.4, Secure and Process a Returned Refund Check, and forward to BFS in Philadelphia. See IRM 21.1.7.9.25, Non IRS Return Refund Checks, for mailing address. • Add a note on the Form 3210, "Forward Correspondence to Originating Agency, Do Not Return to IRS. Not an IRS Check"

Reminder: If there is any correspondence, unrelated to the returned refund check, that is not within your scope, forward correspondence to Image Control Team (ICT). Your local ICT stop number can be found on CC MESSG.

(5) If a taxpayer returns a refund check requesting that it be applied to another tax module and:

- The refund was not the result of a misapplied payment
 - The refund was not due to IRS error
 - Credit elect was not indicated on the return
 - Liabilities were not claimed on Schedule B, Report of Tax Liability for Semiweekly Schedule Depositors, for any Form 94x series tax return
 - Payment was not claimed on the total payment/deposit line of the tax form for the quarter in which the returned refund was to be applied, post the check as a TC 700. If interest was included on the refund and the taxpayer is still entitled to the interest, post the interest on the account with a TC 770. Do **not** allow additional interest.
- a. For purposes of moving the credit to a different tax module, the principal component of the refund is debited with TC 820 and credited to the receiving module with TC 700. The transaction date of the TC 820 (debit) is the 23C date of the TC 841 (TC 740 in the case of an undeliverable refund check): the transaction date of the TC 700 (credit) is the date the returned refund check was received.

- b. Because the posting of TC 841 will cause any systemically generated interest (TC 776) allowed on the refund to be removed with TC 777, it must be manually re-posted with TC 770. Input TC 770 with a CR-INT-TO-DT that is identical to the date interest was originally computed to on the returned refund. See IRM 20.2.4.7, Refunds, for more information.

Caution: The CR-INT-TO-DT is the ending interest computation date for the interest that was included in the refund check. It is not the 23C posting date of a returned TC 846, nor the 23C posting date of the TC 776 that accompanies TC 846.

- c. When TC 770 posts, it is debited with TC 850 and credited to the receiving module with TC 700. The transaction date of the TC 850 (debit) is the 23C date of the TC 770; the transaction date of the TC 700 (credit) is the date the returned refund check was received.
- d. If a taxpayer originally requested that they receive a refund, and the refund is returned with a request that it be applied to the estimated tax account of the immediately succeeding tax year, the amount credited to the estimated tax account (on the date the returned refund was received) shall include the refund principal plus any overpayment interest that was originally allowed on the refund (provided the interest amount was not allowed in error). Do **not** characterize the transfer as a credit elect (TC 830 and TC 710), but use the transaction codes referenced above.
- e. Use CC ADD24/CC ADC24 (refer to IRM 2.4.17, Command Codes ADD24/34/48, ADC24/34/48, FRM34 and DRT24/48, for more information) to generate the transfers described above. Input Bypass Indicator (BPI) "1" or TC 570, as appropriate, to override unpostable condition 305/198. See IRM 21.5.8.4.5, TC 570 and Bypass Indicator.

Example: A Form 941 for the 4th quarter of 2018 is timely filed on 01/31/2019, reporting an overpayment of \$950.00, which refunded with interest of \$16.80. The module shows a TC 776 posted 06/17/2019 for \$16.80 and a TC 846 posted 06/17/2019 for \$966.80. The interest was computed on the overpayment of \$950.00 from 01/31/2019 to 06/08/2019. IRS received the returned refund on 10/25/2019 with a request to apply it to pay a balance due on the Form 941 module for the second quarter of 2019 (201906). The returned refund posted to the module with a TC 841 for \$966.80 and TC 777 for \$16.80, both dated 06/17/2019.

To transfer the principal portion of the returned refund to the 201906 balance due module, a credit transfer is entered with a TC 820 for \$950.00, dated 06/17/2019, and a TC 700 for \$950.00, dated 10/25/2019. An adjustment to re-allow the interest on the returned refund will be input with a TC 770 for \$16.80 and a CR-INT-TO-DT of 06/08/2019. If the 23C posting date of this adjustment is 12/02/2019, then the transfer of the interest portion to the 201906 module is input with TC 850 for 16.80, dated 12/02/2019 (23C date), and TC 700 for 16.80, dated 10/25/2019 (the date IRS received the returned refund).

(6) If no explanation or other information is provided by the taxpayer, and you are unable to determine why the refund check was returned, correspond with a Letter 407C, Refund Returned by Taxpayer; No Reason Indicated, or Letter 18C, Decedent Refund (Form 1310 Requested), if a Form 1310 is needed. Suspend the case and allow 45 days for a response (70 days for overseas taxpayers). If no response is received follow paragraph (11) below.

Note: If the returned check is for the first, second, or third round of Economic Impact Payments, see IRM 21.6.3.4.2.13 (2), Economic Impact Payments, for more information about how to correct these accounts. If the taxpayer requesting the refund be reissued, send a closing letter for your refund inquiry case. Include an open or floating paragraph to advise the taxpayer they may be able to claim the RRC on their 2020 or 2021 original or amended return. You may use the suggested verbiage below: We are no longer authorized to reissue your Economic Impact Payment (EIP). To receive any amount of the payment you may be entitled to, you must file a 2020 or 2021 original or amended tax return and claim the Recovery Rebate Credit (RRC).

(7) When a refund check is reissued to the taxpayer or designated payee, do not allow interest if:

- Taxpayer furnished incorrect information
- Taxpayer moved before refund received
- Refund returned to be applied to any outstanding balance
- Taxpayer error

(8) Allow interest under the following conditions:

- IRS error caused the refund to go to incorrect address
- TC 841 posts after an adjustment, and **P-** freeze is on account
- IRS caused the incorrect refund amount or directed the refund to the wrong payee

Note: Additional information regarding allowable interest calculations can be found in IRM 20.2.4.7.2.2, Returned and Intercepted Refund Checks.

(9) Use the following guides when inputting a TC 290 to release **P-** freeze as a refund to the taxpayer. Refer to IRM 21.5.6, Freeze Codes.

Individual Master File (IMF) No Interest	IMF Same Interest	IMF Additional Interest
1. TC 290 for .00 2. TC 770 for .00	1. TC 290 for .00 2. TC 770 for .00 or (amount of original interest)	TC 290 for .00

3. Hold Code "3" 4. Reason Code "099"	Note: On TC 770 for the amount of original interest, use the CR-INT-TO-DT of the original TC 776 or TC 770. 3. Hold Code "3" 4. Reason Code "099"	
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Business Master File (BMF)	BMF	BMF
	Same Interest	Additional Interest
No Interest		
1. TC 290 for .00 2. TC 770 for .00 3. Hold Code "3"	1. TC 290 for .00 2. TC 770 for .00 (amount of original interest) Note: On TC 770 for the amount of original interest use the CR-INT-TO-DT of the original TC 776 or TC 770. 3. Hold Code "3"	TC 290 for .00

Note: TC 770 for .00 not required for current year returns if the refund will be issued prior to June 1.

(10) Depending on the age of the credit, transfer the payment or credit to the Unidentified Remittance or Excess Collections accounts if:

- a. The credit cannot be released through research or correspondence with the taxpayer
- b. The taxpayer has not responded to our correspondence (original or follow-up)

(11) If unable to release the credit, transfer the credit as follows:

- a. If the credit is less than one year old, apply to the Unidentified Remittance File (URF– 4620 Account) using Form 2424, Account Adjustment Voucher.
- b. If the credit is more than one year old, apply to the Excess Collection File (XSF– 6800 Account) using Form 8758, Excess Collections File Addition. Refer to IRM 3.17.220.2, Excess Collections File, for specific information about the Excess Collections Account 6800 and IRM 21.5.8.4 (14), IDRS Guidelines for Credit Transfers, for procedures on moving money into Excess Collection. For assistance in matters related to XSF and URF, see Excess Collections/Unidentified Remittance Files contacts list, located on Servicewide Electronic Research Program (SERP) under the Who/Where tab.

Exception: Telephone contact is **not** required if a previous attempt was made to obtain new/correct address information (i.e., 533C or other letter).