



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

3.14.1

OCTOBER 29, 2024

## EFFECTIVE DATE

(01-01-2025)

## PURPOSE

- (1) This transmits revised IRM 3.14.1, IMF Notice Review

## MATERIAL CHANGES

- (1) IRM 3.14.1.1.2(1) - Updated title for RRA 98 and added date for Families First Coronavirus Response Act.
- (2) IRM 3.14.1.1.4(1) - Updated sentence for (CP) notices.
- (3) IRM 3.14.1.1.6(1) - Added Control D, EUP/MeF and RTR.
- (4) IRM 3.14.1.1.7(1) - Updated IRM deviation sentence.
- (5) IRM 3.14.1.1.7(2) - Deleted sentence.
- (6) IRM 3.14.1.1.8(2) - Deleted 1 in January 2012 from sentence.
- (7) IRM 3.14.1.1.8(5) - Added bullet list for CFOL descriptions.
- (8) IRM 3.14.1.1.8(7) - Updated Notice Review does not stop refunds at the request of another area.
- (9) IRM 3.14.1.2.1(3) - Deleted sentence.
- (10) IRM 3.14.1.2.2(3) - Updated sentence for TPNCs.
- (11) IRM 3.14.1.2.2.1(4) - Updated Note from Office Taxpayer Correspondence to Taxpayer Correspondence Services and updated link for SNIP notices.
- (12) IRM 3.14.1.2.3(2) - Updated to current year on (9) and updated table Items 12 and 13 to correct Spanish notice numbers.
- (13) IRM 3.14.1.3.1(1) - Update note, to correct IRM hyperlink. IPU 24U0241 issued 02-09-2024
- (14) IRM 3.14.1.3.1(1) - Added new TPNCs 248, 845, and 846.
- (15) IRM 3.14.1.3.2(1) - Deleted CPs 10A, 11A, 12A, and 13A. IPU 24U0241 issued 02-09-2024
- (16) IRM 3.14.1.3.2(1) - Changed name from Office Taxpayer Correspondence to Taxpayer Correspondence Services and updated link for SNIP notices. Deleted CP 47T.
- (17) IRM 3.14.1.3.7(6) - Removed citation for the CP 67 and added CP 51A, 51B, and 51C.
- (18) IRM 3.14.1.3.8(8) - Added timeframe for Local Control File cutoff. IPU 24U0241 issued 02-09-2024
- (19) IRM 3.14.1.4(2) - Updated sentence for OLNR program.
- (20) IRM 3.14.1.4(3)(4) - Deleted and renumbered section.
- (21) IRM 3.14.1.4.1(1) - Updated OLNR retype function and updated sentences in the alpha list. Note deleted OLNR user guide.

- (22) IRM 3.14.1.4.2.3(6) - Added quality must intercept a refund or hold a notice to allow time for lead and tax examiner review and correction or rebuttal.
- (23) IRM 3.14.1.4.2.4(3) - Updated sentence on recreate the notices.
- (24) IRM 3.14.1.4.2.4(4)(5)(6)(7)(8) - Deleted EONS information for Notice Error files.
- (25) IRM 3.14.1.4.3.1(2) - Added sentence this indicator is found in the appended data section of the NRPS batch.
- (26) IRM 3.14.1.4.3.3 - Removed citation for the CP 67.
- (27) IRM 3.14.1.5.1.4(2) - Removed citation for the CP 67.
- (28) IRM 3.14.1.5.1.5 - Deleted East and West in the title after CPS.
- (29) IRM 3.14.1.6.1.1(1) - Added after the Discovered Remittance bullet, (Search all paper documents). IPU 24U0241 issued 02-09-2024
- (30) IRM 3.14.1.6.1.1.2(2) - Updated first sentence, Beginning in tax year, 1996 and deleted thru 2018.
- (31) IRM 3.14.1.6.1.1.2(4) - Added to Note, Do not move any payments. The system will merge any posted payments. Added a new Reminder to second row of the table.
- (32) IRM 3.14.1.6.1.1.5(4) - Added after research, ESTAB. If not received request again using Form 2275.
- (33) IRM 3.14.1.6.1.1.6(1) - Added or if the return is unavailable CC INOLE or CC IMFOLE.
- (34) IRM 3.14.1.6.1.1.8(2)(b) - Updated second sentence, this applies to any change to the entity (name line and/or address lines) for a SPACK notice.
- (35) IRM 3.14.1.6.1.1.9(1) - Updated information for Return Received Date. Deleted exception. IPU 24U0363 issued 03-07-2024
- (36) IRM 3.14.1.6.1.1.9(1) - Deleted eight or more calendar days.
- (37) IRM 3.14.1.6.1.1.9(5) - Deleted sentence. IPU 24U0363 issued 03-07-2024
- (38) IRM 3.14.1.6.1.1.10(1)(b) - Updated example to change from numeric to XX on the tax year. IPU 24U0363 issued 03-07-2024
- (39) IRM 3.14.1.6.1.1.11(3) - Added to box three for (CCC) 3, Do not leave an open IDRS control base and verify correspondence was previously sent using ENMOD letter history for 12C paragraphs using Form 6001. Added to box four item three, do not leave an open IDRS control base.
- (40) IRM 3.14.1.6.4.1(9)(10)(11)(c)- Added the IAT Credit Transfer tool.
- (41) IRM 3.14.1.6.4.2(4)(7) - Added the IAT Credit Transfer tool.
- (42) IRM 3.14.1.6.6.2(3) - Added and (4) after 6611(e)(1).
- (43) IRM 3.14.1.6.6.2(5) - Added date of before availability in first sentence. Updated table in last box to correct IRM hyperlink, title of IRM to 45-Day Rule, and all Original Tax Returns.
- (44) IRM 3.14.1.6.9.1(1) - Deleted attached to the return in the first line and hyperlink and title for IRM 3.14.1.6.21.1(5) on fifth row of table.
- (45) IRM 3.14.1.6.9.2 - Updated title to Taxpayer Advocate Service.

- (46) IRM 3.14.1.6.9.2(1) - Updated the TAS standard language.
- (47) IRM 3.14.1.6.9.2(4) - Note updated to delete he or she replaced with they on last sentence. IPU 24U0531 issued 04-17-2024
- (48) IRM 3.14.1.6.9.2(4)(5)(6) - Deleted sentences for TAS criteria.
- (49) IRM 3.14.1.6.9.10(4)(e) - Deleted as in the case of Hurricane Katrina.
- (50) IRM 3.14.1.6.9.10(5) - Deleted Note.
- (51) IRM 3.14.1.6.9.10(10) - Deleted sentence.
- (52) IRM 3.14.1.6.9.13(3) - Added new PTC amounts for TY 2024.
- (53) IRM 3.14.1.6.9.13(4) - Deleted Note.
- (54) IRM 3.14.1.6.9.16.1(10) - Changed debit balance to balance due.
- (55) IRM 3.14.1.6.9.16.3(4)(5) - Replaced ADD24 with IAT Credit Transfer tool.
- (56) IRM 3.14.1.6.9.16.4(1) - Added CC IMFOLM will only work on the inclusion year.
- (57) IRM 3.14.1.6.9.18.1(1) - Added a new note and caution for EPE conditions when a TC 971 AC 831 is present for MISC EPE or CVC. IPU 24U0363 issued 03-07-2024
- (58) IRM 3.14.1.6.11.21(2) - Added a new bullet for EPE conditions when a TC 971 AC 831 is present for MISC EPE or CVC. IPU 24U0363 issued 03-07-2024
- (59) IRM 3.14.1.6.11.26(4) - Corrected IRM link for Insolvency contacts and tools. IPU 24U0363 issued 03-07-2024
- (60) IRM 3.14.1.6.12.2.4(6)(d) - Deleted (d) and renumbered alpha list.
- (61) IRM 3.14.1.6.12.3.1(1) - Added tax year 2024 dollar amounts for Standard deduction.
- (62) IRM 3.14.1.6.12.3.5(4) - Removed When your filing status is Married Filing Separate.
- (63) IRM 3.14.1.6.12.4.2(1) - Added additional criteria for EITC in the table for MFS 3 or 6 and added a new Note for taxpayer without qualifying children.
- (64) IRM 3.14.1.6.12.4.5(2) - Added a new (2) for qualifying children who do not have a valid SSN.
- (65) IRM 3.14.1.6.12.5.2.1(2)(b) - Updated first, second and third lines of the table for disabled dependent and updated dollar amount. Added new line for primary or secondary taxpayer.
- (66) IRM 3.14.1.6.12.5.4 - Title and charge updated to add TPNC 701 and 702.
- (67) IRM 3.14.1.6.12.6(1) - Deleted Telephone Excise Tax from bullet list.
- (68) IRM 3.14.1.6.12.6.6(4)- Updated prior year instruction.
- (69) IRM 3.14.1.6.12.6.7(2) - Changed exemption to dependent.
- (70) IRM 3.14.1.6.12.6.8(1)(c) - Moved bullet eight and combined it with bullet seven.
- (71) IRM 3.14.1.6.12.6.10(9) - Added to the second sentence, Adoption Taxpayer Identification Number (ATIN) constitutes a valid TIN.
- (72) IRM 3.14.1.6.12.6.12.2.4(6)(c) - Deleted sentence and updated alpha list.

- (73) IRM 3.14.1.6.12.6.13(1) - Updated year from 2020 to 2021,
- (74) IRM 3.14.1.6.12.7.5(3) - Removed ADD/ADC24 and replaced with IAT Credit Transfer tool and corrected IRM hyper link.
- (75) IRM 3.14.1.6.13(1) - Changed reminder to note after third bullet.
- (76) IRM 3.14.1.6.13(2) - Updated second sentence for ES discrepancy.
- (77) IRM 3.14.1.6.13(4) - Corrected IRM hyperlink.
- (78) IRM 3.14.1.6.13(5) - Added to the sentence, these common situations when reviewing Estimated Tax (ES) Discrepancy Notices.
- (79) IRM 3.14.1.6.13(5)(c) - Added hyperlink and title for IRM.
- (80) IRM 3.14.1.6.13(7) - Updated sentence in table first row of Then chart.
- (81) IRM 3.14.1.6.13.2(1) - Added guidelines after disposition.
- (82) IRM 3.14.1.6.13.2(1)(a) - Updated title on first header row in the table.
- (83) IRM 3.14.1.6.13.2(1)(e) - Updated sentences in both rows of table.
- (84) IRM 3.14.1.6.13.2(2)(d) - Updated header and sentences throughout the table.
- (85) IRM 3.14.1.6.14(16) - Updated to add EPE conditions when a TC 971 AC 831 is present for MISC EPE or CVC for AMS Refund Transcripts. IPU 24U0363 issued 03-07-2024
- (86) IRM 3.14.1.6.14(18) - Added, A transcript and the transcript type can be identified in IDRS with TC 971 AC 805.
- (87) IRM 3.14.1.6.14(19) - Replaced TP with Tax Examiner.
- (88) IRM 3.14.1.6.14(19)(a) - Updated sentence when to suspend the transcript.
- (89) IRM 3.14.1.6.14(19)(b) - Added Un-check "Refund Hold" to allow the refund.
- (90) IRM 3.14.1.6.14(19)(c) - Added associated and Batch to the sentence.
- (91) IRM 3.14.1.6.14(19)(d) - Updated sentence for Notice Recreate Transcripts, created a number list under this section, and restructured sentences 1-4 moved reminder from (4) to (2).
- (92) IRM 3.14.1.6.14(21) - Added release the refund at end of sentence.
- (93) IRM 3.14.1.6.14(22) - Added AMS at end of first sentence and IDRS at the end of second sentence.
- (94) IRM 3.14.1.6.14.4(1)(b) - Removed when not claimed.
- (95) IRM 3.14.1.6.14.4(4) - Updated table to add IRC 965 information if a TC 670 is present with a DPC 64.
- (96) IRM 3.14.1.6.14.4(5) - Added Refund in the title header and removed it on each transcript type throughout the table. Removed the Caution and Note and changed to bullet format.
- (97) IRM 3.14.1.6.14.6(6) - Updated table on row one, corrected IRM link. I
- (98) IRM 3.14.1.6.17.12(1) - Added has been discontinued.
- (99) IRM 3.14.1.6.17.12(2) - Deleted needed and added are applicable.

- (100) IRM 3.14.1.6.17.12(3) - Deleted reviewed and.
- (101) IRM 3.14.1.6.17.12(4) - Added IRM link and updated to General Review Procedures.
- (102) IRM 3.14.1.6.18.1.4(3) - Added label to first row in table for disposition. IPU 24U0241 issued 02-09-2024
- (103) IRM 3.14.1.6.18.4(6) - Removed ADD24 and replaced with IAT Credit Transfer tool.
- (104) IRM 3.14.1.6.20.2(8) - Corrected dates on prior tax years and added new row for current year and dollar amount for Failure to File Penalty table. IPU 24U0363 issued 03-07-2024
- (105) IRM 3.14.1.6.20.4.2(1) - Updated the citation numbers.
- (106) IRM 3.14.1.6.21.1(3) - Added Reprocessing Returns title after IRM link.
- (107) IRM 3.14.1.6.22(5) - Added to the table, tax year 2024 amounts for Simple IRA contribution.
- (108) IRM 3.14.1.6.22(6)(b) - Added to the table, tax year 2024 amounts for Roth IRA contribution.
- (109) IRM 3.14.1.6.22(8) - Added to the table, tax year 2024 amounts for Simplified Employee Pension contribution.
- (110) IRM 3.14.1.6.22.1(4) - Removed ADD24 and replaced with IAT Credit Transfer tool.
- (111) IRM 3.14.1.7.5(2) - Updated new bullet list and added new Note for Prisoner number to Entity in OLNLR. IPU 24U0241 issued 02-09-2024
- (112) IRM 3.14.1.7.6(1) - Added to adjust accounts and overlay on CC TXMOD.
- (113) IRM 3.14.1.7.8.1(1) - Added for a complete list at end of the sentence.
- (114) IRM 3.14.1.7.8.1(2) - Moved to beginning of sentence, Refer to the Notice Disposition/CP Conversion Chart and added a Note when inputting history items.
- (115) IRM 3.14.1.7.8.3(1)(a)(b)(c)(d)(e) - Restructured sentences and alpha list for voiding notices.
- (116) IRM 3.14.1.7.8.3(2) - Updated sentence for subsequent Adjustment Notice with a Hold Code.
- (117) IRM 3.14.1.7.8.3(3) - Revised sentences and deleted bullet list.
- (118) IRM 3.14.1.7.8.3(4) - Updated sentence for balance due notice.
- (119) IRM 3.14.1.7.8.3(5) - Updated sentence for inputting a history item and added example.
- (120) IRM 3.14.1 revised throughout to update organizational title Wage and Investment (W&I) to Taxpayer Services (TS). IPU 24U0531 issued 04-17-2024
- (121) Editorial changes have been made throughout the IRM include:
  - Correcting spelling and grammatical errors.
  - Adding or correcting IRM references, citations, and adding links to the forms that are currently in the IRM.
  - Replaced Service with IRS.
  - Updated credit interest to overpayment interest and debit interest to underpayment interest.

## **EFFECT ON OTHER DOCUMENTS**

IRM 3.14.1, dated November 06, 2023 (effective January 1, 2024), is superseded. The following IRM Procedural Updates (IPUs), issued from February 9, 2024 through April 17, 2024 have been incorporated into this IRM: IPU 24U0241, IPU 24U0363, and IPU 24U0531.

## **AUDIENCE**

Individual Master File (IMF) Submission Processing Campuses and Notice Review Tax Examiners

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3.14.1

IMF Notice Review

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    - 3.14.1.7.8.6 Entity Only Disposition
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Exhibits

- 3.14.1-1 NOTICE REVIEW PROCESS FLOWCHART
- 3.14.1-2 CONTROL D/QUICK PRINT HEADER
- 3.14.1-3 ON-LINE NRPS TAX MODULE TRANSCRIPT
- 3.14.1-4 ON-LINE NRPS RETURN TRANSACTION FILE (RTF)
- 3.14.1-5 ON-LINE NRPS PACKAGE/CONTROL D CONTENTS PAGE
- 3.14.1-6 NRP 6130 — IMF NRPS BATCH CONTROL SHEET
- 3.14.1-7 NRP 6130 — NRPS SELECTION REPORT
- 3.14.1-8 NRP 40–80 TAXPAYER NOTICE CODE TREND LIST
- 3.14.1-9 REMITTANCE TRANSACTION RESEARCH (RTR) SYSTEM
- 3.14.1-10 PENDING TRANSACTION FILES
- 3.14.1-11 TRANSFERRING CREDITS TO THE PUBLIC DEBT FUND
- 3.14.1-12 NOTICE REVIEW MANUAL ACTION SHEET
- 3.14.1-13 INTEREST RATES



3.14.1.1  
(01-01-2025)  
**Program Scope and Objectives**

- (1) This section provides instructions to the Notice Review Function for reviewing Individual Master File (IMF), Individual Retirement Account (IRA), Shared Responsibility Payment (SRP), Integrated Data Retrieval System (IDRS), and Computer Paragraph (CP) notices. These notices may be selected for review by either the Notice Review Processing System (NRPS) or by the IDRS Review Notice Register.

**Note:** Notices may also be mandated for review by Treasury Inspector General for Tax Administration (TIGTA), management, policy statements, etc.

- (2) Priority Refund Transcripts are worked using the Account Management Services (AMS) system and are delivered daily. This section also provides instructions to the Notice Review Function for reviewing Priority Refund Transcripts meeting criteria identified by IMF using AMS. Type of Priority Refund Transcripts are:

- \$100 Million
- \$10 Million
- \$ Million
- Refund-S
- Refund-E
- Refund (Other)

**Note:** The CP Notice inventory is found in the OLNLR system.

- (3) **Purpose:** This section provides IMF Notice Review personnel with instructions for reviewing CP notices that have been selected by NRPS. Reviews are conducted with the goal of improving both the accuracy and quality of information the IRS sends to taxpayers. The Notice Review process helps to ensure the information received by taxpayers is complete and correct and taxpayers do not receive an erroneous refund or an erroneous balance due notice.

**Note:** Notices are subject to change for various reasons, including notice clarity studies and legislative changes.

- (4) **Audience:** These procedures apply to Taxpayer Services (TS) Submission Processing Individual Master File (IMF) Notice Review personnel, located primarily in Austin, Ogden, and Kansas City:

- Supervisory Tax Examining Technician
- Lead Tax Examining Technician
- Tax Examining Technician
- Supervisory Clerk
- Lead Clerk
- Clerk

- (5) **Policy Owner:** Director, Submission Processing

- (6) **Primary Stakeholders:** Other areas that may be affected by these procedures include (but are not limited to):

- Accounts Management
- Chief Counsel
- Compliance
- Information Technology (IT) Programmers
- Large Business and International (LB&I)

- Submission Processing (SP)
- Tax Exempt and Government Entities (TEGE)

3.14.1.1.1  
(11-09-2017)

#### Background

- (1) The purpose of Notice Review is to review IMF Computer Paragraph (CP) notices to verify the accuracy of notices selected for review before mailing. This will ensure the information received by taxpayers are complete and accurate. Notice Review employees use the Notice Review Processing System (NRPS) package, Control D, and /or Integrated Data Retrieval System (IDRS), Integrated Automation Technologies (IAT) Tool, and Account Management Services (AMS) to ensure the information for each notice is processed correctly. Any changes to the notice is made using the On Line Notice Review (OLNR) system.

3.14.1.1.2  
(01-01-2025)

#### Authority

- (1) Title 26 of the United States Code (USC) is more commonly known as the Internal Revenue Code (IRC). The IRC has been amended by acts, public laws, rules and regulations, such as the following:
  - Omnibus Budget Reconciliation Act (OBRA) of 1993
  - Restructuring and Reform Act of 1998 (RRA 98)
  - American Taxpayer Relief Act (ATRA) of 2012
  - Surface Transportation and Veterans Health Care Choice Improvement Act of 2015.
  - Consolidated Appropriations Act of 2016
  - Hiring Incentives to Restore Employment (HIRE) Act
  - Foreign Account Tax Compliance Act (FATCA)
  - The Protecting Americans from Tax Hikes Act of 2015 (PATH)
  - Tax Reform Act of 2017
  - Tax Cuts and Jobs Act 2018
  - Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act)
  - Families First Coronavirus Response Act of 2020
  - The American Rescue Plan Act of 2021
  - Inflation Reduction Act of 2022 (IRA)

**Note:** The above list may not be all inclusive of the various updates to the IRC.

3.14.1.1.3  
(11-09-2017)

#### Responsibilities

- (1) The Campus Director is responsible for monitoring operational performance for the Submission Processing campus.
- (2) The Operations Manager is responsible for monitoring operational performance for their operation.
- (3) The Team Manager/Lead is responsible for performance monitoring and ensuring employees have the tools to perform their duties.
- (4) The Team Employees are responsible to follow the instructions contained in this IRM and maintain updated IRM procedures.

3.14.1.1.4  
(01-01-2025)

#### Program Objectives and Review

- (1) **Program Goals:** To review Computer Paragraph (CP) notices which generate to notify the taxpayer of any change to a specific module from their original return and to verify the accuracy of the information, ensuring the notice received by the taxpayer is complete and correct.

- (2) **Program Reports:** After NRPS completes the selection process, it combines all the selection information into NRPS batches. NRPS produces various reports from the output files:
- NRPS Document Charge-out (NRPS 6120)-** provides information needed by the Files Function to pull documents for use in reviewing notices.
  - NRPS Selection Report (NRPS 6130)-** contains notice/transcript input and selected for review counts, sorted by selection key and by Taxpayer Notice Code (TPNC), with year- to-date totals for notices selected in the current cycle.
  - Notice Retype Error Report (NRPS 8240)-** contains information on notices that were unable to be processed after cycle release. The notices on this report must be recreated.
  - NRPS Automated Local Control Selection Report-** shows the previous four weeks' selection percentages and the current cycle's selection percentage, based on the automated selection process.
- (3) **Program Effectiveness:** The program goals are measured by using the following tools:
- Embedded Quality Submission Processing (EQSP)
  - Balanced Measures
  - Managerial Reviews
- (4) **Annual Review:** The processes outlined in this IRM should be reviewed annually to ensure accuracy and promote consistent tax administration.

3.14.1.1.5  
(01-26-2023)  
**Acronyms/  
Abbreviations/  
Definitions**

- (1) This table lists Acronyms, Abbreviations, and Definitions.

<b>Acronyms and Abbreviations</b>	<b>Definition</b>
ABI	Age Blind Indicator
AC	Action Code
ACA	Affordable Care Act
ACTC	Additional Child Tax Credit
AEIC	Advanced Earned Income Credit
AGI	Adjusted Gross Income
AMS	Account Management System
AMTAP	Accounts Management Taxpayer Assurance Program
AOTC	American Opportunity Credit
APTC	Advance Premium Tax Credit
BMF	Business Master File
BOB	Block out of Balance
CADE	Customer Account Data Engine

<b>Acronyms and Abbreviations</b>	<b>Definition</b>
CAF	Centralized Authorization File
CARE	Computer Assisted Review of ERS
CCC	Computer Condition Code
CFOL	Corporate File On-Line
CII	Correspondence Imaging Inventory
CP	Computer Paragraph
CRD	Correspondence Received Date
CRN	Credit Reference Number
CTC	Child Tax Credit
CU	Corrected Unpostable
DLN	Document Locator Number
DP	Data Processing
DU	Deleted Unpostable
EFDS	Electronic Fraud Detection System
EIC	Earned Income Credit
EIP	Economic Impact Payment
ELF	Electronic Filing System
ERP	Economic Recovery Payment
ERRF	Erroneous Refund
ERS	Error Resolution System
ESP	Economic Stimulus Payment
FTHBC	First Time Home Buyer Credit
FTF	Failure to File
FTP	Failure to Pay
GMF	Generalized Mainline Framework
GUF	Generalized Unpostable Framework
HCTC	Health Coverage Tax Credit
ICT	Image Control Team
IDRS	Integrated Retrieval System
IDT	Identity Theft
IGR	IDRS Generated Refund
IMF	Individual Master File

Acronyms and Abbreviations	Definition
IRA	Individual Retirement Account
IRC	Internal Revenue Code
IRM	Internal Revenue Manual
IRN	Item Reference Number
IRSN	Internal Revenue Service Number
ITIN	Individual Taxpayer Identification Number
RIVO	Return Integrity and Verification Operation
LCF	Local Control File
LSE	Lump Sum Election
MAGI	Modified Adjusted Gross Income
MEC	Minimum Essential Coverage
NPA	Non-Passive Activity
NR	Not Reviewed
NRPS	Notice Review Processing System
NU	Nullified Unpostable
OLNR	On-Line Notice Review
PTC	Premium Tax Credit
RAL	Refund Anticipation Loan
RDD	Return Due Date
RPD	Return Processable Date
RRB	Railroad Retirement Benefits
RRC	Recovery Rebate Credit
RTF	Return Transaction File
RTR	Remittance Transaction Research
SSA	Social Security Administration
SSB	Social Security Benefits
SSI	Supplemental Social Security Benefits
SSN	Social Security Number
SRP	Shared Responsibility Payment
TANF	Temporary Assistance for Needy Families
TAS	Taxpayer Advocate Services
TC	Transaction Code

Acronyms and Abbreviations	Definition
TDA	Tax Delinquent Account
TDI	Tax Delinquent Investigation
TEP	Tape Edit Processing
TIGTA	Treasury Inspector General for Tax Administration
TOP	Treasury Offset Program
TPNC	Taxpayer Notice Code
TPP	Taxpayer Protection Program
TS	Taxpayer Services
TXI	Taxable Income
UP	Unpostable Transaction
URC	Unpostable Reason Code
URF	Unidentified Remittance File
XSF	Excess Collection File

3.14.1.1.6  
(01-01-2025)

#### Related Resources

(1) The following resources may assist in performing the work as outlined in this IRM:

- Document 6209, IRS Processing Codes and Information
- IRM 3.11.3, Individual Income Tax Returns, for instructions related to Code and Edit
- IRM 3.12.3, Individual Income Tax Returns, for instructions related to Error Resolution System
- IRM 21.4.4, Manual Refunds
- IRM 21.4.5, Erroneous Refunds
- IRM 21.4.6, Refund Offset
- IRM 20.1, Penalty Handbook
- IRM 20.2, Interest
- Servicewide Electronic Research Program (SERP)
- Notice Review Processing System (NRPS)
- On Line Notice Review (OLNR)
- Integrated Data Retrieval System (IDRS)
- Account Management System (AMS)
- Integrated Automation Technologies (IAT)
- Control D
- EUP/MEF
- Remittance Transaction Research (RTR)

3.14.1.1.7  
(01-01-2025)

#### IRM Deviations

(1) Submit IRM deviations in writing following instructions from IRM 1.11.2.2.3 When Procedures Deviate from the IRM, and elevate through proper channels for executive approval.

3.14.1.1.8  
(01-01-2025)

**Customer Account Data  
Engine 2 (CADE 2)**

- (1) The Customer Account Data Engine 2 (CADE) 2 solution modernizes the IRS to a daily processing environment.
- (2) The components of CADE 2 Transition State include:

New Cycles	Refund Issuance	Notice Issuance
<ol style="list-style-type: none"> <li>1. Campus Cycle –Thursday – Wednesday</li> <li>2. Master File Processing – Friday - Thursday</li> <li>3. Notice Review – Saturday - Monday (8 days later, 2 A.M. Eastern Time)</li> <li>4. Unpostables – Tuesday to Tuesday</li> </ol>	<p>Refunds for IMF accounts will be accelerated to provide refunds to taxpayers more quickly.</p> <ol style="list-style-type: none"> <li>1. Direct deposit refunds will be issued in 4 business days from posting.</li> <li>2. Paper check refunds will be issued in 6 business days from posting.</li> </ol>	<p>IMF notices under a \$1000 tolerance (change in taxpayer requested refund amount) will bypass Notice Review Processing System (NRPS) and will be sent directly to Correspondence Processing System (CPS), to be mailed to the taxpayer.</p>

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applied.

- a. Daily Processing – IMF processing with the new cycle definition outlined in (3a), but processing daily (daily transactions to daily accounts) with weekly processing occurring on Thursday.

**Note:** Business Master File (BMF) and Employee Plans Master File (EPMF) will continue to process all transactions on a weekly basis. Master File processing will occur on Thursdays.

- b. IMF will identify unpostable criteria daily, but the files will not be processed by Generalized Unpostable Framework (GUF) until the weekly cycle. This may result in subsequent transactions posting in the same cycle as the unpostable transaction, resolving the earlier unpostable.
- c. CADE 2 database – Establishment of a taxpayer account database that will house all individual taxpayer accounts. IMF will process all transactions, settle accounts, and will provide data to the CADE 2 database. IMF will remain the system of record for Transition State 1. Key programs IDRS and Integrated Production Model (IPM) will receive data from the CADE 2 database.

- (3) IMF transactions posting time frames are outlined as follows:

- a. Daily transactions directed to a daily account are expected to post daily with daily processing. Transactions will be displayed using Corporate File On-line (CFOL) command code (IMFOL) the second day after campus input. Transactions will be displayed on IDRS command codes (i.e., TXMOD, ENMOD) the third day after campus input.
- b. Weekly transactions directed to a daily account are expected to post with the master file during weekly processing on Thursday and may result in the account type changing to weekly.

- c. Daily and weekly transactions directed to a weekly account are expected to post with the weekly processing on Thursday.

**Note:** For items b) and c) above, transactions will be displayed using command codes (IMFOL/BMFOL) on Saturday after the Thursday master file processing. Transactions will be displayed on IDRS command codes (i.e., TXMOD, ENMOD) on Monday after the Thursday master file processing.

- d. Use of the posting delay code on transactions will result in the transaction being held until the weekly processing on Thursday. When the transaction is processed on Thursday and the posting delay code contains a value other than zero, the transaction will continue to re-sequence for the number of cycles equal to the value.

**Example:** A transaction input with a posting delay code of 1 will be processed on Thursday and will not re-sequence until the following weekly processing day (the following Thursday).

**Caution:** Use of the posting delay code on a daily account may result in delaying the posting of the transactions that would resolve the account.

(4) When an action is taken to:

- a. Increase or decrease an overpayment, and the action is being taken before 6 P.M. local time on Monday:
  - 1. Input adjustment
  - 2. Retype or void the notice
- b. Decrease the overpayment, and the action is being taken after 6 P.M. local time on Monday and before 6 P.M. local time on Wednesday:
  - 1. Input transaction code (TC) 570 to stop the refund.
  - 2. Input the adjustment with the appropriate blocking series, hold code, and posting delay code
  - 3. Retype or void the notice
- c. Decrease the overpayment, and the action is being taken after 6 P.M. local time on Wednesday and before 10 P.M. Eastern time on Thursday:
  - 1. Input NOREFP
  - 2. Input the adjustment with the appropriate blocking series, hold code, and posting delay code
  - 3. Retype or void the notice
- d. Increase an overpayment, and the action is being taken after 6 P.M. local time on Monday:
  - 1. Input adjustment
  - 2. Label the notice

(5) Corporate Files On-Line (CFOL) Command Code IMFOL will contain an indicator on the screen to identify whether the account is a Daily account or a Weekly account.

- CFOL can also be accessed to provide information when TIF data is not available.
- CFOL command codes provide on-line access to Master File information.
- CFOL command codes do not show pending transactions, case controls, history items or unpostables. IDRS research must be performed in addition to CFOL research.



- (6) When CC NOREFP is initiated, the following chart explains when the TC 846 and systemic TC 841 will be displayed:

Transaction Code	Daily Account TC 846/841 Posting Chart for CFOL Command Codes	IDRS Command Codes
846	Next business day	Second business day
841	Two business days	Third business day

Transaction Code	Weekly Account TC 846/841 Posting Chart for CFOL Command Codes	IDRS Command Codes
846	Saturday after freeze releases	Monday after freeze releases
841	Second Saturday after freeze releases	Second Monday after freeze releases

- (7) f Notice Review does not stop refunds at the request of another area. If a request is received, inform the requestor Notice Review cannot process the request. If the requestor indicates they do not have access to IDRS or CC NOREF in their profile, they should contact their area to address the issue.

3.14.1.1.9  
(06-09-2023)  
**Quality**

- (1) Notice Accuracy is a part of Balanced Measures; therefore it is critical and necessary to provide appropriate feedback to all functions generating erroneous notices or refunds.
- (2) Notice Review will develop a local method for providing feedback to the responsible function.

**Reminder:** Provide this feedback weekly during the filing season.

- (3) Management must ensure that adequate reviews are performed during the employee's on-duty status. AMS will provide the ability for online quality review of the Priority Refund Transcripts. Management must input the sample size or percentage in each employee's profile in AMS to ensure a sample of transcripts are included in the Quality rating.
- (4) Management must allow time for Tax Examiners to provide feedback information.
- (5) The Tax Examiner must identify to the lead those situations where an error trend can be established (e.g., same/similar error being committed repeatedly by the same function and/or Tax Examiner).
- (6) The lead will provide this information weekly to the Planning and Analysis analyst responsible for Notice Review.

- (7) Use OLNLR Notice Disposition Reports as a tool. There are two basic formats for these reports:
  - a. The **CP Format** provides a breakdown of each notice by selection key for a given cycle.
  - b. The **Key Total Format** provides a breakdown of each selection key by CP number for a given cycle.
- (8) Cumulative history reports show year-to-date totals for the above reports. Although the weekly reports show data only for those keys with current cycle activity, the history reports show data for keys that have had activity at any time during the year.
- (9) Use historical records to assist in feedback sessions for functions that frequently generate bad notices.

3.14.1.1.10  
(01-01-2021)

**Notice Timeliness**

- (1) Notice Review should correct and disposition notices timely to minimize negative impact to the taxpayer, **Timely** means all of the following:
  - a. Close out the notice cycle on or before the end of the Notice Review cycle.  
  
**Note:** Notice Review cycle is available beginning on Saturday evenings and closes at 2 am Eastern time on the second Monday following the Saturday availability (eight days).
  - b. Complete all refunding notices which include CP 10, 12, 16, 24, and 30 before 10 p.m. Eastern time Thursday.
  - c. Input adjustment actions on all other cases by the 23C date of the notice.
- (2) Notice Review should schedule and staff personnel to work 100 percent of the notices selected for review.
- (3) Whenever a site determines that 100 percent of the sample cannot be completed timely, they will contact the Headquarters Notice Review analyst.

3.14.1.1.11  
(01-01-2021)

**Interest Reduction**

- (1) Make every reasonable attempt to reduce the amount of interest IRS pays on refunds.
  - a. IRS has a 45-day interest-free period in which to process taxpayer refunds. By law, refunds not issued within 45 days from the **later** of the following dates must include overpayment interest. (180 days on any overpayment resulting from tax deducted and withheld under Chapter 3 or 4 of the Internal Revenue Code).  
The return date (determined without regard to any extension of time for filing the return).  
The return received date (used when the return is filed after the return due date, determined without regard to any extension of time for filing the return).  
The date the return was received in processable form (Correspondence Received Date (CRD) may be present).
  - b. Review and, if needed, correct the account without paying unnecessary interest.
- (2) Review, correct, and select disposition (OLNR) all notices in a timely manner to allow the taxpayer the full amount of time to pay. A taxpayer has only 21

calendar days from the date of the notice (ten business days for notice amounts of \$100,000 or more) to pay without incurring interest for periods after the date of the notice.

- (3) Refer to IRM 20.2, Interest, for proper guidance when reducing, computing, or discussing interest.

3.14.1.1.12  
(11-12-2019)  
**Effectiveness**

- (1) Reviewing Math Error notices that have historically high error rates is a top priority.
- (2) For assistance in adjusting the percentage of Math Error notices selected by NRPS, review IRM 3.14.1.3.8, NRPS Local Control File.

3.14.1.1.13  
(01-01-2018)  
**Completeness**

- (1) Review **ALL** modules and the tax return, if available, as required per Selection Key criteria related to a notice or transcript selected for review. Modules to review include:
  - Entity Module
  - Outstanding Credit Balance Modules
  - Cross-reference Taxpayer Identification Numbers (TIN)s
  - Related Names
  - Freeze Conditions/Codes

**Note:** This list is by no means all-inclusive. See IRM 3.14.1.6.1, General Review Procedures.

- (2) It is the function of Notice Review to review and verify the accuracy of all selected CP Notices in a timely manner. The notice must state accurately and clearly the changes made and the status of the taxpayer's account.

3.14.1.2  
(01-01-2021)  
**Notice Review Research**

- (1) There is certain information, generic to all returns, that must be verified. Compare the return to the Computer Paragraph (CP) notice and the information contained in the Notice Review Processing System (NRPS) Package/Control D and/or IDRS to ensure that the information for each tax period is processed correctly.
- (2) Use the *IDRS Command Codes Job Aid* for assistance (Command Codes (CC) such as ENMOD, IMFOL, INOLE, INTST, IRPTR, RTVUE, NAMES, TRDBV, and TXMOD), which is available on Servicewide Electronic Research Program (SERP).

3.14.1.2.1  
(01-01-2025)  
**IRM References**

- (1) This subsection lists the IRM references that relate to the Notice Review Function. Functional handbooks contain specific instructions for processing and resolving issues that appear on a given notice.
- (2) To ensure a comprehensive review, Tax Examiners must be aware of these procedures. **They are not to be used to reflect errors against the individual employees**, but as a means of providing feedback to the functions causing errors or not following procedures. The references are:

<b>Procedures for</b>	<b>See IRM Reference</b>	<b>This IRM's Reference (if any)</b>
Accounting Refund Transactions	IRM 3.17.79	No specific reference
General Adjustments	IRM 21.5.2	IRM 3.14.1.7.5, Entity Adjustments or IRM 3.14.1.7.6, Tax Adjustments
Automated Non-Master File Accounting	IRM 3.17.46	No specific reference
Business Tax Returns and Non-Master File Accounts	IRM 21.7	No specific reference
Credit Transfers	IRM 21.5.8	IRM 3.14.1.7.7, Credit Transfers
Erroneous Refunds	IRM 21.4.5	IRM 3.14.1.6.7, Erroneous Refunds
Excess Collections File	IRM 3.17.220	IRM 3.14.1.6.8, Excess Collections (XSF) and Unidentified Remittance (URF) Files
Files Management/Service	IRM 3.5.61	No specific reference
General Adjustments and Guidelines	IRM 21.5.1	IRM 3.14.1.7.5, Entity Adjustments or IRM 3.14.1.7.6, Tax Adjustments
IDRS Command Codes	IRM 2.3 and IRM 2.4	No specific reference
IMF Account Numbers	IRM 3.13.5	IRM 3.14.1.6.1.1, Verifying Return Information
Incoming and Outgoing Correspondence/Letters	IRM 21.3.3	IRM 3.14.1.6.9.1, Taxpayer Correspondence
Individual Tax Returns	IRM 21.6	No specific reference
Individual Income Tax Returns (Code & Edit)	IRM 3.11.3	No specific reference

Procedures for	See IRM Reference	This IRM's Reference (if any)
Individual Income Tax Returns (Error Resolution System - ERS)	IRM 3.12.3	No specific reference
IRS <i>e-file</i> of Individual Income Tax Returns	IRM 3.42.5	IRM 3.14.1.6.21, Reprocessing Returns
Manual Refunds	IRM 21.4.4	IRM 3.14.1.6.6, Manual Refunds
Media Transport and Control	IRM 3.13.62	No specific reference
Operational Guidelines Overview	IRM 21.1.3	IRM 3.14.1.1, Program Scope and Objectives
Processing Timeliness: Cycles, Criteria, and Critical Dates	IRM 3.30.123	IRM 3.14.1.1.8, Customer Account Data Engine 2 (CADE 2)
Undeliverables (Mail Receiving and Sorting Operations)	IRM 3.13.62-53	IRM 3.14.1.6.10, Undeliverable CP Notice and C-Letter Distribution and Mailing Guides
Unpostables (General) and Unpostables Resolution	IRM 3.12.32 and IRM 3.12.179	IRM 3.14.1.6.3, General Unpostables and IMF Unpostable Resolution

- (3) Employees are responsible for taking the required precautions to provide security for documents, information, and property handled while performing official duties.

3.14.1.2.2  
(01-01-2025)  
**Computer Paragraph  
Notices**

- (1) This subsection contains information relating to Individual Master File (IMF), Individual Retirement Account (IRA), and Shared Responsibility Payment (SRP) notices. It includes a description of the notices and information on the data elements.
- (2) Computer Paragraph (CP) Notices are the most common form of communication with the taxpayer regarding their account. A CP Notice generates to notify the taxpayer of any change to a specific tax module from the taxpayer's original return, or in response to taxpayer correspondence. A notice must have accurate and timely information.
- (3) A CP Notice is a computer-generated message resulting from:
- Input of Taxpayer Notice Codes (TPNCs) during return processing
  - Master File analysis of a taxpayer's account
  - Certain transactions posting to an account
- (4) Notices generate to:

- Request information or a payment from a taxpayer
  - Inform or educate a taxpayer
  - Clarify an issue for the taxpayer
- (5) The taxpayer must receive a notice (unless otherwise specified in IRM 3.14.1, IMF Notice Review) when there is:
- A debit balance on the module
  - A math error on the return
  - An Estimated Tax (ES) payment discrepancy
  - Penalty and interest assessed on the module
  - A subsequent change to the taxpayer's original figures for tax, credits, penalties or net operating loss
  - A Taxpayer Offset Program (TOP) offset or an overpayment offset to another module issued by Financial Management Service (FMS)
  - A reduced credit elect
- (6) Each CP Notice contains the following basic information:
- Taxpayer's name
  - Address
  - Taxpayer Identification Number (TIN)
- Note:** The TIN may be in full form or shortened on the notice.
- A computer generated message
- (7) The Notice Elements describe the conditions which characterize a notice. The principal elements are:
- Overpayment
  - Balance due
  - Even balance
  - Estimated Tax discrepancy
  - Non-Compute
  - Math Error
  - Adjustment of tax, credits, Failure to File (FTF TC 166 or TC 160) penalty, or Estimated Tax (ES TC 176 or TC 170) penalty
  - A reduced credit elect
  - Offset to other modules or accounts
- (8) Overpayment CP Notices 12 and 24 will have a systemically imposed refund hold to allow time for Notice Review to correct erroneous notices before the refund transaction generates. This results in the ability to input an adjustment, credit transfer, or required transaction to correct the notice, and associated refund amount prior to the refund being issued to the taxpayer.
- a. The taxpayer account reflects a TC 570 with blocking series "55555".
  - b. The systemic hold expires Thursday of the Notice Review cycle. Master File generates the refund transaction (TC 846) during the IMF weekly processing on Thursday evening.
  - c. TC 570 can be input to prevent the refund transaction from generating up through 6 P.M. local time on Wednesday.
  - d. NOREFP can be input from 6 P.M. local time Wednesday through 10 P.M. eastern time Thursday to request IMF to reverse the systemically generated refund transaction (TC 846) before the refund information is transmitted to Financial Management Services (FMS).

- e. IMF generates the TC 841 reflecting the reversal of the TC 846 when the NOREFP is processed with the IMF weekly processing on Thursday.

- (9) Other overpaid notices in OLNK inventory include, CP 10, CP 12, CP 16, CP 21, CP 24, CP 30A, and CP 51B do not have a refund hold applied for refunds less than \$100,000. A TC 846 is present on these accounts and cannot be intercepted. If these notices are identified as erroneous, follow erroneous refund procedures. See IRM 3.14.1.6.7, Erroneous Refunds.

3.14.1.2.2.1  
(01-01-2025)  
**Notice Types and  
Definitions**

- (1) **Settlement Notices** inform the taxpayer of payments due, interest and/or penalties due, math errors, or adjustments made to the taxpayer's account. There are three types of settlement notices:
  - a. **Math Error Notices** generate when a tax return containing a math error posts to the Master File. The Error Resolution System (ERS) normally identifies and assigns the math errors during pipeline processing. The tax module may include math, clerical, or credit related errors.
  - b. **Non-Math Error Notices** generate when a return with no math error posts to the Master File. The tax module may include tax, credits, penalties, interest, or a combination of all four.
  - c. **Adjustment Notices** generate when certain types of Data Processing (DP) or Examination adjustments post to an account.
- (2) **Information (Associated) Notices** generate when information needs to be sent to the taxpayer. The information can cover many areas such as: Earned Income Credit (EIC), credit elects, offsets of money to other balance due tax modules, or information about the taxpayer's TIN.
- (3) **IDRS Notices** typically generate five cycles after a settlement notice if the account remains in balance due status. These notices are sometimes referred to as Collection or Tax Delinquent Account (TDA) Notices.
- (4) **Submission Processing Campus Notices** generate to notify the Submission Processing Campus or Area Office of a condition that needs further action to bring the taxpayer's Master File account into current status. This category includes Refunds, Refund E, and Refund S Transcripts, CP 36, etc.

**Note:** For description of all notices, see Document 6209, IRS Processing Codes and Information, Section 9. Notice images can be viewed from Taxpayer Correspondence Services: *Servicewide Notice Information Program*. The web site can also be accessed through Servicewide Electronic Research Program (SERP).

3.14.1.2.3  
(01-01-2025)  
**Data Elements — IMF  
and IRA Notice List**

- (1) Each posting cycle, the Notice Review Processing System (NRPS) generates the IMF and IRA Notice Lists. These lists contain information on all notices (except CP 36A and CP 38A) generated from that Submission Processing Campus. These lists are tools for reviewing notice output, requesting tax returns, and controlling notices.
- (2) The IMF Notice List shows CP information grouped by inquiry campus, then by CP number in Social Security Number (SSN) order. Refer to the figure below for a description of the Notice List Data Elements. Figure 3.14.1-1.



NRP6610 – IMF Notice List

1

#000001

2

11-18-2025

3

IMF NOTICE LIST

4

AUSTIN

5

PAGE: 1

6

FILE: NRP6610

7

CP# 10

8

COUNT: 25

9

CYCLE: 202547

10

SSN

11

TXPD

12

DLN

13

1ST NOT DLN/AMOUNT

14

M

15

SEQ#

0-000-00-0011

202412

00221-224-33316-5

\$135.08-

C0014474

0-000-00-0022

202412

00221-209-16738-5

\$11.64-

C0014475

0-000-00-0033

202412

00221-258-09413-5

\$1,477.00-

C0014476

0-000-00-0044

202412

00221-258-02114-5

\$200.00-

C0002629

0-000-00-0055

202412

00221-251-12322-5

\$492.12-

C0014477

1-000-00-0055

202412

00221-258-00437-5

\$ .00

C0002630

This report lists notices generated by the processing campus for the cycle. It is grouped by inquiry campus and the CP notices within that campus. The letter preceding the number indicates whether the notice was a Selected (B) or Non-Selected (C) notice. The list is in SSN order by CP.

Figure 3.14.1-1 NRP6610 – IMF Notice List-These Elements Appear on Each Page of the IMF Notice List. See Table below:

Item Number	Title	Description
Item 1	File Page Number	File Page Number
Item 2	Current Date	Current Date
Item 3	File Title	IMF NOTICE/AUDIT LIST
Item 4	Submission Processing Campus Name	Submission Processing Campus Name
Item 5	Page Number	Page Number
Item 6	Output File Number	<div><div></div><div><div></div><div>NRP 4510 for Pass A and D notices</div></div><div><div></div><div>NRP 6610 for Pass B and C notices</div></div></div>
Item 7	CP Notice Number	CP number of notice
Item 8	Notice Count	Total count
Item 9	Current Cycle	Cycle of the notice list
Item Number	Title	These Elements Print for Each CP Notice



Item Number	Title	Description
Item 10	Social Security Number (SSN)	Invalid SSNs have a preceding "1" (e.g., 1-234-56-7890)
Item 11	Tax Period	Field is blank for CP 37
Item 12	Document Locator Number (DLN)	<ul style="list-style-type: none"> <li>Adjustment DLN for CP 21, CP 22, CP 21 (SP), and CP 22 (SP)</li> <li>Control DLN for all other CPs</li> </ul>
Item 13	Notice Amount or First Notice Document Location Number (DLN)	<p><b>CP Number and What Prints for it</b></p> <ul style="list-style-type: none"> <li>CP 17 — Net Refund Amount</li> <li>CP 36, CP 36A, CP 36D, CP 36S — First notice DLN</li> <li>CP 39 — Balance after offset</li> <li>CP 42, CP 44, CP 49, CP 49 (SP) — Total overpayment amount</li> <li>CP 45 — Amount credited to the account</li> <li>CP 52 — Self-Employment (SE) earnings</li> <li>CP 60 — Corrected balance due</li> <li>All other CPs — Total balance due</li> </ul> <p><b>Note:</b> All credit amounts in this field print with a trailing "-". Zero amounts do not print</p>
Item 14	NRPS Primary Selection Key, Manual Intervention Codes, Sub-Agency Codes, or blank	<ul style="list-style-type: none"> <li>M = Math Error (TPNC) 100</li> <li>C = Centralized Authorization File (CAF) Mismatch</li> <li>B = Blind Trust</li> <li>S = Submission Processing Campus Address</li> <li>Sub-Agency Codes print as "SAG: nn" where "nn" is a two-digit Sub-Agency Number (See Document 6209 IRS Processing Codes and Information)</li> </ul>

Item Number	Title	Description
Item 15	Notice Sequence Number	This is a six-digit number preceded by a letter that indicates the Run (or Pass) number (A, B, C, or D).

- (3) IRA Notices also appear on the IMF Notice List.
- (4) The Notice List prints in the same sequence as the corresponding notices. A notice sequence number prints for each Notice List line item and provides an easily referenced number for each notice. The Notice List provides a total count of notices issued.
- (1) NRPS selects Settlement Notices and Adjustment Notices for review by analyzing data from the following sources:
- CP Notice Records** — NRPS uses this information to print a one-page overview “Quick Print” of the selected notice for the review.
  - Entity and Tax Modules** — NRPS uses the Transcript Request System (TRS) to obtain data. Enterprise Computing Center - Martinsburg (ECC-MTB) and Enterprise Computing Center - Memphis (ECC-MEM) send this information to each Submission Processing Campus exclusively for NRPS processing. NRPS prints this information in transcript format as part of the NRPS Package/Control D. Refer to the online NRPS Tax Module Transcript exhibit. See Exhibit 3.14.1-3
  - Return Transaction File (RTF)** — NRPS extracts RTF data records for each selectable settlement notice. NRPS Package/Control D also contain printouts of this information. Refer to the online NRPS Return Transaction File (RTF) exhibit. See Exhibit 3.14.1-4
  - Pending Transactions** — NRPS uses data from transactions that have not yet posted at the Submission Processing Campus as part of the selection criteria for certain keys. With CADE 2 daily processing, there is a decrease in pending transactions. Certain transactions post daily and the IDRS/Taxpayer Information File (TIF) update accelerates one week.

Pending Transaction Sources	Possible Pending Transactions
ECC Re sequence File	Adjustments (TC 29x/30x)
Unidentified Remittance Files (URF)	Extensions (TC 460)
Tape Edit Processing (TEP) (Pipeline and Corrected Unpostable files)	Merge Transactions (TCs 001, 011, and 04x)
Generalized Unpostable Framework (GUF) and Current Cycle ECC Unpostable Files	Credit Transfers (Doc Code 24, 34, 48, or 58 transactions)
Excess Collection File (XSF)	Credit Transfers (Doc Code 24, 34, 48, or 58 transactions)

3.14.1.3  
(01-01-2017)  
**The Notice Review  
Processing System  
(NRPS)**

Pending Transaction Sources	Possible Pending Transactions
Generalized Mainline Framework (GMF) Error File	All other significant (non-zero) transactions
Block Out of Balance (BOB) File	All other significant (non-zero) transactions
Reject File	Payments (TC 610 or TC 670)

3.14.1.3.1  
(01-01-2025)  
**Notice Selection  
Process**

- (1) NRPS uses sets of criteria called Selection Keys in the selection process. The Selection Keys with similar criteria are grouped within a category that NRPS uses for prioritizing the selection order. Refer to the NRPS Selection Keys table below. The following is a list of categories in selection priority:

- **CATEGORY A** — Special Priority
- **CATEGORY B** — High Priority Local Selection
- **CATEGORY C** — Special Handling Required
- **CATEGORY D** — ES Discrepancy
- **CATEGORY E** — Pending/Posted Analysis
- **CATEGORY F** — Taxpayer Notice Code (Math Error) Notices
- **CATEGORY G** — Adjustment Notices
- **CATEGORY H** — Condition Analysis
- **CATEGORY J** — Low Priority Local Selection
- **CATEGORY K** — Miscellaneous

**Group Definitions**

Group	Definition
A	Multiple TPNCs
B	Prior Year TPNCs
C	Filing Status TPNCs
D	Standard Deduction TPNCs
E	Schedule A TPNCs
F	Schedule D TPNCs
G	Alternative Minimum Tax TPNCs
H	Dependents with unearned income TPNCs
I	Schedules C, E, F, and J TPNCs
J	Earned Income Credit TPNCs
K	Income TPNCs
L	International TPNCs
M	Form W-2 TPNCs
N	Child Tax Credit TPNCs
O	Adjustments to Income TPNCs

Group	Definition
P	Payments and Credits TPNCs
Q	Rejects TPNCs
R	Schedule SE TPNCs
S	Schedule H TPNCs
T	Educator Expense/Tuition and Fees Deduction TPNCs
U	Exemptions TPNCs
V	Taxes TPNCs
W	Other Credits TPNCs
X	Elderly/Disabled Credit TPNCs
Y	Child and Dependent Care TPNCs
Z	Exemptions/Standard Deduction TPNCs

#### NRPS Selection Key Description

Key	NRPS Selection Key Description	Category
001	Overpaid notice for \$100,000 or more. See IRM 3.14.1.6.17.1, Overpayment Notices of \$100,000 or More,	C
002	Balance due notice issued and a current cycle refund in another tax period	C
003	Overpaid adjustment notice for \$100,000 or more. See IRM 3.14.1.6.17.2, Overpayment Adjustment Notices of \$100,000 or More	C
004	ES payments displayed on taxpayer copy incomplete or out of balance with tax data. See IRM 3.14.1.6.17.3, Key 004 ES Discrepancy Notice with Incomplete or Out of Balance Payment Data	C
008	Balance due notice for \$100,000 or more. See IRM 3.14.1.6.17.4, Balance Due Notices of \$100,000 or More	C
009	Balance due adjustment notice for \$100,000 or more. See IRM 3.14.1.6.17.5, Balance Due Adjustment Notices of \$100,000 or More	C
010	Pre-199612 tax year with EIC TPNC. See IRM 3.14.1.6.17.6, Dependent TIN TPNC Assigned to Pre-199612 Return	
012	Notice is CP 14I, 21I, or CP 22I	A

Key	NRPS Selection Key Description	Category
013	Notices in which the return has a Form 8962.	
014	Notices in which the return has a Form 8941 with significant amounts in ACA fields.	
015	Select CPs which have significant amounts in the self-assess 5000A penalty or offset to MFT 35.	
020	Select if CP 23, 24, or 25 is either Estimated Tax Credit or Form 4868 payment is equal to Form 8885 Health Coverage Credit amount.	D
021	Withholding claimed on return equals posted ES payments	D
023	One ES payment in the notice was not claimed on the return	D
025	ES credit claimed on the return, but no ES payments are posted in the notice module	D
026	Verify payments received more than two months after period end are not for the subsequent year	D
027	Verify inconsistent payment in the notice module	D
028	ES credit posted, but no ES credit was claimed on the return	D
029	ES payment posted differs by 10 percent or more of ES credits claimed by taxpayer	D
030	ES credit claimed less than ES credits posted equals credit balance in another tax period	D
031	ES credit claimed less than ES credits posted equals one to four pending/posted payments	D
032	ES credit claimed equals one to four pending/posted payments including notice period	D
033	Refund over \$1,000 with a \$200 or more difference between overpay claimed and allowed	D
034	Pending spouse offset — Check spouse's account, prevent refund from generating refund/spouse notice, transfer credit	D
035	Tax per taxpayer and tax per computer differ by \$2,000 or more — Overpayment notice	H
036	Tax per taxpayer and tax per computer differ by \$2,000 or more — Balance due notice	H
037	Select if TPNC 101 or 108 is present and filing status is not 1	H

Key	NRPS Selection Key Description	Category
038	Prior year credit elect/current year refund. Verify taxpayer intentions in current year	H
039	Select if TPNCs 121 and 158 are both present	H
040	ES Penalty posted differs from Form 2210 ES Penalty amount, no computer condition code (CCC) "P" — Check Form 2210	H
050	Section 965 - RPC F Indicator detected	A
051	Section 965 - DPC 64 Payment Detected	A
054	Form 1040 or Form 1040A with TPNC 141 and total income per computer minus total income per taxpayer equals either Gross IRA Distribution or Gross Pension Annuity.	H
055	TPNC 190 is only TPNC present.	H
057	Overpaid \$100,000 or more — current cycle adjustment	C
059	TPNC 209 is present and either Qualified Taxable Dividends or Schedule D Profit/Loss is significant amount.	H
060	Math error notice for tax period 3 or more years prior to current year See IRM 3.14.1.6.17.7,	F
061	Multiple math error explanations See IRM 3.14.1.6.17.8,	F
062	TPNC 211 is present and Qualified Taxable Dividends is greater than Taxable Dividends.	H
063	TPNC is 217 Tentative Tax per Taxpayer is zero or Taxable Income per Computer is greater than zero.	H
064	TPNC 284, 285, 286, 287, 288, 289, 290, 291, 292, or 293 and the control DLN has an ELF FLC.	H
065	Schedule H filed without a return (loose Schedule H) See IRM 3.14.1.6.17.9,	K
066	TPNC is 285 or 287 and Control DLN does not have ELF FLC and Combined Schedule C, E, or F is not zero.	H
067	TPNC is 291 and Schedule D Profit/Loss or Schedule E Profit/Loss is significant.	H
068	TPNC is 547 and tax period is not 200312.	H
069	TPNC is 530,531, 532, 533, 534, or 535 and tax period is not 200112.	H

Key	NRPS Selection Key Description	Category
070	Balance due notice issued and a refund was intercepted for another tax period	E
071	TPNC is 604 and a Dependent TIN is invalid.	H
072	Balance due notice issued and a matching credit transaction is pending	E
073	Notice issued and a money transaction is pending	E
074	Notice issued and an account merge transaction is pending. See IRM 3.14.1.6.17.10	E
075	Notice issued and a matching credit transfer transaction is pending.	E
076	Balance due notice issued and credit is available for possible offset	E
077	CP 14 or CP 60 (FS = 3) issued and credit is available in another tax period	E
078	Delinquency penalty assessed, but extension of time to file (TC 460) pending	E
079	TPNC is 218 and Tentative Tax per Taxpayer is zero.	H
080	CP 21 or CP 22 for 1993 and Reason Code 23	H
081	CP 21 or CP 22 for Tax Year 93 and Reason Code 023	G
083	Adjustment notice issued and the credit is refunding	G
085	Requested by another area outside Notice Review	B
086	Requested by Notice Review	B
087	Requested by Notice Review	B
088	Requested by Notice Review	B
089	Requested by Notice Review	B
090	SSN — Requested by Notice Review	B
091	ERS DLN — Requested by Notice Review. See IRM 3.14.1.6.17.11 , Key 091 — Selection Requested by Error Resolution (ERS)	B
092	Local Selection — CP Requested by Notice Review	J
093	Money amount range — Requested by Notice Review	B

Key	NRPS Selection Key Description	Category
094	Notice matches the requested Partial or Full DLN (match on the significant digits only)	B
095	CP number/Penalty code — Requested by Notice Review	B
096	Adjustment reason code — Requested by Notice Review	B
097	ZIP Code — Requested by Notice Review	B
098	SSN/tax period — Requested by Notice Review	B
099	Requested by Notice Review	B
100	TPNC explanations not computer-generated. See IRM 3.14.1.6.17.12, Key 100 — Non-Standard TPNC Explanations Not Computer Generated	A
101	Tax computed based on a single taxpayer rate	F
102	Tax computed based on married filing joint rate	F
103	Tax computed based on married filing separate rate	F
104	Tax computed based on head of household	F
105	Tax computed based on qualifying surviving spouse rate	F
106	Tax computed using married joint rate - year of Qualifying surviving spouse death	F
108	Tax computed based on single rate, dependent name missing	F
109	We changed your filing status. We refigured your tax using the Married Filing Separately filing status because you can't claim your spouse as a dependent when using single or head of household filing status.	F
110	We changed your filing status to single - claimed as dependent on other return	F
111	Converted to Form 1040	F
112	We adjusted your tax return, allowing only the income and withholding for the taxpayers listed on page 1 of the return, and excluding all other income and withholding. The other persons must file their own tax return to report their income and withholding.	F
113	Welfare payments, workers compensation, etc., shown as income	F



Key	NRPS Selection Key Description	Category
114	Income from Form W-2 and/or Form 1099 not included in income section	F
115	Total adjusted to include tips from Form 4137	F
116	Total interest income transferred incorrectly to page 1	F
117	Excludable Savings Bond interest disallowed — Married Filing Separately (FS3)	F
118	We adjusted your return by removing the amount of alimony received on Schedule 1. Alimony received should not be included as additional income when the date of divorce or separation agreement is after December 31, 2018.	F
119	Schedule B- Schedule 1 ordinary dividends — computation and/or transfer error	F
120	Error made on state income tax payments	F
121	Schedule C/C-EZ computation and/or transfer error	F
122	Schedule D — computation and/or transfer error limited to \$3,000/\$1,500 Married Filing Separately [FS3]	F
123	Capital loss carryover from Form 4797 transferred incorrectly to income section	F
124	We changed the amount of total wages reported on line 1z of your return because you miscalculated the total of lines 1a through 1h, or made an error transferring the amount from one or more of your supporting forms.	F
125	Unemployment compensation repaid must be on Schedule A subject to 2 percent limitation	F
126	Schedule E computation and/or transfer error	F
127	Schedule F computation and/or transfer error	F
128	Schedules C, E, or F adjusted based on Form 6198 or Form 8582 limitation	F
129	We disallowed the negative amount for unemployment compensation	F
130	Social Security Benefits repaid must be on Schedule A subject to 2 percent limitation	F
131	Error computing taxable amount of Social Security benefits	F
132	We adjusted your Social Security benefits — negative amount claimed	F

Key	NRPS Selection Key Description	Category
133	Gambling losses disallowed, deduction must be reported on Schedule A	F
134	Disallowed child's income from Form 8814, because income greater than maximum allowed for tax year	F
135	United States Department of Agriculture (USDA) Settlement Income moved from Form 1040, line 21 to Schedule F, line 10	F
136	Total income adjusted to include business property loss from Form 4684	F
138	Total income adjusted to include employer-provided dependent care benefits	F
141	Error adding income amounts on page 1	F
142	Educator expenses adjusted — claimed more than the amount allowed for filing status	F
143	Disallowed Tuition and Fees Deduction — already claimed Education Credit	F
144	Tuition and Fees Form 8917 computation error	F
145	We didn't allow the tuition and fees deduction on your return. This deduction is not allowed for the tax year.	F
147	Disallowed IRA deduction — exceeded maximum amount	F
148	Modified AGI exceeds limitation for figuring IRA deduction	F
149	We disallowed your deduction for an IRA contribution	F
151	Disallowed student loan interest deduction — Married Filing Separately or AGI exceeds maximum amount	F
152	Changed student loan interest deduction — computation error	F
153	Health Savings Account — Error computing deduction and/or transferring to page 1	F
154	Tuition and fees deduction disallowed — Married Filing Separately, AGI exceeds limitation, or dependent on another return	F
155	We didn't allow the deduction for self-employed qualified retirement plan. Your return shows no self-employment or partnership income and doesn't demonstrate that you're eligible for this deduction.	F

Key	NRPS Selection Key Description	Category
156	We didn't allow the negative amount of taxable refunds, credits, or offsets of state and local income taxes on Schedule 1. You need to claim state and local income tax payments as an itemized deduction on Schedule A, Itemized Deductions.	F
157	Changed Archer MSA deduction Form 8853 — exceeded allowable amount	F
158	Error was made in figuring your deduction for SE Tax	F
159	SE Tax deduction disallowed — use Form 4137	F
160	SE Tax deduction disallowed — no SE Tax reported	F
161	Adjustment for tax deferred savings plan disallowed — wages on Form W-2 already reflect any adjustments	F
162	Amount of tax on page 2 changes — error figuring or transferring part III, Form 8889	F
163	We didn't allow the adjustment to income for alimony paid on Schedule 1. You can't take a deduction for alimony paid because the date of divorce or separation agreement is after December 31, 2018.	F
164	Disallowed alimony paid to spouse claimed as exemption	F
165	Disallowed combat pay excluded from taxable income	F
166	Employee business expenses must be claimed as an itemized deduction	F
167	Disallowed Qualified Performing Artist (QPA) expenses	F
168	We changed the amount claimed for Charitable Contribution Deduction as an Adjustments to Income on your tax return. You must itemize deductions to claim more than the allowable amount in charitable contributions. If itemized deductions have been claimed Charitable Contribution Deductions have been moved to Schedule A and return adjusted accordingly.	F
169	Disallowed jury pay deduction — not included in income	F

Key	NRPS Selection Key Description	Category
170	Changed amount of ordinary dividends on page 1 — cannot be less than amount of qualified dividends	F
171	Disallowed health savings account deduction — missing or incomplete Form 8889	F
172	Disallowed Archer MSA amount on page 1 — missing or incomplete Form 8853	F
173	We changed the total income on your tax return. You miscalculated Part III of Form 8889, Health Savings Accounts (HSAs), or didn't include the income on your return.	F
174	Error in computing adjustments to income on page 1	F
175	Error computing adjusted gross income page 1	F
176	AGI transferred from page 1 to page 2 incorrectly	F
177	Error computing medical/dental expenses on Schedule A	F
178	Error computing taxes paid on Schedule A	F
179	Error computing interest expenses on Schedule A	F
180	Error computing contributions on Schedule A or exceeds 1/2 AGI	F
181	Changed total gifts to charity on Schedule A — missing Form 8283 because one or more of following was incomplete or not attached to the return:	F
182	Changed casualties and theft losses on Schedule A — Form 4684 computation or transfer error to Schedule A	F
183	Error computing total miscellaneous expenses on Schedule A	F
184	Gambling losses exceeding winnings were disallowed	F
185	Schedule A — Other miscellaneous deductions adjusted due to two percent limitation	F
186	Limitation on itemized deductions due to AGI	F
187	Schedule A — Error computing total itemized deductions and/or transferring to page 2	F
188	We made adjustments to taxable income based on your filing status	F

Key	NRPS Selection Key Description	Category
189	We used your itemized deduction instead of standard deduction	F
190	Standard deduction used in lieu of itemized due to other changes	F
191	Error computing the allowable deduction for dependent on another return	F
192	Error computing additional standard deduction for blindness or over 65	F
193	Zero not entered on Form 1040 when deductions not itemized — Married Filing Separately	F
194	Error entering standard deduction — amount not entered or amount not correct for Filing Status	F
195	Changed total exemption amount — taxpayer claimed as dependent on other return	F
196	Claim for both standard and itemized deductions disallowed	F
197	Tax recomputed — Taxpayer claimed as dependent on another person's return	F
198	We changed the standard deduction amount on your return. You indicated another person claimed you, your spouse, or both on their tax return. You can't be claimed on another person's tax return if your filing status is married filing jointly and you have a tax liability.	F
199	Error made subtracting deductions from adjusted gross income	F
200	Error computing exemptions amount	F
201	Incorrect limitations on exemptions due to AGI	F
202	Taxpayer claimed as a dependent on another return	F
203	We applied your exemption — Married Filing Jointly (FS2) with tax liability	F
204	Filing status code not compatible with claimed spouse	F
205	We did not allow your personal exemption — Invalid or missing TIN	F
206	Spouse's exemption disallowed — Invalid or missing TIN	F
207	Gambling loss greater than standard deduction - subject to Schedule A, two percent limitation	F

Key	NRPS Selection Key Description	Category
208	Error computing taxable income amount	F
209	Tax entered incorrectly from tax table or tax rate schedules	F
210	We refigured your tax return using the correct amounts for the standard deduction, exemption amount, tax, etc., because the amounts you used are for an incorrect tax year.	F
211	Tax recomputed using worksheet or maximum capital gains rates	F
212	Schedule J computation and/or transfer error	F
214	Form 8615 transfer error	F
215	Investment income less than minimum amount, Form 8615 not required	F
216	We changed the amount of income and/or tax on your return because there was an error on your Form 8814 — Error figuring Part I and/or transferring that amount to page 1	F
217	Error figuring tax — Tax adjusted to zero	F
218	IRS figured the tax	F
219	Error computing tax plus additional tax on Form 1040	F
220	It appears you owe tax based on the filing of Form 8615 We have determined your tax by using the Tax Rate Schedules, which reflects the minimum amount of tax assessed to you.	F
221	We recomputed tax liability by deleting taxes paid on Form 8615	F
222	Error figuring or transferring tax on lump sum distribution on Form 4972	F
225	Schedule J not used in Form 6251 computation	F
226	Error on Form 6251 computing alternative minimum taxable income	F
227	Form 6251— Error figuring tentative minimum tax	F
229	Form 6251— Computation error due to presence of Form 8844	F
230	Error adding Alternative Minimum Tax to Form 1040 tentative tax	F
231	Foreign tax credit limited due to Form 6251	F
232	Form 2441 computation and/or transfer error	F

Key	NRPS Selection Key Description	Category
233	Child Care Credit disallowed — No earned income shown for taxpayer or spouse	F
234	Child Care Credit disallowed — No provider TIN	F
235	Child Care Credit disallowed — Child on Form 2441 has missing SSN	F
236	Form 2441— Prior year expenses disallowed	F
237	Form 2441 — Part III computation and/or transfer error	F
238	Child Care Credit disallowed — Spouse or dependent cannot be provider	F
239	Child Care Credit disallowed — married filing separately	F
240	Schedule R computation and/or transfer error	F
241	IRS figured credit for elderly/disabled using Schedule R	F
242	Disallowed education credits — Student TIN missing/invalid, Filing Status is Married Filing Separately (FS3), AGI exceeded maximum for Filing Status, or student not claimed as exemption	F
243	Form 8863 computation and/or transfer error	F
244	We didn't allow the amount claimed as credit for child and dependent care expenses on your tax return. For one or more of the care providers listed on Form 2441, Child and Dependent Care Expenses: -The identifying number matches the Social Security number or individual taxpayer identification number for your spouse or a dependent. -The last name doesn't match our records or the records provided by the Social Security Administration.	F
245	We didn't allow all or part of the credit claimed on Form 2441, Child and Dependent Care Expenses. We show one or more of the qualifying persons was over age 12, but you didn't mark the box on Form 2441, line 2(c), to indicate they were disabled.	F
246	Retirement savings contribution credit disallowed — Age disqualification	F
247	Form 8880 computation and/or transfer error	F

Key	NRPS Selection Key Description	Category
248	We adjusted the tax on your tax return because you either calculated or transferred the amount incorrectly from Part I of Schedule 2, Additional Taxes.	F
249	Changed Child Credit-Page 1 missing total Dependents	F
250	Disallow Child Tax Credit-Age Exceeded or Missing SSN	F
251	Child Tax Credit and/or Additional Child Tax Credit reduced/removed — Age requirement not met	F
252	Child Tax Credit and/or Additional Child Tax Credit reduced/removed — No amount entered or amount incorrect based on boxes checked	F
253	Error computing Mortgage Interest/Adoption/DC Home Credit	F
254	Error computing Credit for Qualified Adoption Expenses on Form 8839 or transfer to return page 2 error	F
255	Disallowed Adoption Credit – Form 8839 incomplete or missing	F
257	Disallowed Mortgage Interest Credit – Mortgage interest paid should be on Schedule A	F
260	We changed the amount claimed as other credits on your tax return because there was an error on Form 3800 Form 8826 and/or Form 8881 computation and/or transfer error	F
261	We changed the amount claimed on your return from Form 8801, Credit for Prior Year Minimum Tax, because you miscalculated the credit or made an error transferring that amount to your return.	F
263	The write-in credit you claimed isn't an allowable credit. We removed this credit and adjusted your return accordingly.	F
264	Recomputed total credits – addition in error	F
265	Recomputed tax minus total credits – subtraction error	F
266	Changed total credits (return page 2) – credit not limited to tax minus Alternative Minimum Tax Form 6251	F
267	Credit limited by Alternative Minimum Tax per Form 6251	F



Key	NRPS Selection Key Description	Category
268	Schedule SE computation and/or transfer error	F
269	Schedule SE adjusted to reflect true net earnings before multiplying by .9235	F
270	Error transferring net farm profit from Schedule F to Schedule SE	F
271	Error transferring net profit/loss from Schedule C to Schedule SE	F
272	Optional method on Schedule SE disallowed — Not qualified	F
273	No Self-Employment Tax if SE Income is less than \$434.00	F
274	Changed SS/MED tax on unreported tip income – computation Form 4137 or transfer to return page 2 error	F
275	Error transferring IRA tax from Form 5329 to Form 1040	F
276	We changed the amount claimed as Additional Tax from Schedule 8812 on your tax return because there was an error on Schedule 8812, Credits for Qualifying Children and Other Dependents.	F
277	Error computing federal unemployment tax part of Schedule H	F
278	Schedule H — Error figuring or totaling taxes	F
279	Deleted household employment taxes – cash wages (Schedule H) not enough to owe SS/MED taxes	F
280	Schedule H computation and/or transfer error	F
281	Total tax adjusted to exclude Form 8697 refundable interest – form should be filed separately	F
282	Error computing total tax on Page 2	F
283	Total tax withheld does not agree with Form W-2 or other documents	F
284	Earned Income Credit computed by IRS	F
285	Error computing earned income credit on Form 1040	F
286	Disallowed EIC – FS is married separate	F
287	EIC disallowed due to maximum AGI	F
288	EIC disallowed due to lack of earned income	F

Key	NRPS Selection Key Description	Category
290	EIC not allowed — Taxpayer claimed as dependent on another return	F
291	Disallowed EIC – investment income exceeds amt allowed for credit	F
292	IRS figured EIC — Taxpayer may be eligible for larger EIC	F
293	EIC disallowed — Taxpayer younger than 25 or 65 older	F
294	Excess Social Security or RRTA tax entered incorrectly	F
295	We didn't allow the amount claimed as a write-in credit on the total payments line. This credit isn't applicable to this tax year.	F
296	We changed the amount claimed as credit for federal tax on fuels Form 4136 computation and/or transfer error	F
297	Error computing total payments	F
298	Deleted state income taxes from federal taxes – IRS does not collect state taxes	F
299	Error computing balance due or overpayment amount	F
501	Changed AGI-Missing Schedule 1	F
502	Changed Non Refund Credits- Missing Schedule 3	F
503	Credits-No Reply Schedule 3	F
504	Payments-No Reply Schedule 3	F
505	Changed total payments-Missing Schedule 5	F
507	Disallow other payments claimed on page 2 – missing form	F
508	We didn't allow the amount claimed as a Schedule D carryover loss on your tax return. You must file a Schedule D to claim a carryover loss from a prior year.	F
513	We didn't allow the amount claimed as Foreign Tax Credit on page 2	F
514	We didn't allow the amount claimed as other credits on your Form 1040 because Form 8912, Credit to Holders of Tax Credit Bonds, was incomplete or not attached to your tax return.	F

Key	NRPS Selection Key Description	Category
515	We didn't allow the amount claimed as other credits on your Form 1040 because Form 8978, Partner's Additional Reporting Year Tax, was incomplete or not attached to your tax return.	F
516	We didn't allow the amount claimed as other credits on your Form 1040 because Form 8844, Empowerment Zone Employment Credit, was incomplete or not attached to your tax return.	F
517	We didn't allow the amount claimed as other credits on your Form 1040 because Form 8860, Qualified Zone Academy Bond Credit, was incomplete or not attached to your tax return.	F
518	We didn't allow the amount claimed as other credits on your Form 1040 because Form 1118, Foreign Tax Credit - Corporations, was incomplete or not attached to your tax return.	F
520	We didn't allow the amount claimed as other credits on your return because you didn't submit any form to substantiate the amount.	F
521	Disallowed Residential Energy Credit – missing or incomplete Form 5695	F
522	We changed the amount claimed as alternative motor vehicle credit on page 2 of your tax return because there was an error on Form 8910, Alternative Motor Vehicle Credit.	F
523	We changed the amount claimed as qualified plug-in electric drive motor vehicle credit on page 2- error on Form 8936	F
524	We changed the amount claimed as qualified plug-in electric drive motor vehicle credit on page 2- error on Form 8834	F
525	We didn't allow all or part of the credit on Form 8910, Alternative Motor Vehicle Credit. One or more of the vehicles listed on Form 8910, Part I, doesn't qualify for the credit.	F
528	We changed the amount claimed as qualified electric vehicle credit on Form 3800. You figured Form 8834 incorrectly.	F
530	We changed the amount of total tax on your return because we didn't allow the reduction of Section 965, Treatment of deferred foreign income upon transition to participation exemption system of taxation, tax amount from total tax.	F

Key	NRPS Selection Key Description	Category
531	We didn't allow the reduced tax amount reported on your tax return because you didn't respond to our request for a completed Section 965 Transition Tax Statement. We refigured your tax amount using the tax table, tax rate schedules, or capital gains tax computation.	F
539	Changed EIC or Additional Child Tax Credit – prior year earned income not used in both computations	F
540	Earned income credit disallowed, Form 1040 indicates not qualified	F
541	No Reply Qualified Business Income Deduction	F
550	Disallowed Loss on Schedule C, E or F —Form 6198 not filed	F
551	Moving expenses disallowed —Form 3903 missing or incomplete	F
552	Casualty/theft disallowed, Form 4684 missing or incomplete	F
553	Disallow employee business expense — Form 2106 incomplete or missing	F
554	Standard deduction used since Schedule A was missing/incomplete	F
555	Substituted additional standard deduction for itemized deduction—lowers tax	F
556	The Residential Energy Credit in Part II of Form 5695 is limited to \$500 for an eligible property.	F
557	Disallow the deduction amount for domestic production activities on page 1 of your tax return.	F
558	Tax adjusted based on information received	F
559	Recomputed tax at maximum rate -parents taxable income not provided on Form 8615	F
560	Changed computations for long term gains to short term —Schedule D not attached	F
561	Exceeded limit for residential energy credit on Form 5695	F
562	Child Care Credit disallowed — Number of months for students, disabled, or looking for work missing	F
563	Child Care Credit disallowed, Form 2441 or Schedule 1 missing or incomplete	F

Key	NRPS Selection Key Description	Category
564	We changed the amount claimed as Refundable Child and Dependent Care Benefits because Form 2441, Child and Dependent Care Expenses, was required but incomplete or not attached to your tax return.	F
565	Elderly/Disabled Credit disallowed — Schedule R or Schedule 3 missing or incomplete	F
567	Disallowed Residential Energy Credit — missing or incomplete Form 5695	F
568	We cannot allow your Hope and/or Lifetime Learning Credit — Form 8863 incomplete or not attached	F
569	Retirement Savings Contribution Credit disallowed — Form 8880 missing or incomplete	F
570	We didn't allow the amount claimed as credit for prior year minimum tax — missing or incomplete Form 8801 Form 8801	F
572	Disallowed/Limited residential energy credit — limited to amount of tentative tax liability	F
573	DC Home buyer credit disallowed — Form 8859 Form 8859 incomplete or not attached	F
575	We didn't allow the amount claimed as other credits Disallowed other (general business) credit — Form 3800 ,Form 3468 ,Form 8910 missing/incomplete	F
579	We didn't allow the amount claimed on Schedule 3 for qualified sick and family leave credits because Schedule H or Form 7202 was incomplete or not attached to your tax return.	F
580	SE Tax not computed by taxpayer — IRS computed (EIC related)	F
582	Form W-2(s) missing, cannot verify tax withheld amount	F
584	Denied claim for refund American Opportunity Credit — missing or incomplete Form 8863	F
585	EIC disallowed — Schedule EIC incomplete or missing	F
586	Changed EIC —Form W-2 and wages claimed don't match	F
588	Adjusted tax on unemployment compensation	F
589	Disallowed new motor vehicle taxes Schedule A — cannot claim with sales tax	F

Key	NRPS Selection Key Description	Category
590	Excess Social Security or RRTA tax withheld disallowed, Form W-2 missing	F
591	We didn't allow the amount claimed as Refundable Child Tax Credit on your tax return because Schedule 8812, Credits for Qualifying Children and Other Dependents, was required but incomplete or not attached to your tax return.	F
592	We cannot allow your Additional Child Tax Credit — Schedule 8812 incomplete or not attached	F
593	Disallowed Additional standard deduction for Real Estate Taxes — Schedule A present	F
594	Health Coverage Tax Credit disallowed — Not eligible per IRS records	F
595	Regulated Investment Company Credit disallowed, Form 2439 missing/incomplete	F
596	Changed Credit for Federal Tax paid on oils/fuels — Form 4136 missing/incomplete	F
597	Disallowed tuition and fees credit — Form 8917 missing	F
598	Change exemption — Form 8332 - Divorce decree missing/incomplete	F
601	We changed the amount claimed on Schedule 3 as Deferral of taxes from Schedule H or Schedule SE because the amount cannot exceed maximum amounts of deferred taxes reported on Schedule H and/or Schedule SE. We made this change because of one of the following:	F
602	We didn't allow the other payments and refundable credits amount because the supporting form was incomplete or not attached to your tax return.	F
605	Invalid dependent SSN/ITIN	F
606	Exemption disallowed for dependent born after end of tax year	F
607	Primary Exemption disallowed — Taxpayer deceased prior to tax period	F
608	Secondary Exemption disallowed — Taxpayer deceased prior to tax period	F
609	Changed return — SS records show dependent(s) deceased	F

Key	NRPS Selection Key Description	Category
610	Disallowed Dependent Exemption — born and died with no proof	F
614	Changed amount of SSN and Medicare Tax on Wages — error on Form 8919	F
615	Qualified Business Income Deduction- We changed the amount claimed because there was an error in the computation.	F
617	We didn't allow the amount claimed as Earned Income Credit on your tax return. You or your spouse must be at least age 19 on December 31st of the tax year for which the return is being filed or at least 18 and checked the box on line 27, Form 1040.	F
618	We didn't allow the amount claimed as Earned Income Credit (EIC) on your tax return. You're not eligible to claim EIC because your filing status is Married Filing Separately and you did not check the box to indicate you meet the requirements to claim Earned Income Credit when your filing status is married filing separate.	F
621	We changed the amount claimed as Refundable Child Tax Credit on your tax return because there was an error on Schedule 8812, Credits for Qualifying Children and Other Dependents.	F
623	We can't allow your Refundable Child Tax Credit. According to information on Schedule 8812, Credits for Qualifying Children and Other Dependents, you did not maintain a home in the United States for 6 months or more or were not a bona fide resident of Puerto Rico. We have changed your return accordingly.	F
624	We didn't allow all or part of the Refundable Child Tax Credit claimed on your return. One or more of the dependents listed on your return exceeds the age limit to be a qualifying child, or the child's Social Security number (SSN) was missing. If you claimed the Additional Child Tax Credit, it may also be affected. The age and SSN requirements don't apply when claiming the credit for other dependents. We changed the credit amount to include this credit.	F
628	We changed the amount claimed as Child Tax Credit and/or Additional Child Tax Credit on your Form 1040	F

Key	NRPS Selection Key Description	Category
630	We can't allow your Refundable Child Dependent Care Benefits. According to information on Form 2441, Child and Dependent Care Expenses, you did not maintain a home in the United States for 6 months or more. We have changed your return accordingly.	F
631	We changed the amount claimed as Refundable Child Dependent Care Benefits on your tax return because there was an error on Form 2441, Child and Dependent Care Expenses.	F
633	We included the amount of capital gain distributions from Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains. You should report these distributions on Schedule D or as a capital gain on your tax return.	F
642	We didn't allow your personal exemption on your tax return because your individual taxpayer identification number (ITIN) is inactive. Each exemption on your tax return must have an active ITIN or other valid taxpayer identification number (TIN).	F
643	We didn't allow your spouse's personal exemption on your tax return because your spouse's individual taxpayer identification number (ITIN) is inactive. Each exemption on your tax return must have an active ITIN or other valid taxpayer identification number (TIN).	F
644	Each exemption on your tax return must have an active individual taxpayer identification number (ITIN) or other valid taxpayer identification number (TIN). The ITIN for one or more of your dependents is inactive. As a result, we didn't allow those exemptions on page 2 of your tax return.	F
645	We didn't allow some or all of the education credits you reported on Form 8863, Education Credits (American Opportunity and Lifetime Learning Credits), and claimed on lines 50 and 68 of your Form 1040 because one or more students listed on the form has an inactive individual taxpayer identification number (ITIN).	F
646	We didn't allow some or all of the amount you claimed as credit for child and dependent care expenses on page 2 of your tax return because the individual taxpayer identification number (ITIN) for one or more qualifying persons is inactive.	F



Key	NRPS Selection Key Description	Category
647	Disallowed qualified mortgage insurance premiums on SCH A — AGI limit exceeded	F
648	According to our records an installment payment is due for the First-Time Home buyer Credit received with your 2008 tax return.	F
649	Changed amount of First Time Home buyer Credit repayment — error on Form 5405 or transferred payment incorrectly.	F
650	Deceased taxpayer not eligible for income exclusion	F
653	EIC not allowed — No Form 8862	F
668	For tax year 2014, you must submit Form 8885, Health Coverage Tax Credit, using Form 1040-X, Amended U.S. Individual Tax Return. We removed Form 8885 and the amount from your return. We're returning the form and any supporting documentation you submitted. To claim the credit, submit Form 1040-X, Form 8885, and your supporting documentation. You can get Form 1040-X by visiting IRS.gov/forms or calling 800-TAX FORM (800-829-3676).	F
669	Form 8885 credit reduced or removed — Not eligible and/or line 2 support not attached to return or the amount shown on line 2, Form 8885 is from Form W-2 box 12.	F
670	We reduced the deduction for self-employed health insurance by the payments you reported on line 4 of Form 8885 or the Health Coverage Tax Credit you figured on line 5 of Form 8885. You must exclude payments eligible for the Health Coverage Tax Credit from the calculation of the deduction.	F
671	We didn't allow the credit claimed from Form 8885, Health Coverage Tax Credit, because the credit isn't available for the tax year.	F
672	Disallow Education Credit-Error on Form 8863	F
677	Disallow Refundable Education Credit — TP does not meet AGI requirements	F
678	Changed refundable Education Credit — Error on Form 8863	F

Key	NRPS Selection Key Description	Category
681	We changed the amount claimed as Recovery Rebate credit on your tax return. Information on your return indicates that either you or your spouse is claimed as a dependent on another person's tax return.	F
682	We changed the amount claimed as Recovery Rebate credit on your tax return. You or your spouse's Social Security number was either missing or incomplete.	F
683	We changed the amount claimed as Recovery Rebate credit on your tax return. One or more qualifying dependents Social Security number was missing or incomplete.	F
693	Disallow credit on Line 71, Form 1040	F
694	We didn't allow all or part of the credit claimed from Form 8936, Qualified Plug-in Electric Drive Motor Vehicle Credit, on Form 1040. To qualify for the credit, your vehicle must have been placed in service during the tax year of the return.	F
695	We didn't allow all or part of the credit claimed from Form 8910, Alternative Motor Vehicle Credit, on Form 1040. To qualify for the credit, your vehicle must have been placed in service during the tax year of the return.	F
701	We did not allow your EIC or your spouse's exemption — Invalid/missing secondary SSN	F
702	We did not allow your EIC — Primary or secondary TIN issued by IRS	F
704	Missing SSN or ITIN -Disallowed certain credits	F
705	Dependent SSN required-Disallowed certain credits	F
706	SSN does not match SSA	F
707	Missing deceased dependent SSN	F
708	Disallow dependent born after tax year- May change certain credits	F
709	ITIN has expired-Disallowed certain credits	F
710	ITIN for one or more dependents expired-Disallowed certain credits	F
711	Missing ITIN-Disallowed certain credits	F
730	Changed Itemized Deductions-State/Local taxes exceeds filing status	F

Key	NRPS Selection Key Description	Category
731	Changed TXI amount-Math error from AGI	F
732	Changed other Taxes-Math error on Schedule 4, transferring the total amount to Form 1040	F
733	Changed Refundable Credits-Math error Line 17	F
734	Tax Computation-We changed the amount reported as other taxes on your tax return because you made an error in totaling the taxes on Schedule 2, Additional taxes, or transferring the amount to your tax return.	F
735	Black Farmer Litigation Settlement Payment (or Keepseagle v. Vilsack Payment or Hispanic and Women Farmers and Ranchers) is subject to self-employment tax when currently engaged in farming. We adjusted your Schedule SE accordingly.	F
736	We didn't allow your claim for the earned income credit. We couldn't verify your age and your spouse didn't meet the age requirement.	F
737	We didn't allow your claim for the earned income credit. We couldn't verify your and your spouse's ages	F
738	We didn't allow your claim for the earned income credit. We couldn't verify your age and, therefore, couldn't determine your eligibility for the credit.	F
741	Changed EIC — SSA's birth dates(s) of qualified child(ren) show age requirement not met	F
743	EIC adjusted because of missing or invalid dependent SSN	F
745	We reduced or removed your EIC — Child has ITIN	F
748	Personal exemption and EIC disallowed — Invalid SSN	F
750	Part or all of your EIC not allowed – child(ren) did not meet age requirement	F
751	Part or all of your EIC not allowed – child(ren) did not meet relationship requirement	F
752	Part or all of your EIC not allowed – child(ren) did not live with you required time	F
753	Credit amount changed on Form 3800 – incorrect total from Form 8941	F

Key	NRPS Selection Key Description	Category
754	Credit not allowed for Small Employer Health Insurance Premium on Form 3800 and Form 8941 missing or incomplete	F
755	We didn't allow all or part of the amount claimed as credit from Form 8859 on your Form 1040 because Form 8859, Carryback of the District of Columbia First-Time Home buyer Credit, was incomplete or not attached to your tax return.	F
758	We didn't allow the amount claimed for a charitable contribution deduction. You must claim charitable contributions on Schedule A, Itemized Deductions, for the tax year of your return.	F
759	Tax return adjusted-Income or Withholding from multiple tax years	F
760	Some or all of Earned Income Credit not allowed-Statutory wages not supported	F
761	Form 2106 Employee Business Expense was incomplete or missing	F
762	ITIN issue changed family size on Form 8962	
763	Medical and Dental Amount changed on Schedule A- Wrong percentage used.	F
764	Additional Medicare Tax changed Form 8959, Error computing Part I	F
765	Additional Medicare Tax changed Form 8959 , Error computing Part II	F
766	Additional Medicare Tax changed Form 8959 , Error computing Part III	F
767	Changed the amount reported as Additional Medicare Tax Form 8859	F
768	Net Investment Tax changed-Error computing total investment income Form 8960	F
769	Net Investment Tax changed- Error computing total deductions and modifications Form 8960	F
770	Net Investment Tax changed - Error computing Part III Line 16 Form 8960 Net Investment Tax	F
771	Net Investment Tax changed - Error computing Part III Line 17 Form 8960 Net Investment Tax	F

Key	NRPS Selection Key Description	Category
772	We didn't allow the amount from Form 2106, Employee Business Expenses, you claimed on your Form 1040. For tax year 2018 and later, only armed forces reservists, qualified performing artists, fee-basis state or local government officials, or employees with impairment-related work expenses can use Form 2106.	F
776	Changed the amount of Form 8960 Net Investment Income. There was an error transferring the amount on Page 2 incorrectly.	F
777	Changed the amount of Form 8859 Additional Medicare Tax. There was an error transferring the amount on Page 2 incorrectly.	F
778	We didn't allow all or part of your claim for additional child tax credit. You didn't provide support for the statutory wages you reported or the required entry for withheld Social Security and Medicare taxes on Form 8812. We don't consider those wages in figuring the credit.	F
781	Return was adjusted/error in the amount of statutory credits return was adjusted.	F
784	Monthly contribution amount changed on Form 8962, Incorrectly calculated in Part I.	F
785	Monthly contribution amount changed on Form 8962, Incorrectly calculated in Part 5.	F
786	Total Premium Tax Credit amount changed on Form 8962. Incorrectly calculated	F
787	Advance Premium Tax Credit amount changed on Form 8962. Incorrectly calculated	F
788	Changed the amount you claimed as Net Premium Tax credit on Page 2 because there was an error on Form 8962.	F
789	Changed the amount of Advance Premium Tax Credit Repayment on Page 2 because there was an error on Form 8962.	F
790	We did not allow the Net Premium Tax Credit claimed because of your Married Filing Separate status.	F
791	We did not allow the Net Premium Tax Credit claimed because your income is greater than 400% poverty line.	F

Key	NRPS Selection Key Description	Category
792	We didn't allow the amount claimed as net premium tax credit on line 24 of Form 8962, Premium Tax Credit. You're not eligible to claim the credit because you indicated on your return that someone can claim you as a dependent.	F
793	We did not allow the Alternative Calculation for Marriage from Part 5, Form 8962.	F
794	We did not allow the Net Premium Tax Credit claimed on Line 68 of your Form 1040. Form 8962 was not attached to the return.	F
795	We changed the amounts on your Form 8962, Part II, to match the Form 1095-A record we received from the Health Insurance Marketplace. We have adjusted your return accordingly.	F
796	The American Rescue Plan Act of 2021 removed the requirement to repay any excess advance premium tax credit for tax year 2020. We adjusted your return by removing the amount of excess advance premium tax credit from it.	F
798	We changed the amounts on your Form 8962, Part II, to match the Form 1095-A record we received from the Health Insurance Marketplace. Because the American Rescue Plan Act of 2021 removed the requirement to repay any excess advance premium tax credit for tax year 2020, we adjusted your return by removing the amount of excess advance premium tax credit from it.	F
800	We did not allow the credit claimed for Small Employer Health Insurance Premiums because you did not participate in the SHOP exchange.	F
801	We did not allow the amount claimed as a write in on the front of your tax return. The write in is not an allowable adjustment to income.	F
803	We reduced the itemized deduction for medical and dental expenses on line 1 of Schedule A by the payments you reported on line 4 of Form 8885 or the Health Coverage Tax Credit you figured on line 5 of Form 8885. You must exclude payments eligible for the Health Coverage Tax Credit from the calculation of the deduction.	F
804	Negative deductions may not be claimed on Schedule A.	F
805	We didn't allow all or part of the amount claimed for child tax credit or additional child tax credit.	F

Key	NRPS Selection Key Description	Category
806	We did not allow the amount claimed on page 2 of your tax return for any dependent who did not meet substantial presence test.	F
807	We did not allow the credit(s) you claimed on page 2 of your tax return. The amount you entered is not an allowable credit.	F
810	We didn't allow the amount you claimed for the child tax credit or additional child tax credit on page 2 of your tax return. You, your spouse, or one or more of your dependents claimed for the credit did not have taxpayer identification number assigned by the due date of the tax return.	F
811	We estimated a shared responsibility payment (SRP) on your tax return because you didn't respond to our request. The law allows us to assess the (SRP) for not having minimum essential health coverage for you and, if applicable, your spouse and all dependents listed on your tax return, per Internal Revenue Code Section 5000A. We adjusted your tax return accordingly.	F
812	We changed the refund amount, or the amount you owe on your tax return, based on the shared responsibility payment information you provided in response to our correspondence.	F
813	We changed the amount of the shared responsibility payment (SRP) you reported on your tax return. The maximum amount of the (SRP) reported on your tax return is limited to \$2,484 per year for an individual and \$12,420 per year for a family with five or more members.	F
814	We didn't allow the amount claimed as Earned Income Credit on your tax return. Our records indicate that you are banned from claiming Earned Income Credit for two tax years.	F
815	We didn't allow the amount claimed as Earned Income Credit on your tax return. Our records indicate that you are banned from claiming Earned Income Credit for this tax year.	F
816	We didn't allow the amount claimed as Earned Income Credit on your tax return. Our records indicate that you are banned from claiming Earned Income Credit for ten tax years.	F

Key	NRPS Selection Key Description	Category
817	The Individual Taxpayer Identification Number (ITIN) for you and/or your spouse has expired. As a result, we didn't allow certain credits on your return claimed for one or more of your dependents. This change may affect your taxable income, tax, or any of the following credits: ACTC, CTC, and/or Education Credits.	F
818	You and/or your spouse's Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN) was missing or the last name provided doesn't match our records or the records provided by the Social Security Administration. As a result, we didn't allow certain credits on your return claimed for one or more of your dependents. This change may affect your taxable income, tax, or any of the following credits: ACTC, CTC, and/or Education Credits.	F
819	Disallowed amount claimed as Child Tax Credit and/or Additional Child Tax Credit on your tax return. Banned the credit for this year.	F
820	Disallowed amount claimed as Child Tax Credit and/or Additional Child Tax Credit on your tax return. Banned the credit for two tax years.	F
822	Disallowed amount claimed as Education Credit (AOTC) on your tax return. Banned the credit for this year.	F
823	Disallowed amount claimed as Education Credit (AOTC) on your tax return. Banned the credit for two tax years.	F
825	We disallowed the credit and dependent you claimed on Form 2441, Child and Dependent Care Expenses, because your dependent was born after the tax period of the return. This may also affect other credits you claimed for this dependent.	F
826	We adjusted the Residential Clean Energy Credit you claimed on Form 5695, Residential Energy Credits. You either calculated the credit incorrectly or indicated you were ineligible for a credit.	F
827	We adjusted the Energy Efficient Home Improvement Credit you claimed on Form 5695, Residential Energy Credits. You either calculated the credit incorrectly or indicated you were ineligible for a credit.	F



Key	NRPS Selection Key Description	Category
828	We adjusted the Net Elective Payment Election Amount you claimed on Form 3800, General Business Credits. You either calculated or transferred the amount from Part III, column i, incorrectly.	F
829	We adjusted the Residential Energy Credit you claimed on your tax return because you either calculated or transferred the credit from Form 5695, Residential Energy Credits, incorrectly.	F
830	We disallowed the Residential Energy Credits you claimed on your tax return because Form 5695, Residential Energy Credits, was either incomplete or missing.	F
831	We disallowed all or part of the credits you claimed on Form 5695, Residential Energy Credits, because the credits are limited to the total amount of your tax liability.	F
832	We disallowed all or part of the credits you claimed on Form 8936, Clean Vehicle Credits, because the credits are limited to the total amount of your tax liability.	F
833	We disallowed all or part of the credits you claimed on Form 8936, Clean Vehicle Credits, because one or more of the vehicle identification numbers (VINs) reported on Form 8936, Schedule A, didn't match our records.	F
834	We disallowed the Clean Vehicle Credits you claimed on your tax return because Form 8936, Clean Vehicle Credits, was either incomplete or missing.	F
835	We disallowed the Clean Vehicle Credits you claimed on your tax return because Schedule A of Form 8936, Clean Vehicle Credits, was either incomplete or missing.	F
836	We adjusted the Clean Vehicle Credit you claimed on your tax return because you either calculated or transferred the credit from Form 8936, Clean Vehicle Credits, incorrectly.	F
837	We adjusted the Clean Vehicle Credit you claimed on Form 8936, Clean Vehicle Credits. You either calculated or transferred the credit from Part II of Schedule A of Form 8936 incorrectly.	F

Key	NRPS Selection Key Description	Category
838	We adjusted the Clean Vehicle Credit you claimed on Form 8936, Clean Vehicle Credits. You either calculated or transferred the credit from Part III of Schedule A of Form 8936 incorrectly.	F
839	We adjusted the Clean Vehicle Credit you claimed on Form 8936, Clean Vehicle Credits. You either calculated or transferred the credit from Part IV of Schedule A of Form 8936 incorrectly.	F
840	We adjusted the Clean Vehicle Credit you claimed on Form 8936, Clean Vehicle Credits. You either calculated or transferred the credit from Part V of Schedule A of Form 8936 incorrectly.	F
841	We adjusted the Clean Vehicle Credit Amount you claimed on Form 8936, Clean Vehicle Credits, because the placed in service date on Schedule A of Form 8936 isn't during the tax year of the return.	F
842	We adjusted the Clean Vehicle Credit you claimed on Form 8936, Clean Vehicle Credits. The credit amount you claimed on Schedule A of Form 8936 exceeded the maximum credit allowed.	F
843	We adjusted the Clean Vehicle Credit you claimed on Form 3800, General Business Credits, because you either calculated or transferred the credit from Form 8936, Clean Vehicle Credits, incorrectly.	F
844	We disallowed your Form 8910, Alternative Motor Vehicle Credit, because you can't claim the credit for tax years after 2022.	F
845	We can't allow your claim for the Section 1341 credit for repayment of amounts included in income from earlier tax years on Schedule 3 of Form 1040.	F
846	We disallowed all or part of the amount you claimed on Schedule 3, line 13c, Net elective payment election amount, because one or more of the registration numbers required to be reported on Form 3800, General Business Credit, was missing or didn't match our records. As a result of this change, you may need to adjust your carry overs in Part IV, Form 3800.	F

**Note:** Refer to IRM 3.38.147.3.8.1 , Notice Review Processing System (NRPS) International Selection Keys

- (2) Within a category, NRPS assigns a priority to each Selection Key.
- (3) NRPS performs the following steps for each Selectable Notice Record in the notice stream until the selection limit is reached, or until all notice records are processed:
  1. Begin with Category A.
  2. Use the highest priority Selection Key in the Category.
  3. If the Notice Record meets the Selection Key Criteria, go to step 8.
  4. If the current Selection Key is the last in the Category, go to step 6.
  5. Use the next highest priority Selection Key in the Category, go to step 3.
  6. If there are no more NRPS Categories remaining, go to step 16.
  7. Move to the next Category, go to step 2.
  8. Assign the current Selection Key as the Primary Selection Key.
  9. If there are no more NRPS Categories remaining, go to step 15.
  10. Move to the next Category.
  11. Use the highest priority Selection Key in the Category.
  12. If the Notice Record meets the Selection Key Criteria, go to step 14.
  13. If the current Selection Key is the last in the Category, go to step 9.
  14. Assign the current Selection Key as the Secondary Selection Key, go to step 17.
  15. Do not assign a Secondary Selection Key, go to step 17.
  16. Do not select the notice.
  17. End NRPS Processing.
- (4) The NRPS selection limit for each weekly cycle is 14,000 notices. As the number of selections increases at each Submission Processing Campus, the following changes occur in the selection process:

If the number of notices selected...	Then NRPS will...
Comes within 1,000 of the selection limit (14,000 by default)	<b>Bypass</b> the following keys: <ul style="list-style-type: none"> <li>• All Category A Keys except 011, 012, 013, 014, and 100</li> <li>• All Category B Keys</li> <li>• All Category F Key except 060</li> <li>• All Category J Keys</li> </ul>
Reaches the selection limit (14,000 by default)	<b>Process</b> the following keys <b>only</b> <ul style="list-style-type: none"> <li>• Category A Keys 011, 012, 013, 014, and 100.</li> <li>• Category G Keys 081.</li> </ul>

- (5) New Taxpayer Notice Codes (TPNCs) are reviewed at 100 percent at the beginning of each filing season to ensure that all TPNCs are reviewed at least once. To ensure that the NRPS automated selection process selects at 100 percent, all TPNC percentages that have been manually adjusted using the Local Control File must be cleared prior to the first cycle.

- a. Use the Notice Disposition Reports to monitor the error rates of all TPNCs.
- b. Refer to the table in IRM 3.14.1.3.8, NRPS Local Control File, which is used to determine the correct Local Control File (LCF) selection rate for each TPNC.

## 3.14.1.3.2

(01-01-2025)

**CP Notice Types**

- (1) **Selectable Notices** — These notices are subject to selection under NRPS and may also be subject to Manual Intervention. Notice images can be viewed from Taxpayer Correspondence Services: *Servicewide Notice Program*.

- **CP 10/ CP 10 (SP)** — Math Error/Reduced Credit Elect/Overpaid
- **CP 11/ CP 11 (SP)** — Math Error/Balance Due
- **CP 12/ CP 12 (SP)** — Math Error/Overpaid
- **CP 13/ CP 13 (SP)** — Math Error/Even Balance
- **CP 14/ CP 14 (SP)** — Non-Math Error Balance Due
- **CP 14H** — Non-Math Error Balance Due (ACA)
- **CP 14I** — IRA Non-Math Error Balance Due
- **CP 16/ CP 16 (SP)** — Math Error/Overpayment Offset
- **CP 21/ CP 21 (SP)** — DP Adjustment
- **CP 21H** — DP Adjustment (ACA)
- **CP 22/ CP 22 (SP)** — DP Adjustment
- **CP 22H** — DP Adjustment (ACA)
- **CP 23/ CP 23 (SP)** — ES Discrepancy/Balance Due
- **CP 24/ CP 24 (SP)** — ES Discrepancy/Overpaid
- **CP 25/ CP 25 (SP)** — ES Discrepancy/Even Balance
- **CP 30** — ES Penalty/Overpaid/Balance Due
- **CP 30A** — ES Penalty Reduced/Overpaid/Balance Due

**Note:** CP 30 and CP 30A notices are only selected for review if requested on the Local Control File or if there is a Refund-E transcript for the same SSN/Tax Period as the notice. These notices are not included in the review package if not selected.

- **CP 47A-** Defer payment of your IRC Section 965 tax liability.
- **CP 47B-** Defer payment of your IRC Section 965 tax liability.
- **CP 47C-** Defer payment of your IRC Section 965 tax liability.
- **CP 51A** — Non-Compute/Balance Due
- **CP 51B** — Non-Compute/Overpaid
- **CP 51C** — Non-Compute/Even Balance
- **CP 56-** The annual installment payment is due for your IRC 965 tax liability.
- **CP 56A-** Your annual Internal Revenue Code (IRC) Section 965(h) installment amount is overdue.
- **CP 60** — Adjustment/Credit Reversal/Balance Due
- **CP 62** — Credit Transfer
- **CP 71/ CP 71(SP)** — Balance Due Reminder Notice
- **CP 77** — Alaska Permanent Fund Dividend Levy Program (AKPFD)/Final Notice
- **CP 78** — AKPFD/Reminder Notice
- **CP 90** — Federal Payment Levy Program (FPLP)/Final Notice
- **CP 91** — FPLP/Final Notice Before Levy on Social Security Benefits

- (2) **Associated Notices** — These notices are not subject to selection, but are included in the review package if NRPS selects another notice for the same taxpayer/spouse and are also subject to Manual Intervention:

- **CP 08** — Taxpayer May Qualify for Additional Child Tax Credit
- **CP 09** — Taxpayer May Qualify for EIC (with children)
- **CP 17** — Refund of Excess ES Credits
- **CP 27** — Potential EIC for Low Income Taxpayer (without children)
- **CP 45** — Reduction in Credit Elect Amount
- **CP 49/ CP 49 (SP)** — Adjustment/Overpayment Offset
- **CP 54** — SSN and Name Inquiry
- **CP 54B** — SSN and Name Inquiry - Refund
- **CP 54E** — SSN and Name Inquiry on Estimated Tax Payments
- **CP 54G** — SSN and Name Inquiry - Even/Balance Due
- **CP 54Q** — SSN and Name Inquiry - Second Request

(3) **Manual Intervention Notices** — NRPS will neither select these nor associate them with a selected notice. However, they may appear on the NRPS Manual Intervention List.

- **CP 15A** — Civil Penalty Notice
- **CP 15B** — Trust Fund Recovery Penalty
- **CP 18** — Refund Withheld Unallowable Item
- **CP 31** — Undelivered Refund Check
- **CP 32** — Refund Inquiry
- **CP 32A** — Refund Inquiry
- **CP 39** — Offset from Secondary SSN
- **CP 42** — Offset to Secondary SSN
- **CP 44** — IMF Overpayment to Non-IMF Liability
- **CP 52** — Reduced SE Earnings
- **CP 53/ CP 53 (SP)** — Electronic Deposit not Honored
- **CP 74** — EIC Examination Intent
- **CP 75** — EIC Recertification
- **CP 75C** — EIC Resolution
- **CP 79** — EIC Recertification/Form 8862
- **CP 79A** — EIC Ban (2 Years)
- **CP 79B** — EIC Ban (Indefinite)
- **CP 80** — Non-receipt of Tax Return/Credit Balance
- **CP 81** — Refund Statute within six months of Expiration/Credit Balance
- **CP 84** — EIC Certification Soft Notice
- **CP 85** — EIC Disqualification Soft Notice
- **CP 92** — State Income Tax Levy Program (SITLP)/Final Notice

(4) If there is a CP Notice selected by NRPS for OLNLR inventory and a Priority Refund Transcript is in AMS within the same cycle, NRPS will provide a statement on the NRPS Package/Control D Package Contents Page indicating the TIN that is also a Priority Refund Transcript in AMS.

3.14.1.3.3  
(01-01-2015)  
**NRPS Output Files**

(1) After NRPS completes the selection process, it combines all of the selection information into NRPS batches. A NRPS batch consists of the following:

- **NRPS Batch Separator Page**
- **NRPS Package/Control D**
- **NRPS Selection List**

(2) Use Control D/Web Access to view NRPS batches. For additional information, refer to the Notice Review Job Aid 2534-002 and IRM 3.14.1.4, On-Line Notice Review (OLNR).

(3) NRPS produces the following additional types of output:

- **NRPS Batch Control Sheet**
- **NRPS Document Charge-Out**
- **NRPS Batch Return Request List**
- **NRPS Association List**
- **NRPS Manual Intervention List**
- **NRPS Selection Report**
- **NRPS TPNC Trend List Report**
- **NRPS Non-package Selection List**
- **NRPS Duplicate Selection List**
- **Notice Retype Error Report**
- **NRPS Automated Local Control File Selection Report**

**Note:** Refer to IRM 3.14.1.3.7 , Other NRPS Batch Output for a description of each of these.

(4) All of the above print outs generate from the following NRPS output files:

<b>NRPS File...</b>	<b>Generates the following...</b>
<b>NRP 6110</b>	NRPS Package/Control D for notices (associated notice information) selected in the notice selection processing
<b>NRP 6110P</b>	Hard Copies. These include copies of the notices, commonly referred to as the "Quick Print." <b>Note:</b> The Quick Print is built from data contained in a separate file , and though it is designed to resemble the live notice data, it does not have any impact on how the notice truly looks when printed
<b>NRP 6120</b>	Document Charge-outs and Files Batch Control Sheets for the NRPS Package/Control D
<b>NRP 6130</b>	Duplicate copy of Selection List and IMF NRPS Batch Control Sheets for the NRPS Package/Control D
<b>NRP 6630</b>	<ul style="list-style-type: none"> <li>• Large Dollar List</li> <li>• NRPS Non-Package Selection List</li> <li>• NRPS Manual Intervention List</li> <li>• NRPS Selection List</li> </ul>
<b>NRP 4510</b>	Notice Listing
<b>NOR 0141</b>	Intercept NOREF List <b>Note:</b> Listing will generate for BMF.
<b>NRP 8240</b>	Notice Retype Error Report
<b>NRP 6096</b>	Notice Retype Error Report

NRPS File...	Generates the following...
<b>NRPS 6610</b>	IMF Notice Listing of Selected CPs

3.14.1.3.4  
(01-01-2015)  
**NRPS Batch Separator  
Pages**

- (1) The Batch Separator Page identifies the beginning of each batch and contains the following information:
- **Page Number**
  - **Batch Number**
  - **Batch Type** — Either “OVERPAID” or “NOT OVERPAID”
  - **Batch Sort** — Either CP, KEY, or MULTIPLE
  - **Current Cycle**

3.14.1.3.5  
(01-01-2015)  
**NRPS Package/Control  
D**

- (1) NRPS Package/Control D contains various types of information needed to review each selected CP Notice. Each batch may contain up to 20 selected notices.
- Note:** Most packages contain only one notice. However, the NRPS Package/Control D will contain all selectable or associated CP Notices that generate in the current cycle for a taxpayer or spouse, if one or more is selected for review.
- (2) Each NRPS Package/Control D contains a Contents Page, online notice information, transcribed posted return data, an Entity transcript, and a tax module transcript. These items are explained in greater detail in the subsections that follow.

3.14.1.3.5.1  
(01-01-2015)  
**NRPS Package/Control  
D — Package Contents  
Page**

- (1) Viewed online as the first page of each NRPS Package/Control D, this page contains the following information:
- a. Selection Key Number, along with a brief description of the key
  - b. List of requested documents
  - c. Manual Intervention Reason Codes
  - d. List of all selected or associated CP Notices in the package, with CP number and DLN
  - e. List of pending transactions
  - f. Statement indicating there may be a Priority Refund Transcript in the same cycle on AMS, if applicable

Exhibit 3.14.1-5

3.14.1.3.5.2  
(01-01-2015)  
**NRPS Package/Control  
D — Online Notice  
Information**

- (1) Depending on the CP selected, it may either be a duplicate of the “live” notice, or a shortened version of it. The shortened version displays only the notice record information, such as dollar amounts and TPNC numbers, as opposed to the Taxpayer Bill of Rights language and TPNC explanations.
- (2) For CP Notices, the visual representation (or “Quick Print”) of the notice is created from its own separate file, rather than from the Notice Edit File, as in the past. This change in source data means that occasional abnormalities appearing on the “Quick Print” (which is in the old Legacy notice format), are NOT part of the Notice Edit File. Therefore, those abnormalities will not be on the printed notice.



- 3.14.1.3.5.3  
(01-01-2017)  
**NRPS Package/Control D — Transcribed Posted Return Data**
- (1) Displays transcribed return fields for selected settlement notices. This is also referred to as the Return Transaction File (RTF). Exhibit 3.14.1-4
- 3.14.1.3.5.4  
(01-01-2015)  
**NRPS Package/Control D — Entity Transcript**
- (1) Displays the entity information for the notice TIN, as well as for the secondary TIN, if applicable (optional).
- 3.14.1.3.5.5  
(01-01-2015)  
**NRPS Package/Control D — Tax Module Transcript**
- (1) Displays the tax module transactions for the notice taxpayer identification number (TIN), as well as for the secondary TIN, if applicable (optional).
- 3.14.1.3.6  
(01-01-2015)  
**NRPS Selection List**
- (1) The last page of each batch shows the following information for each CP Notice:
- Count (item number on the list)
  - TIN
  - Document Locator Number (DLN)
  - Notice Sequence Number
  - CP Number
  - Primary Selection Key
  - Secondary Selection Key
  - Notice Disposition Choices
- 3.14.1.3.7  
(01-01-2025)  
**Other NRPS Batch Output**
- (1) NRPS produces two different (but related) **Batch Control Sheets**. Refer to the NRPS 6130 — Batch Control Sheet exhibit. Exhibit 3.14.1-6
- Note:** The Files Function copy has a line for each batch, showing the number of document charge-outs in each batch. (Refer to IRM 3.14.1.5.1.2, Associating Documents from Files).
- (2) The **NRPS Document Charge-out** provides information needed by the Files Function to pull documents for use in reviewing CP Notices.
- (3) The **NRPS Batch Return Request List** is a cover sheet that separates the document charge-outs by batch and to accompany the requested documents sent by the Files Function. It contains a line for each charge-out in the batch.
- (4) The **Manual Intervention List** includes notices that may or may not have been selected for review, but manual intervention is required before allowing them to be mailed (if appropriate).
- a. This list is divided into three parts based on the Manual Intervention (MI) Code. If any one of the MI Codes for a Manual Intervention notice is a “1”, then it is printed on the MI Code 1 List. If any one of the MI Codes is a “4”, it is printed on the MI Code 4 List.
  - b. Notices on this list may have also been selected by a NRPS selection key.
  - c. Refer to IRM 3.14.1.4.3.1.1 , Manual Intervention List for additional information.



- (5) The **NRPS Selection Report** contains notice/transcript input and selected-for-review counts, sorted by selection key and by Taxpayer Notice Code (TPNC), with year-to-date totals, for notices selected in the current cycle. Refer to the NRPS 6130 — NRPS Selection Report exhibit. Exhibit 3.14.1-7
- (6) The **Notice Retype Error Report** (NRPS 8240) contains information on notices that were unable to be processed after cycle release. The notices on this report must be recreated by one of the following methods:
  - All Individual Master File (IMF) notices, with the exception of TDA notices, should be recreated using the transaction code (TC) 971 action code (AC) 264 process.
  - Input a TC 971 AC 264 (using CC REQ77 in IDRS) to create a Notice Recreate Transcript CP 67 that will fall out to OLNK. These transcripts will be received in batch "00000". Once the transcript is received, the notice can be recreated by converting the CP 67 transcript into a retyped CP limited to:
    - CP 08
    - CP 09
    - CP 10
    - CP 11
    - CP 12
    - CP 13
    - CP 14
    - CP 16
    - CP 23
    - CP 24
    - CP 25
    - CP 27
    - CP 30
    - CP 30A
    - CP 45
    - CP 49
    - CP 51A
    - CP 51B
    - CP 51C
- (7) The **NRPS Automated Local Control Selection Report** shows the previous four weeks' selection percentages and the current cycle's selection percentage, based on the automated selection process.

3.14.1.3.8  
(02-09-2024)  
**NRPS Local Control File  
(LCF)**

- (1) Submission Processing Campuses can adjust the number of notices selected weekly by NRPS through the use of the Local Control File (LCF) produced by CC NRP97 on IDRS.
- (2) The LCF can increase or decrease the number of notices selected for review. Additionally, the non-print indicator can be input on the LCF to suppress printing of NRPS Package/Control D when only a list is needed. Returns may be requested for the selected notices, if necessary.

**Note:** Only the Math Error notice selection volumes can be decreased.

- a. NRPS will automatically delete a specific SSN or DLN request when selected or if it is not selected within six weeks of its LCF request. This prevents the file from getting unnecessarily large.

- b. Other types of requests remain on the LCF until action is taken to change or delete the request.
- c. Purge all TPNC requests, in Category F, from the LCF at the beginning of each year to ensure that the NRPS automated selection process is initiated.

- (3) Use input screen information for instructions on how to use Substitute Keys 085-089 and 099 to identify local selections.

**Note:** Use Substitute Key 085 to identify selection requests from other Submission Processing Campuses only.

- (4) TPNC defect rates and selection percentages are computed by the NRPS system using data from OLN R NRPS 0030 Report. It is no longer necessary to manually set the percentages for TPNC selection. While the systemic selection can be overridden by manual input, this occurrence should be kept to a minimum and only under special circumstances (programming problem, etc.).

**Note:** Manual input to the LCF will override the systemic calculation. The percentages in the LCF must be cleared to resume systemic calculation.

- (5) See the chart below for defect rates and selection percentages. NRPS will select 100 percent for a particular TPNC until the year-to-date volume reviewed for that TPNC exceeds 50 notices.

If the defect rate is...	Then input...	For a Selection Rate of...
=0 or <6 percent	001	1 percent
>6 and <7 percent	010	10 percent
>7 and <8 percent	025	25 percent
>8 and <10 percent	033	33 percent
>10 and <12 percent	050	50 percent
>12 and <14 percent	075	75 percent
>14 percent%	100	100 percent

**Reminder:** NRPS will stop selection based on TPNC when the threshold of 14,000 notices is reached, so that the remaining categories (Category G, Adjustment Notices and Category H, Condition Analysis) can be selected with the remaining 1,000. The remaining TPNC, partial DLN, and CP percentages requested via the LCF will not be selected. Selection limits should not be raised above the 14,000 mark, unless requested or approved by Headquarters. Refer to the chart in Item (4) of IRM 3.14.1.3.1, Notice Selection Process.

- (6) A priority option causes 100 percent of the notices containing a specific TPNC to be selected without regard to normal exception processing, i.e., previous

control the Exception Override of Selection Keys 028/029 and TPNC 100 Document Charge-outs.

#

- (7) The computer processing used to access this capability resides in IDRS. Three programs are used to update and maintain the NRPS Local Control File database.
- (8) Adjust the LCF using CC NRP97. This IDRS command code allows sites to add, change, and delete requests on the LCF. Any LCF changes should be input by 12 P.M. local time on Thursdays to ensure notices are stopped for the **subsequent cycle**. The weekly deadline for making changes is determined by the running of NRP98, and is run on Friday afternoon. After the records are processed, NRP99 is run to create a new LCF. NRP99 is run on Friday 12:00 noon. Any data input on the LCF after NRP98 is run and before NRP99 is run is overwritten by NRP99. To ensure requests are processed, you can start input Monday and stop input at 12:00 noon before the running of NRP98.

## 3.14.1.3.8.1

(01-01-2018)

**Local Control File (LCF)  
Overview**

- (1) Monitor the TPNC Trend List to assist in estimating notice fallout, and to provide feedback to ERS.
- (2) Review the NRPS Notice Disposition Reports to determine TPNC error rates.  
**Note:** Notices with an "E" disposition are not included when determining the defect/selection rate by NRPS.
- (3) Review the latest NRP98/NRP99 Reports for:
  - Possible changes to selection criteria already on the LCF.
  - Possible re-entry of TINs and DLNs which are about to expire.
- (4) Requests for notices by TIN will also include an optional entry of tax period. These requests will remain until the specific request is met or the user removes the request from the LCF.
- (5) List the changes to be made to the LCF.
- (6) Use CC NRP97 to input the changes to the LCF. See IRM 2.4.45, Command Code NRP97, for terminal input requirements of CC NRP97.
- (7) When inputting LCF request to select notices by CP, sites can now indicate if the selection should bypass notices generated from MeF returns.
- (8) Review the NRP98 report to check input data for accuracy. Correct any errors.
- (9) The NRP 6130 report generates each week. This report lists every notice and transcript selected for review.

Title	Action	Result
Data Retention	Requests are deleted from the LCF only under the following circumstances:	Not Applicable
Data Retention	ERS DLN and Full DLN	Automatically deleted when selected by NRPS or after six weeks if not selected

<b>Title</b>	<b>Action</b>	<b>Result</b>
<b>Data Retention</b>	SSN with or without Tax Period	Automatically deleted when selected by NRPS
<b>Data Retention</b>	All others	Must be manually deleted
<b><i>Local Control File (LCF) Specifications</i></b>	The LCF uses the following Selection Keys:	Must be manually changed through NRP 97.
<b>Selection Keys</b>	090 — SSN Selection	094 — Full/Partial DLN Selection
<b>Selection Keys</b>	091 — ERS DLN Selection	095 — Penalty Code Selection
<b>Selection Keys</b>	092 — CP Number Selection	096 — Adjustment Reason Code Selection
<b>Selection Keys</b>	093 — Balance Due Amount Selection	nnn — TPNC Selection
<b>Substitute Keys</b>	The LCF uses keys 085, 086, 087, 088, 089, and 099 as Substitute Selection Keys that may only be used to replace Selection Keys 090 through 096. TPNC, Exception Override, and normal criteria selections cannot be selected under a Substitute Selection Key	Not Applicable

Title	Action	Result
<b>Substitute Keys</b>	<i>Example:</i> NRPS normally selects Penalty code 01 and 02 requests under Key 095. If Substitute Key 085 is input on the request screen for Penalty Code 02, these selections will be made under Key 085 instead	Not Applicable

3.14.1.4  
(01-01-2025)  
**On-Line Notice Review  
(OLNR)**

- (1) The On-Line Notice Review (OLNR) System allows Tax Examiners to review notices, determine notice disposition, and retype notices online.
  - a. Selected taxpayer notices are not printed until after the NRPS batches have been reviewed, and OLNK goes through its weekly “closeout” process (term used for end-of-cycle processing that controls notice printing). This allows the system to avoid printing notices that should be voided, and also allows full editing capabilities in case a notice needs correction prior to mailing.
  - b. Notices that are not reviewed before cycle closeout will automatically default to the “NR” (Not Reviewed) disposition and are then converted to the “P” (Print) disposition. This default provides a more correct notice accuracy rate, since only notices that are reviewed in a given cycle are compiled into notice accuracy numbers for reporting.
- (2) The OLNK System creates the weekly Notice Disposition Report.
  - a. Entering the applicable disposition code tells the system how to process the notice.
  - b. At the end of each cycle, the disposition codes are applied to the notice files on the mainframe computer. The notice data is updated prior to printing.
  - c. After the cycle is **closed out**, the system uses the disposition code data to create the Notice Disposition Report.

3.14.1.4.1  
(01-01-2025)  
**OLNR Retype  
Enhancements**

- (1) The following are features/capabilities of the OLNK Retype function:
  - a. Ability to correct entity on selected and associated notices .
  - b. Ability to correct data fields on most selected notices including Penalties and Interest.
  - c. Ability to add and delete TPNs on math error notices using a drop-down list.
  - d. Ability to add a label to selected, associated, and manual intervention notices.
  - e. Ability to correct entity fields on Manual Intervention (MI) notices, or void unnecessary MI notices and CAF copies of notices or void them (even if the primary notice is mailed).
  - f. Ability to convert or retype from one CP number to another CP number..

**Note:** For information on how to utilize the OLNK System, refer to the Notice Review Job Aid 2534-002.

3.14.1.4.1.1  
(01-01-2021)  
**OLNK Notice  
Conversions**

- (1) The OLNK system allows the user to convert from one CP Notice type to another, when adjustments to the account require a different type of notice.
- (2) Almost all appropriate field values from the original notice will be transferred into the conversion notice, where they can then be adjusted by the examiner, if necessary.
- (3) If any adjustment actions will be reflected in the converted notice, take appropriate action to prevent unnecessary adjustment notices.
- (4) When converting to or from a Non-Compute notice CP 51, special instructions apply with respect to the Pay-By Date field of OLNK. Follow instructions in IRM 3.14.1.6.16, Reviewing Non-Compute Notices-CP 51A, CP 51B, and CP 51C.

3.14.1.4.2  
(01-01-2015)  
**Notice Disposition  
Program and Notice  
Disposition Report**

- (1) Once inside a cycle of work in OLNK, and a batch is selected, the Notice Disposition screen is loaded and appears on the screen. It contains all of the sequence numbers for the selected batch. As each case in the batch is reviewed, the user selects the disposition code for the desired notice action.
- (2) The Notice Disposition Program sends the selected disposition codes to the mainframe, and the data is used to compile the Notice Disposition Report. The disposition code entered for each notice will determine how the notice will be handled by the back-end printing programs.

3.14.1.4.2.1  
(01-01-2018)  
**Notice Disposition  
Codes**

- (1) Description of the Notice Disposition Codes:
  - a. **Entity-Only Change (“E” or “EI” Disposition):** These notices require an Entity only change.
  - b. **Hold Notices (“H” Disposition):** These notices are held (awaiting additional information or a response from the taxpayer) for processing in a subsequent cycle.
  - c. **Label Notices (“L” or “LI” Disposition):** Labels are added to the notice online.
  - d. **Print Notices (“P” or “PI” Disposition):** This disposition results in the printing of the notice without any changes.

- e. **Retype Notices (“R” or “RI” Disposition):** Any needed changes/ corrections are made directly online by the Tax Examiner.

**Note:** For CP 67 Notice Recreate Transcripts, the “R” disposition is used solely for the purpose of converting the transcript into another notice.

- f. **Voided Notices (“V” or “VI” Disposition):** These notices are never printed.

3.14.1.4.2.2  
(11-12-2019)

**Notice Disposition Code Table**

- (1) The table explains the result of selecting each disposition code. The Notice Disposition program includes the “I” for refunds that have been prevented by Notice Review from generating so that this data can be reflected in the Notice Disposition report.

Disposition Code	Action
“E”	This disposition is entered when only an <b>entity</b> change is required
“EI”	This disposition is entered when the situations in “E” above exist, and the refund is <b>prevented from generating</b>
“H”	This disposition will cause the notice to be <b>held</b> for processing in a subsequent cycle. It is only entered when the review of the notice cannot be completed in the current cycle
“L”	This disposition allows the notice to be printed with the insertion of the user-selected <b>label(s)</b> <b>Note:</b> Use Code “L” when the notice needs <b>only</b> a label added. If a notice requires <i>additional</i> changes other than a label, the “R” disposition should be used
“LI”	This disposition should be entered when the situations in “L” above exist, and the refund is <b>prevented from generating</b>
“P”	This disposition will cause the notice to be <b>printed</b> in its original condition. Code “P” is only used when the notice is correct
“PI”	This disposition is only entered when the notice is correct. It is printed, but the refund is <b>prevented from generating</b>
“R”	This disposition is used when the notice will be <b>retyped</b> . Code “R” should also be used when both an Entity change and a Label are needed
“RI”	This disposition is used when the notice will be <b>retyped</b> , and the refund is <b>prevented from generating</b>

Disposition Code	Action
"V"	This disposition will prevent the notice from being printed. It should be used when the notice is <b>voided</b>
"VI"	This disposition is used when the notice is <b>voided</b> , and the refund is <b>prevented from generating</b>

3.14.1.4.2.3  
(01-01-2025)  
**Notices Held Beyond  
Current Cycle**

- (1) Every effort must be made to review, correct, and select disposition of notices in the current cycle to minimize negative impact to the taxpayer.

**Note: Do not hold notices past cycle, contact headquarters for approval.**

- (2) In situations where a review of a specific notice cannot be completed before the end of the cycle, the notice should be held, and then released when the review can be completed.
- (3) Input disposition code "H" to hold the notice for processing in a subsequent cycle. Examples that may cause the review of the notice to be delayed include:
- Request for a voucher to validate a payment not found on Remittance Transaction Research (RTR) System or EFTPSE
  - Request for documents from the taxpayer
  - Referring of a case to RIVO
- (4) Notices should be worked as soon as the requested information or document(s) are received to minimize any further delay to the taxpayer and possible additional accrual of penalties and/or interest.
- (5) Balance Due notices should not be held past the current cycle unless approved by headquarters. If a Balance Due notice is held beyond cycle, change the pay-by date to be consistent with the pay-by date of balance due notices generating in the cycle of the held notice's release. Recalculate the interest, penalties, and any other applicable fields. When inputting a disposition of "H" you must put a control status of "B" on the module and enter a STAUP for 8 weeks. When releasing the hold please keep in mind to reduce the STAUP to the appropriate number of weeks so that a CP 50X notice is mailed to the taxpayer in the appropriate timeframe.
- (6) When an error is identified by quality review, they must have the notice corrected in the cycle it generated. Quality must intercept a refund or hold a notice to allow time for lead and tax examiner review and correction or rebuttal. The Tax Examiner is responsible to correct the OLNLR application and issue a corrected notice in the cycle it generated in.

3.14.1.4.2.4  
(01-01-2025)  
**Notice Error File**

- (1) If a notice fails a validity check (OLNR Retypes), the notice is dropped from the back-end mainframe notice print processing and placed in the Notice Error File.
- (2) The Notice Error File will contain information needed by Notice Review to manually retype the notice.



- (3) Recreate the notice, by using the “quick print” and the retype data from the reports. Use the TC 971 AC 264 method described in IRM 3.14.1.4.3.3, Notice Recreate Transcripts CP 67. Recreate the notice as soon as possible to minimize any further delay to the taxpayer and possible additional accrual of penalties and/or interest.

3.14.1.4.3  
(01-01-2015)  
**Special Reviews**

- (1) Special reviews include:
- Manual Intervention — Non-Selected Notices
  - Manual Intervention — Selected Notices
  - Requests to Stop Notices from Other Areas
  - Cases Controlled for Researching the Taxpayer's Account
  - Notice Recreate Transcripts (CP 67)

3.14.1.4.3.1  
(01-01-2025)  
**Manual Intervention**

- (1) Perform manual intervention on selected and non-selected notices.
- (2) Selected notices  
When reviewing each notice, determine whether the notice has a Manual Intervention Indicator. This indicator is found in the appended data section of the NRPS batch. If it does, enter a disposition code that will account for the manual intervention.
- (3) Non-selected notices  
Manual Intervention Notices will appear in batches in the 9000 (9xxx) series. For notices that are not selectable, a disposition code of “E” should be applied to the notice, if changes are made to any of the entity screens. Entity fields will be updated during the print process.

3.14.1.4.3.1.1  
(01-01-2018)  
**Manual Intervention List**

- (1) When certain conditions are present on a notice, it may require Manual Intervention before being printed. The Manual Intervention List is divided into four parts based on the MI Code. The following table describes the MI Codes:

MI Code	MI Code Description	MI Code Explanation
3	Blind Trust	Taxpayer has a Blind Trust
4	Service Center (Campus) Address	Service Center ZIP Codes
5	No Doc Code 47 or 54	Adjustment notice with a DLN document code other than 47 or 54
6	ES Tax Payment Discrepancy	Summary of payments listed at bottom of notice does not agree with Total ES Tax Payment(s) amount on the notice

- (2) If the notice is also selected by NRPS, the Manual Intervention information will be on the Package Contents page of the NRPS Package/Control D. If a Manual Intervention condition is present, the **Tax Examiner** must resolve it during the review.

- (3) If the notice is not selected by NRPS, the notice (and the Manual Intervention condition) appears on the Manual Intervention List, and in Batches on OLNLR beginning in the 9000 series (9xxx).
- The list shows one line for each notice, sorted by notice sequence number.
  - Maximum of 24 to a batch.

3.14.1.4.3.1.2  
(01-01-2015)

**Blind Trust — Code 03**

- (1) Do not mail notices with a Blind Trust code to the taxpayer. Send them only to the taxpayer's representative.
- (2) Review notices to ensure representative's address. If necessary, correct the address.

3.14.1.4.3.1.3  
(02-18-2016)

**Submission Processing  
Campus as Addressee  
— Code 04**

- (1) This code indicates that the ZIP code (73301, 93888, 64999, 45999, 84201, and 19255) on the notice matches that of a Submission Processing Campus. Correct these notices.

If a valid address is...	And the SP Campus status is...	Then...
Available	Any	<ol style="list-style-type: none"> <li>Select Disposition "E"</li> <li>Edit the correct address</li> </ol> <p><b>Note:</b> The notice should be voided if ENMOD includes an Identity Theft (IDT) indicator (TC 971 AC 501 AC 504, AC 505, and/or AC 506)</p>
Not available	20, 56, or 58	<ol style="list-style-type: none"> <li>Use CC STAUPS to update the status to 51</li> <li><b>Void</b> the notice</li> </ol>
Not available	other than 20, 56, or 58	<b>Void</b> the notice

3.14.1.4.3.1.4  
(01-01-2015)

**Adjustment Notices with  
a Doc Code Other Than  
47 or 54 — Code 05**

- (1) In most cases, Adjustment Notices will have a DLN Doc Code of "54" or "47". If the DLN has a different Doc Code, then the notice will appear on the Manual Intervention List with Code "05".
- (2) When working Code "05" cases, check for an existing MFT 31 account using CC IMFOLI. MFT 31 primarily involves Innocent Spouse accounts.

3.14.1.4.3.1.5  
(01-01-2015)

**Estimated Tax  
Discrepancy (ES)  
Payment Balance  
Discrepancy — Code 06**

- (1) If the sum of the payments shown on an Estimated Tax (ES) Discrepancy notice does not match the Total ES Payment amount on the notice, the notice will appear on the Manual Intervention List with Code "06".

- (2) Retype the notice to show the correct payments and Total ES Payment amount. Add any missing original payments that correspond to the dishonored check.

**Caution:** Do not remove Dishonored Check(s) from the notice, even if it is the only reason the ES discrepancy exists. The taxpayer needs to know why the ES discrepancy exists, and to which dishonored check any Bad Check Penalty (TC 280/286) is being applied.

3.14.1.4.3.2  
(01-01-2015)  
**Researching the  
Taxpayer's Account**

- (1) When researching a taxpayer's account that cannot be resolved during the review process, prepare adequate case documentation to allow resolution as quickly as possible upon completion of research.
- (2) Since the NRPS Package/Control D only stays available for 30 days, documentation should include any data from NRPS that will not be available on IDRS. Establish a control base on IDRS immediately and if necessary, input CC STAUPS.
- (3) Input disposition code "P" if the notice can be printed while the research is being completed.
- (4) Input disposition code "H" if the notice cannot be printed until the research is completed.

3.14.1.4.3.3  
(01-01-2025)  
**Notice Recreate  
Transcripts CP 67**

- (1) There are some situations which require a notice to be built or recreated:
  - A notice record contains bad data which prevents it from properly passing through the OLNLR system.
  - A notice was voided in error, when it should have been released in cycle.
  - An incorrect notice was released, and a corrected notice must be sent in its place, with the apology label inserted. See IRM 3.14.1.7.8.5.15, Label 13
  - A notice may be needed when there is no other notice or transcript generating in the system.
- (2) When a notice record contains bad data as described in Item (1) above, the notice record gets "dumped", and the Headquarters Analyst contacts the affected site to have the notice recreated.
- (3) Use the following instructions to generate the CP 67 Notice Recreate Transcript.

**Note:** If creating a balance due notice from the CP 67, input CC STAUPS for six cycles.

- a. Input CC REQ77.
- b. Input 971 in the "TC-FIELD" of the FRM77 response screen.
- c. Enter the Return Received Date from the "RET-REVD-DT" field of TXMOD in the "TRANS-DT>" field.
- d. In the "TC 971-CD>" field, enter Action Code (AC) 264.
- e. In the "Remarks" field, enter "CP 67 to CP xx".

**Reminder:** Retain the taxpayer information for use in locating the correct transcript in the "000000" batch.

**Caution:** Be sure to set a calendar reminder as to when the CP 67 will post. If the CP 67 cycle closes out without the transcript being converted to a notice, the transcript data will be lost and another TC 971 must be input to start the process over.

- (4) When the TC 971 AC 264 posts, a CP 67 Notice Recreate Transcript will generate.
- (5) All CP 67 transcripts appear in the batch numbered with all zeroes (000000) for any given cycle and are considered Manual Intervention cases.
- (6) The CP 67 must be converted to another notice prior to cycle closeout. If the transcript is not converted to a notice prior to cycle closeout, the opportunity is lost and another TC 971 AC 264 must be input to create another CP 67.
- (7) Create the new notice by selecting the “R” disposition in OLNLR, and when the entity data appears use the “Change” button feature for Notice Type to change the CP 67 to the desired CP.
- (8) Be careful to include all necessary items, such as TPNC(s), Label(s), Pay-by date, etc. Double check the Entity tab information for accuracy. Be careful to include Name, DLN, and Filing Status information.
- (9) AMS will systemically generate a TC 971 AC 264 upon selection of the Suspense Action “Convert Transcript to Notice”. The notice will be in the OLNLR inventory in the next cycle.

3.14.1.5  
(01-01-2015)  
**Clerical Support  
Procedures**

- (1) This subsection provides procedures for the Clerical Support staff within the Notice Review Function.
- (2) The Clerical Support staff provides a variety of services critical to the NRPS and AMS processes. These services assist Notice Review Tax Examiners (and other customers) in providing accurate information to the taxpayer. The Clerical Support staff:
  - a. Associates tax returns needed to review selected notices.
  - b. Distributes NRPS Package/Control D and related documents.
  - c. Corrects erroneous, misprinted, and undeliverable notices.
  - d. Maintains records on taxpayer notices.
  - e. Enters Priority Refund Transcript closing or suspense actions when AMS has been down for 4 hours or more and Tax Examiners have been instructed to work Priority Refund Transcript inventory manually.

3.14.1.5.1  
(01-01-2015)  
**Clerical Priorities**

- (1) This subsection provides instructions on prioritizing duties performed by the Clerical Support staff. These include:
  - a. Inputting Priority Refund Transcript closing or suspense actions into the AMS system (when AMS has been down for 4 hours or more). See IRM 3.14.1.5.1.1, Inputting Priority Refund Transcript Closing or Suspense Actions .
  - b. Associating tax returns and other documents from Files. See IRM 3.14.1.5.1.2., Associating Documents from Files
  - c. Establishing priority of review. See IRM 3.14.1.5.1.3, Establishing Priority of Review

## 3.14.1.5.1.1

(01-01-2015)

**Inputting Priority Refund Transcript Closing or Suspense Actions**

- (1) In the event AMS is down for 4 hours or more, Tax Examiners will manually work the Priority Refund Transcripts using a listing available on Control D. TEs will indicate the manual action they performed on IDRS for each case on the NR Manual Action Sheet.
- (2) Clerks will use the NR Manual Action Sheet to search for the correct refund transcript. Searches can be executed on the TIN, Transcript Type, Dollar Amount Range, or date to locate the correct case.
- (3) Clerks should ensure each case is assigned to the correct Tax Examiner and the closing or suspense actions are input accurately in order to remove each case from the AMS unassigned queue.

## 3.14.1.5.1.2

(01-01-2023)

**Associating Documents from Files**

- (1) Document Charge-outs and a Batch Return Request List generate weekly. Note the following:
  - a. The Files Function uses these forms to pull returns needed to review notices. Returns are routed in batch order (per the Batch Return Request List) to the Notice Review Function.

**Note:** TPNC 100 returns should be received from your local ERS operation and not requested through Files.

**Caution:** Only request returns through Files when necessary.

- b. The Clerical Support staff associates the Batch Return Request List and the attached returns with the corresponding NRPS batch sheets.
- (2) Route the NRPS batch sheets that do not need documents directly to the Tax Examiners.
- (3) Associate all necessary documents (adjustment documents and tax returns) with each batch before releasing to the Tax Examiners.

## 3.14.1.5.1.3

(11-05-2021)

**Establishing Priority of Review**

- (1) Error Resolution System (ERS) may request the Notice Review Function to select and correct a specific notice:
  - a. ERS Tax Examiners must prepare Form 3465, Adjustment Request, and send it with the return to the Notice Review Function.
  - b. Use LCF Key 091 to select the notice for review by DLN. Use full DLN for high priority review, and partial DLN for low priority review.
  - c. The Clerical Support staff must associate the return and Form 3465 with the NRPS batch and release the case to the Tax Examiner.
- (2) The Clerical Support staff must distribute the work in this order or as directed by headquarters.
  - a. **Selected Overpayment Notices** — Tax Examiners must complete review prior to the predetermined cutoff for TC 570 (CP Notice hold TC 570 with blocking series “55555” and a credit balance), which is 6:00 P.M. (local time) each Wednesday. If the cut-off time for TC 570 is missed, use NOREFP until 10 P.M. (eastern time) on Thursday. Consider prior cycle error rates of individual CP Notices and selection keys to ensure that the greatest number of incorrect refunds are prevented from generating.

3.14.1.5.1.4  
(01-01-2025)

**Notice Corrections**

- (1) Work 100 percent of the Manual Intervention notices (some may be assigned to the Clerical Support Staff), using OLNLR, prior to the cycle closeout.
- (2) Manual Intervention (MI) notices will be contained in OLNLR mainly under batch numbers in the 9000-series (9xxx).

**Exception:** The CP 67 Notice Recreate Transcript will be contained in Batch “000000”.

- (3) Notices received after the notice date should be corrected as they are received. These include:
  - Undeliverable Notices
  - Torn/Mutilated Notices
  - Reporting Agents Files (RAF) Notices received back from the print sites as incomplete/unaddressed.

3.14.1.5.1.5  
(01-01-2025)

**Printing of Notices —  
Correspondence  
Production Services  
(CPS)**

- (1) With the delivery of the OLNLR Retype Enhancement, the need to route notices back to the Notice Review Function is eliminated. Notices that require printing and mailing will generate and be mailed from one of the Correspondence Production Services (CPS) sites.

3.14.1.6  
(01-01-2015)

**Primary Notice Review  
Procedures**

- (1) This subsection provides procedures for Tax Examiners within the Notice Review Function.

3.14.1.6.1  
(01-01-2021)

**General Review  
Procedures**

- (1) Notice Review must verify certain types of information common to all returns to ensure the accuracy of each notice. Compare IDRS, CP Notice data, along with the information contained in the NRPS Package/Control D, against the information on the return, being mindful of any transcription errors or misplaced entries. If the return is unavailable use IDRS, Control D, and other available tools to verify the accuracy of the notice data.
- (2) The following instructions attempt to address the situations that are most frequently encountered when reviewing notices. **These instructions cannot address every possible issue;** use in conjunction with all of the information contained in this IRM.
- (3) In addition to completing the following General Review Procedures, continue with the necessary subsections as appropriate:
  - **Reviewing Math Error Notices — CP 10, CP 11, CP 12, CP 13, and CP 16** — See IRM 3.14.1.6.12.
  - **Earned Income Credit (EIC)** — See IRM 3.14.1.6.12.4.
  - **Reviewing Estimated Tax (ES) Discrepancy Notices — CP 23, CP 24, and CP 25** — See IRM 3.14.1.6.13.
  - **Reviewing Priority Refund Transcripts in Account Management Services (AMS)** — See IRM 3.14.1.6.14.
  - **Reviewing Non-Math Error Balance Due Notices – CP 14** — See IRM 3.14.1.6.15.
  - **Reviewing Non-Compute Notices — CP 51A, CP 51B, and CP 51C** — See IRM 3.14.1.6.16.

- **Reviewing Notice and Demand IRC Section 965 notices - CP 47A, CP 47B, and CP 47C Notices** - See IRM 3.14.1.6.9.16.2
  - **Reviewing IRC Section 965 Notice- CP 56 Annual Installment Notice**- See IRM 3.14.1.6.9.16.3
  - **Reviewing Notices with Specific Selection Keys** — See IRM 3.14.1.6.17.
- (4) To prevent a refund from generating, see IRM 3.14.1.7.1.1, Refund Intercepts
- (5) For Taxpayer Notice Code (TPNC) lists and descriptions, refer to IRM 3.14.1.8, Taxpayer Notice Codes Document 6209, **IRS Processing Codes and Information**, Section 9, and IRM 3.12.3, Individual Income Tax Returns – Error Resolution System (ERS) to 3.12.3-2 Taxpayer Notice Codes .
- (6) All related tax modules associated with the notice module as well as any associated notices must be reviewed and resolved, as applicable, with the resolution of the notice issue. Only one count will be allowed when associated notices and or modules have to be resolved in conjunction with the notice module.

3.14.1.6.1.1  
(02-09-2024)  
**Verifying Return  
Information**

- (1) Verify the following items for each selected notice:
- Social Security Number (SSN)
  - Individual Taxpayer Identification Number (ITIN)
- Note:** The SSN or ITIN may be in full form or shortened on the notice
- Document Locator Number (DLN)
  - Name and address
- Note:** If a name control has been edited in red, use as the name control for the ITIN or Internal Revenue Service Number (IRSN).
- Return received date
  - Check for Statute Stamp if applicable
  - Tax Period
  - Signature(s)
  - Adjusted Gross Income (compare original and corrected amounts)
  - Taxable Income (compare original and corrected amounts)
  - Tax (compare original and corrected amounts )
  - Offsets (including TOPS, Credit Elect, and Lump Sum)
  - Dishonored payments and bad check penalties
  - Discovered remittance (Search all paper documents)
  - Contributions to reduce the public debt
  - \$10,000,000 (ten million) refunds
  - Pending transactions
  - Taxpayer correspondence
  - Frivolous Claims
  - Slipped blocks and mixed data blocks
  - Community property split
  - Injured spouse claim
  - Decedent accounts
  - Return Processable Date (RPD) if required
  - Protecting Americans from Tax Hikes Act



3.14.1.6.1.1.1  
(01-01-2024)

**Protecting Americans  
from Tax Hikes**

- (1) The Protecting Americans from Tax Hikes Act (PATH Act) was enacted December 18, 2015. The PATH Act prohibits taxpayers from retroactively claiming certain TIN related credits for any tax year in which the taxpayer, spouse or qualifying child did not have a valid TIN assigned by return due date or due date as extended. The PATH Act applies to:
  - Child Tax Credit
  - Additional Child Tax Credit
  - American Opportunity Credit (AOTC) -both refundable and non-refundable
  - Earned Income Credit
- (2) Credit specific eligibility requirements apply in addition to the PATH Act criteria.
- (3) The Path Act prohibits current year refunds of EIC or ACTC before February 15. All amended returns without a C- freeze that add EIC or ACTC must be held until then.

**Note:** See IRM 3.14.1.6.12.6.8, Expired ITIN Math Errors

3.14.1.6.1.1.2  
(01-01-2025)

**Social Security Numbers  
(SSNs)**

- (1) The Social Security Administration (SSA) assigns all SSNs. ECC-MTB verifies taxpayer SSNs against SSA records to identify invalid situations. Master File identifies an invalid SSN with a trailing asterisk (\*). If the asterisk appears after the SSN on a notice, it indicates that the SSN has already been identified as invalid.

**Example:** 123–32–1321\* is an invalid SSN.

- (2) Beginning in tax year, 1996, the secondary taxpayer must have a valid TIN in order to qualify for a personal exemption. By law, taxpayers are not required to update their name with SSA; therefore, some exceptions exist when an invalid TIN is allowed for purposes of claiming a personal exemption, etc. If the taxpayer is using the SSN issued to them by SSA (or ITIN issued by the IRS), but their last name now differs because of marriage, allow the personal exemption. In these cases, ERS will input Return Processing Code (RPC) E and a new name control will be established as a valid IRS name control on the account.
- (3) Master File takes the following actions on accounts having invalid SSNs unless the SSN is an ITIN:
  - Master File issues a CP 54. If review of the account determines that the invalid condition can be corrected, void the CP 54.
  - Master File freezes overpaid accounts when the TC 150 posts. See IRM 3.14.1.6.11.13, Restricted Credit Interest Freeze ( I–).
- (4) Compare the SSN on the notice to the SSN on the return. When a taxpayer has data for both a valid and an invalid SSN and the only difference is the name control, determine if the difference was caused by a processing error, such as a transposed first and last name or a misspelled last name. If so, do the following:



If a tax return...	Then...
Has posted to either the valid or the invalid SSN, but <b>not</b> to both	<ol style="list-style-type: none"> <li>1. Use CC ENMOD/ENREQ to input a name change on the invalid SSN</li> <li>2. Input CC STAUPS for eight cycles if the account has a balance due</li> </ol> <p><b>Note:</b> The accounts will re sequence and merge. Do not move any payments. The system will merge any posted payments.</p> <ol style="list-style-type: none"> <li>3. Void or retype notice as appropriate</li> </ol> <p><b>Caution:</b> Take action to prevent subsequent notices as appropriate</p>
<b>Has</b> posted on both the valid and the invalid SSNs	<p><b>Do not</b> merge the accounts or make a name change</p> <ol style="list-style-type: none"> <li>1. Recharge (ESTABDT) and route the case to Accounts Management for resolution</li> </ol> <p><b>Reminder:</b> If a paper return, obtain the return and Recharge (ESTABDT) to AM))</p> <ol style="list-style-type: none"> <li>2. Input CC STAUPS for eight cycles if the account has a balance due</li> <li>3. Input TC 570 or CC NOREFP per guidelines in IRM 3.14.1.7.1.1, Refund Intercepts, if account is refunding</li> <li>4. Void the notice</li> <li>5. Input a history item</li> </ol>

- (5) When reviewing a balance due notice generated by a joint return, check for payments on the invalid portion of the secondary taxpayer's SSN. If payments are on the invalid secondary SSN, transfer them to the primary SSN where the joint return posted.

**Exception:** If both the valid and invalid accounts show duplicate posted returns, send the case to Accounts Management for resolution.

- (6) In all other situations involving invalid SSNs, review all attachments to the return, looking for evidence of a correct SSN. Use CC INOLE and CC NAMES to check for other SSNs, or a pending name change.

If...	And...	Then...
The correct SSN can be verified and the account resolved	A new SSA name control is present on CC INOLE(T) (See <b>Note</b> following this table)	<ol style="list-style-type: none"> <li>1. Void all notices to the taxpayer</li> <li>2. Prevent the refund from generating</li> <li>3. Input CC STAUPS for eight cycles if the account has a balance due</li> <li>4. See IRM 3.14.1.6.21 , Re-processing Returns</li> </ol>

If...	And...	Then...
If there is an invalid SSN condition	A new SSA name control is present on CC INOLE(T) (See <b>Note</b> following this table)	<ol style="list-style-type: none"> <li>1. Void the CP 54</li> <li>2. <b>Do not</b> transfer credits from the valid to the invalid account. Input CC STAUPS for eight cycles to allow the quarterly SSA update to merge the accounts. Quarterly updates will occur in cycles 5, 16, 31, and 44</li> <li>3. If a credit transfer from or an adjustment to the account is necessary and the transaction will post during a quarterly SSA update cycle, use a posting delay code so the transaction will post after the update to avoid an Unpostable</li> </ol>
If the invalid SSN condition cannot be resolved, but an adjustment or credit transfer is required.	A new SSA name control is not present on CC INOLE(T) (See <b>Note</b> following this table)	<ol style="list-style-type: none"> <li>1. Use Hold Code "4" on an adjustment to prevent any credit from refunding</li> <li>2. Input a TC 570 (Doc Code 24 or 48) or a Credit Freeze Code "1" (Doc 34) on the credit side of any transfer into the account. Make sure that any refund remains frozen until the taxpayer responds to the CP 54</li> <li>3. Input a TC 570 on the debit side of any Doc Code 24 or 48 when transferring credits out of the account</li> </ol> <p><b>Note:</b> Do not use Doc Code 34 to transfer a payment out. There is no way to freeze the debit side of the transfer</p>

**Note:** On a weekly basis, tapes containing name control updates are received from the SSA. On a quarterly basis, the updated accounts are merged.

3.14.1.6.1.1.3  
(11-05-2021)

**Individual Taxpayer  
Identification Number  
(ITIN)**

- (1) The IRS requires that all foreign and domestic taxpayers provide a valid identification number. This number can be either a valid social security number (SSN) or an Individual Taxpayer Identification number (ITIN).
- (2) ITINs are issued to individuals who are required to have a U.S. Taxpayer Identification Number, but neither have nor are eligible to obtain a SSN.

- (3) ITINs are valid only for tax purposes and are obtained by completing Form W-7, Application for IRS Individual Taxpayer Identification Number.

**Note:** If Form W-7 is attached to the return see IRM 3.14.1.6.9.1, Taxpayer Correspondence.

- (4) ITINs can be identified by a “9” as the first number and a range of “50 - 99” for the 4th and 5th numbers.

**Exception:** 4th and 5th numbers 66-69, 89, and 93 are not ITINs.

**Note:** ATINs also begin with “9” as the first number; however, the 4th and 5th digits will be “93”.

- (5) Compare the ITIN on the notice to the ITIN on the return. When a taxpayer has data for both a valid and an invalid ITIN and the only difference is the name control, determine if the difference was caused by a processing error, such as a transposed first and last name or a misspelled last name. If so, do the following:

If a tax return...	Then...
Has posted to either the valid or the invalid ITIN, but <b>not</b> to both	<ol style="list-style-type: none"> <li>1. Use CC ENMOD/ENREQ to input a name change on the invalid ITIN</li> <li>2. Input CC STAUPS for eight cycles if the account has a balance due</li> </ol> <p><b>Note:</b> The accounts will re sequence and merge. It is not necessary to move payments on the account</p> <ol style="list-style-type: none"> <li>3. Void or retype notice as appropriate</li> </ol> <p><b>Caution:</b> Take action to prevent subsequent notices as appropriate</p>
<b>Has</b> posted on both the valid and the invalid ITINs	<p><b>Do not</b> merge the accounts or make a name change</p> <ol style="list-style-type: none"> <li>1. Recharge (ESTABDT if a paper return) and route the case to Accounts Management for resolution</li> <li>2. Input CC STAUPS for eight cycles if the account has a balance due</li> <li>3. Input TC 570 or CC NOREFP per guidelines in IRM 3.14.1.7.1.1, Refund Intercepts, if account is refunding</li> <li>4. Void the notice</li> </ol>

- (6) When reviewing a balance due notice generated by a joint return, check for payments on the invalid portion of the secondary taxpayer’s ITIN. If payments are on the invalid secondary ITIN, transfer them to the primary ITIN where the joint return posted.

If...	And...	Then...
The correct ITIN can be verified and the account resolved	Not Applicable	<ol style="list-style-type: none"> <li>1. Void all notices to the taxpayer</li> <li>2. Prevent the refund from generating</li> <li>3. Input CC STAUPS for eight cycles if the account has a balance due</li> <li>4. See IRM 3.14.1.6.21 , Reprocessing Returns</li> </ol>
The invalid ITIN condition cannot be resolved, but an adjustment or credit transfer is required	A new ITIN name control is present on CC INOLE(T)	<ol style="list-style-type: none"> <li>1. Void the CP 54</li> <li>2. <b>Do not</b> transfer credits from the valid to the invalid account. Input CC STAUPS for eight cycles.</li> </ol>
The invalid ITIN condition cannot be resolved, but an adjustment or credit transfer is required	A new ITIN name control is <b>not</b> present on CC INOLE(T)	<ol style="list-style-type: none"> <li>1. Use Hold Code "4" on an adjustment to prevent any credit from refunding</li> <li>2. Input a TC 570 (Doc Code 24 or 48) or a Credit Freeze Code "1" (Doc 34) on the credit side of any transfer into the account. Make sure that any refund remains frozen until the taxpayer responds to the CP 54</li> <li>3. Input a TC 570 on the debit side of any Doc Code 24 or 48 when transferring credits out of the account</li> </ol> <p><b>Note:</b> Do not use Doc Code 34 to transfer a payment out. There is no way to freeze the debit side of the transfer</p>

**Exception:** If both the valid and invalid accounts show duplicate posted returns, send the case to Accounts Management for resolution.

#### 3.14.1.6.1.1.4 (01-01-2024)

#### Internal Revenue Service Number (IRSIN)

- (1) An IRSIN (Internal Revenue Service Number) is a number assigned by the IRS and is used in place of a required TIN during processing.
- (2) An IRSIN is used only as an internal identifying number or until the taxpayer is assigned a SSN or ITIN, or until their SSN or ITIN is located.
- (3) All IRSINs begin with the number "9". The fourth and fifth digits of the IRSIN typically signify what campus assigns the IRSIN.  
**Example: 9nn-18-nnnn, assigned by the Austin Campus.**

- (4) Taxpayers with an ATIN/ITIN or IRSN are ineligible for EIC. If a taxpayer is **not valid** on Master File (first time filing, changes in marital status) but has a **valid SSN** with the Social Security Administration, they may claim EIC.
- (5) If the taxpayer is claiming EIC with an ITIN, invalid SSN, or IRSN, thoroughly research the taxpayer's account using CC IRPTR with Definer L and CCs INOLE, NAMES, and NAMEI.
- (6) If the taxpayer is claiming EIC and personal exemptions and you **cannot determine a valid number** on an:
  - Erroneous SSN - Remove EIC and Personal Exemption
  - IRSN- Remove EIC and /or Personal Exemption
  - ITIN - Remove EIC

3.14.1.6.1.1.5  
(01-01-2025)  
**Document Locator  
Number (DLN)**

- (1) Always verify the DLN on the Quick Print copy of the notice or NRPS Package/Control D against the DLN on the return, to ensure the correct document is being reviewed.
- (2) Use the posted return data, selected vouchers, and pending transactions available in the NRPS Package/Control D to determine whether the refund is questionable. If the return is unavailable, then determine whether the refund should be prevented from generating.
- (3) Only prevent the refund from generating when needed.
- (4) When you need the return to complete the research ESTAB. If not received request again using Form 2275. After the second request has been made, inform the lead, who will investigate the reason for unavailability, and possibly locate the return.
- (5) Management should identify and coordinate with problem area(s) so that corrective action can be taken as quickly as possible.

3.14.1.6.1.1.6  
(01-01-2023)  
**Verifying and Correcting  
Name Information**

- (1) Verify the name on the notice against the entity information on the return or if the return is unavailable CC INOLE or CC IMFOLE.  
**Note:** Before preventing a refund from generating for a name correction, determine if the taxpayer will be able to cash the check (non-critical entity adjustment). If the check can be cashed, allow the refund and input the entity change on OLNK. See IRM 3.14.1.6.1.1.8 , NRPS Automated Entity Updating

**Caution:** If the taxpayer will not be able to cash the refund (critical entity adjustment), prevent the refund from generating. See IRM 3.14.1.7.5, Entity Adjustments.

If...	Then...
The name on the return is illegible	Determine the correct name by checking the signature, the Form W-2 documents, the return envelope, and any other attachments
The name on the notice is different (this also applies to the secondary name of a joint entity)	<ol style="list-style-type: none"> <li>1. If the name is different, misspelled or contains a typographical error, but is obviously the same taxpayer, correct the name in OLNLR</li> <li>2. If the spouse's last name changed due to marriage, <b>and</b> the spouse signs the return with their married name, correct the name in OLNLR  <b>Exception:</b> Do not change the last name of the spouse unless they sign the return with their married name (or if the signature is illegible)  <b>Note:</b> Although this may create an invalid spouse SSN condition for the subsequent year (if the spouse has not yet updated their name with Social Security Administration [SSA]), ERS can force the SSN through the system by assigning Return Processing Code (RPC) "E" to the next return</li> <li>3. If the name is obviously not the same taxpayer, check the SSN with CC INOLE and CC NAMES to determine the correct Master File name (a reprocess may be necessary if a taxpayer has used an incorrect SSN)</li> <li>4. Update the second name line as needed. Do not change or add second name lines unless you have the original signed return</li> </ol>
The name on the return contains a name suffix (e.g., Jr., II, III, etc.)	<ul style="list-style-type: none"> <li>• Correct name suffixes on the notice entity if they are incorrect or missing</li> <li>• Do not prevent refund from generating for a missing name suffix</li> </ul>
The name on either the return or the notice contains a middle initial	<ul style="list-style-type: none"> <li>• Correct the middle initial if it is incorrect on the notice.</li> <li>• Add the middle initial if already changing or correcting the entity for another purpose</li> </ul>
The return entity shows a deceased taxpayer, an "in-care-of" person, or a guardian	Add a second name line, if possible

If...	Then...
The return is for a minor <b>and</b> a parent or legal guardian signs the return	<ol style="list-style-type: none"> <li>1. Add "minor" to the taxpayer's name For example: John]Doe]Minor</li> <li>2. Add the parent's or legal guardian's name as a second name line</li> <li>3. It is acceptable to remove the word "minor" from a child's entity if they are at least 18 years of age</li> </ol> <p><b>Note:</b> A parent's or legal guardian's signature is valid on a minor taxpayer's return</p>
Two signatures appear on the return	<p>Verify that the entity reflects both names, unless the filing status is Married Filing Separately (FS3)</p> <p><b>Note:</b> When the Joint Name Line is present in OLNK, it may appear that a notice on a joint account is being mailed to a single taxpayer. However, this is a Dual Notice condition, and each spouse will receive their own copy with identical information. An entity change is not necessary</p>

(2) **Reducing the length of taxpayer name**

Name and Address fields are limited to 35 characters each. If the name line is more than 35 characters, modify it in the order shown in the list below, proceeding to the next item (if necessary) until the taxpayer's name(s) can fit on the name line:

How to reduce length of taxpayer(s) name
<ol style="list-style-type: none"> <li>1. Use initials only for middle or second name</li> <li>2. Delete middle initial of secondary taxpayer</li> <li>3. Delete middle initial of primary taxpayer</li> <li>4. Use initials only for secondary taxpayer's first name</li> <li>5. Use initials only for primary taxpayer's first name</li> <li>6. Use initials only for primary and secondary taxpayers' first name(s), if their last name(s) exceed the 35 character/space limit</li> </ol> <p><b>Note:</b> Do not intentionally shorten taxpayer name(s) if they fit within the 35 character space constraint</p>

(3) **Inputting Name Changes**

Tax Return	Input format for joint filers
John Doe Mary Doe	John & Mary]Doe
John Doe Mary Beagle	John]Doe]& Mary Beagle

Tax Return	Input format for joint filers
John Doe Mary Beagle-Doe	John] <b>Doe</b> ] & Mary Beagle-Doe
John D Doe Mary Ann Beagle-Doe	John D] <b>Doe</b> ] & Mary Ann Beagle-Doe
John D Doe III MaryAnn L Beagle	John D] <b>Doe</b> ]III & MaryAnn L Beagle
John A Doe DECD	John A] <b>Doe</b> ]DECD
John A DECD & Jane B Doe	John A DECD & Jane B] <b>Doe</b>
John D Doe III & Mary Doe	John D III & Mary] <b>Doe</b>
John A Doe Jr DECD Mary Beagle	John A] <b>Doe</b> ]Jr DECD & Mary Beagle
John DECD & Mary DECD Doe	John DECD & Mary DECD] <b>Doe</b>
John DECD Doe & Mary Beagle DECD	John DECD] <b>Doe</b> ] & Mary Beagle DECD

**Note:** The bracket “]” indicates the information after or between the brackets is the controlling surname. Additional spaces must not be input immediately before or after the bracket.

(4) **Entity Changes and OLNK disposition**

- a. If **only** a name and/or an address needs to be corrected on the notice, update the entity by using the “E” or “EI” disposition.
- b. If other changes *in addition to entity* are **also** required on the notice (such as amounts, labels or TPNs), use the “R” or “RI” disposition.

3.14.1.6.1.1.7  
(11-12-2019)

**Verifying and Correcting  
Address Information**

- (1) Verify the address on the notice against the address on the tax return. Always correct the address on the notice. Use the return information provided by the taxpayer, but do not apply any information that is obviously incorrect. Refer to the lead if in doubt about any part of an address.

**Note:** When making any change to the address in CC ENMOD/ENREQ, all elements of the address must be input (e.g., street address, city, state, and ZIP Code), even if the change is minor.

If the address...	Then...
On the return is illegible	Check the return and all attachments for a legible address



If the address...	Then...
On the return is from an IRS label, and is different than the address on the notice	The taxpayer essentially agrees that the label information is accurate by signing the return. Check CC ENMOD for any pending or recent address changes. Change the address to match the label, but bypass any obvious errors that may appear on it
On the notice is different,	Use the USPS ZIP code directory to verify the ZIP code, the spelling of the street, city, post office box, and state. Correct the address on the notice to reflect the ZIP Code directory information. Prevent refund from generating, if needed. If internet access is available, use the post office website <i>Zip Code Lookup</i>
On the notice is printed with LOCAL	Check CC ENMOD for any pending or recent address changes. Check CC FINDS/FINDE for current taxpayer address information. If no current information can be found, then verify the zip code using the United States Postal Service (USPS) web-site and change the address to GENERAL DELIVERY and print the notice.
On the notice contains an inconsistent, misspelled address or missing street suffix	Use the USPS ZIP code directory to verify the street suffix, then correct the entity in OLNR.
Contains an Apartment, Building, Floor, Room, or Suite, etc.	Correct or add these "secondary street indicators" if they are missing or incorrect. <b>Reminder:</b> If needed, prevent the refund from generating, if the check may be returned undeliverable as a result of a missing secondary street indicator.
Contains a directional indicator in the street or city	Make sure these "directional indicators" (e.g., N, NE, NW, E, S, SE, SW, W, etc.) are in the proper location. Typically, if a street name <b>is</b> a direction, it will be spelled out (e.g., West St., Northwest Blvd.). The directional indicators are almost always abbreviations (e.g., West St S, or S West St, E Chicago)
Contains a street and a post office box address	Verify the address on the tax return. You may use either a street or post office box address, but <b>not</b> both on the same line,

- (2) In addition to following the chart above, change the address if:
  - a. Signed correspondence from the taxpayer has the old address lined through and a new address written in its place.
  - b. A CPA, attorney, or another authorized individual requests an address change, provided CC CFINK indicates that IRS has a Power of Attorney on file for that individual.
  - c. Form 3870, Request for Adjustment, is attached to the document and shows a new address. This form is used by Area Offices to request account adjustments and indicates that there has been personal contact with the taxpayer.
  - d. The return has a notation written on it, or has a response to previous correspondence attached, and we are accepting the information as coming from the taxpayer, even if it is not signed.
  - e. The taxpayer has filed a Form 8822, Change of Address.
- (3) Never change an address to an "in care of" unless the taxpayer or an authorized representative signed the request.
- (4) Never change an address if a photocopy of an address change request does not contain an original signature.
- (5) The return envelope should not be used to correct an address unless it is the same as the return and is used only to verify an illegible address from the return.
- (6) Entity Changes and OLNLR disposition:
  - a. If only a name and/or an address needs to be corrected on the notice, update the entity by using the "E" or "EI" disposition.
  - b. If other changes in addition to entity are also required on the notice (such as amounts, labels or TPNs), use the "R" or "RI" disposition.

3.14.1.6.1.1.8  
(01-01-2025)

#### NRPS Automated Entity Updating

- (1) NRPS creates an Entity Update File (NRP 8250) for most IMF entity changes. Changes made to the notice entity will automatically update CC ENMOD with a TC 013 or TC 014.
- (2) NRPS cannot create entity update records under all conditions. In the following situations, the Tax Examiner must always use IDRS to update CC ENMOD, **in addition** to changing the entity data in OLNLR:
  - a. All overpaid notices requiring a **critical entity** change must be corrected on both CC ENMOD/ENREQ and OLNLR. See IRM 3.14.1.7.5, Entity Adjustments
  - b. When a notice carries a SPACK/Spouse copy (identified by the presence of the "Joint Name Line" field on OLNLR). This applies to any change to the entity (name line and/or address lines for a SPACK notice).
  - c. When no notice is going to the taxpayer, but an entity change is still necessary the OLNLR entity does not need to be updated.

**Example:** When an entity correction is necessary for a voided notice.

3.14.1.6.1.1.9

(01-01-2025)

**Return Received Date**

an Executive directive, every return received by the IRS should have the envelope attached and will carry the stamped "IRS Received Date" as the return received date.

- (2) The return received date can be found on TXMOD in the RET-RCVD-DT field or in the NRPS Package/Control D **DUE/RCVD DATE** field.
- (3) If there is a question about the received date, determine the correct received date in the following priority:
  - a. Latest postmark date on envelope (United States Postal Service or designated private delivery service).
  - b. Date the taxpayer signed the return (only if current year date).
  - c. Julian date of the return DLN minus ten days.

**Exception:** If the taxpayer has attached a note or explanation that the return is late because of rejection of a timely filed electronic return, the RDD will be used.

- (4) Adjust all interest and penalties as appropriate. Refer to IRM 3.14.1.6.20.1, Computations of Penalties and Interest — General.

3.14.1.6.1.1.10

(03-07-2024)

**Tax Period**

- (1) There are three types of returns:
  - a. **Calendar Year** — These are for a consecutive 12- month period ending on December 31. The tax period for this type of return is in the format CCYY12.
  - b. **Fiscal Year** — These are for a consecutive 12 month period ending on the last day of a month other than December.

**Example:** A return with a tax period ending January 31, 20XX, has a tax period of 20XX01.

- c. **Short Year** — These are for a consecutive period of fewer than 12 months.
- (2) Compare the year on the tax return against the tax period on the notice or the NRPS Package/Control D Contents Page.
  - a. Look for cross-outs and changes to the tax period portion of the return.

**Note:** Taxpayers often use current year tax forms to file prior year returns.
  - b. Fiscal year returns are indicated at the top of the tax return.
  - c. If the return is posted to the wrong tax period, reprocess the return to the correct tax period. Refer to IRM 3.14.1.6.21, Reprocessing Returns.

3.14.1.6.1.1.11

(01-01-2025)

**Signatures**

- (1) Tax returns are legal documents. All returns must have a signature(s). Accept any original signatures that are signed according to the return's filing status.

**Example:** A joint return (FS2) requires two signatures.

- a. Returns signed with an “X” require the signatures of two witnesses. Correspond if the witness signatures are missing. Send Letter 12C and include selective paragraphs i and Declaration paragraph “q”, to provide signature lines for the witnesses.
- b. Never accept photocopied signatures as valid original signatures for the tax return.

**Exception:** Do not correspond if return states Correspondence Imaging Inventory (CII).

- c. If a person other than the taxpayer has signed the return, check **CC CFINK** to ensure that the taxpayer has a power of attorney on file for the signer. If no information is available and documentation is not included with the return, prevent the refund from generating and correspond for the necessary information.
- (2) Electronic Filing (ELF) documents are signed either via Form 8453, or electronically. It is not necessary to correspond for signatures on an MeF processed return.
  - (3) If one or more signatures are missing on an overpaid account, analyze the return to determine if the taxpayer replied to previous correspondence from Code and Edit or ERS.

**Exception:** If the **entire** refund is offsetting or refund cannot be prevented from generating, do not correspond for signature, and do not hold the case in inventory.

If...	Then...
The signed reply is attached to the return	Review the case as if the original return was signed
There was <b>no</b> previous correspondence	<ol style="list-style-type: none"> <li>1. Prevent the refund from generating and correspond for the missing signature(s)</li> <li>2. Print or Retype the notice. Verify and edit, if necessary, the Refund Release indicator (RRI) on the notice (RRI 1= No Refund, and RRI 3= Statute Expired)</li> <li>3. Follow IRM 3.14.1.7.4, Taxpayer Correspondence/Reply Procedures</li> <li>4. Open a control base under the activity <b>WAIT4SIGN</b>,</li> </ol>

If...	Then...
There was previous correspondence, but no reply	<ol style="list-style-type: none"> <li>1. Computer Condition Code (CCC) 3 should have been edited on the return to generate a –R freeze (TC 570) to hold the overpayment. These cases will be worked as transcripts in Accounts Management (AM)</li> <li>2. If a –R freeze (TC 570) is not on the module then prevent the refund from generating using guidelines in IRM 3.14.1.7.1.1, Refund Intercepts and input a 290 for .00 Hold Code 4 to set a –K freeze</li> <li>3. Do not leave an open IDRS control base.</li> <li>4. Verify correspondence was previously sent using ENMOD letter history for 12C paragraphs using Form 6001</li> <li>5. If correct print the notice, if incorrect update as needed including no-response (series 500) TPNCs</li> </ol> <p><b>Note:</b> These cases will be worked as transcripts in Accounts Management (AM)</p>
A taxpayer response is received after 45 days, and the control base is closed	<ol style="list-style-type: none"> <li>1. Complete Form 3465, Adjustment Request, indicating that the Return Processable Date needs to be updated</li> <li>2. Route Form 3465 and the response to Accounts Management</li> <li>3. Do not leave an open IDRS control base</li> <li>4. Follow IRM 3.14.1.7.4, Taxpayer Correspondence/Reply Procedures</li> </ol>

- (4) If the return is a balance due, it is not necessary to secure the signature, unless a subsequent adjustment is necessary, which will result in the account becoming overpaid. If this occurs:
- a. Use Hold Code “4” on the adjustment to set a –K freeze.
  - b. Retype the notice as appropriate and allow the notice to be released in cycle.
  - c. Send Letter 143C for the signature and handle the response appropriately when received.
  - d. Open a control base under the activity “WAIT4SIGN”, and monitor the case for up to 45 days, or until a signature is received.
  - e. Follow the reply or no reply instructions in IRM 3.14.1.7.4, Taxpayer Correspondence/Reply.

If ...	And the result will be...	Then ...
No other action is necessary	a balance due	<ol style="list-style-type: none"> <li>1. Print the notice in cycle</li> <li>2. Do not suspend the case</li> </ol>

If ...	And the result will be...	Then ...
An adjustment is needed	a balance due	1. Retype the notice 2. Do not suspend the case
An adjustment is needed	an overpayment	1. Use Hold Code "4" on the adjustment 2. Retype the notice in the current cycle 3. Monitor the case for 45 days from the date the letter was input, keeping the control base open under activity code "WAIT4SIGN "

- (5) Faxed signatures are now acceptable for returns in very limited situations if the taxpayer has not previously signed the return. Before acceptance, do the following:
- Verify that a faxed signature is not attached to the return based on a prior correspondence from the IRS.
  - Validate that you are speaking to the taxpayer or authorized representative.
  - Advise taxpayer that the signature will become a permanent part of the tax return.
  - Fax the signature perjury statement (jurat) to the taxpayer or authorized representative.

3.14.1.6.2  
(01-01-2015)  
**Analyzing NRPS Data  
Sheet Appended**

- (1) NRPS extracts this data from the following sources:
- Generalized Unpostable Framework (GUF) and Unpostable Files
  - Tape Edit Processing (TEP) File
  - ERS File Revenue Receipts
  - Unidentified Remittance and Excess Collection File
  - Resequencing File
  - Generalized Mainline Framework (GMF) Error, Computer Assisted Review of ERS (CARE), Block Out of Balance (BOB), and Reject Files

3.14.1.6.2.1  
(01-01-2024)  
**Pending Transactions**

- (1) Pending Transactions are account actions that have not posted to the taxpayer's account by the notice cycle. Refer to IRM 3.14.1.6.18.1.4 and/or IRM 3.14.1.6.18.1.5
- (2) Pending Transaction data consist of transaction codes, dates, and amounts, account identifying information, and other pertinent data. This data appears with the name of its source file (GUF, TEP, etc.) under the Pending Transaction heading on the NRPS Package/Control D Contents Page and on TXMOD under the Pending Transactions section. Refer to the Pending Transaction Files exhibit. Exhibit 3.14.1-10

3.14.1.6.3  
(01-01-2021)  
**Unpostable Transactions**

- (1) Unpostable transactions require corrective action before they can post to the Master File.

- (2) Unpostable Codes (UPCs) identify the set of conditions that caused the unpostable transaction. Unpostable Reason Codes (RCs) specify the various conditions that can be present for each UPC.

**Note:** Document 6209, IRS Processing Codes and Information, Section 8B, contains descriptions of UPCs and RCs. This information will help determine the appropriate corrective action.

- (3) Unpostable Resolution Codes (URC) identify whether the corrective action can be done systemically, manually by the Unpostables function, or must be rejected back to the originator for correction.
- (4) The GUF and the Unpostable Files show pertinent information about unpostable transactions on IDRS, including:
- Transaction Code
  - Date
  - Dollar Amount
  - ITIN
  - MFT
  - Tax Period
  - XREF Account
  - UPC

3.14.1.6.3.1  
(01-01-2015)  
**Reviewing Unpostable Transactions**

- (1) A pending Unpostable will display one of the following identification codes next to the Transaction Code:
- **Unnn or UP** — An open unpostable transaction “nnn” is a numeric unpostable code, e.g., 198 or 175.
  - **CU** — A corrected unpostable. The transaction should post in the cycle displayed on IDRS.
  - **DU** — A deleted unpostable. This transaction will not post and has been deleted from the module.
  - **NU** — A nullified unpostable. This transaction should be resolved by the Rejects Function or by the originating Tax Examiner.

3.14.1.6.3.2  
(01-01-2024)  
**Resolving Unpostable Transactions**

- (1) Utilize the following steps for resolving an unpostable condition:
- a. Use the Unpostable Code to determine the reason for the unpostable condition.
  - b. Use CC UPTIN to view the unpostable record(s). If the unpostable transaction is out of region use the @ with the campus location code.

**Note:** For listing of the campus locations codes see Doc 6209, Section 4 or IAT tool UP History.

**Example:** UPTIN XXX-XX-XXXX@07 or CMODEXX (XX)-denotes the service center location

- c. If the case is open, use CC UPDIS with the Unpostable Sequence Number to access the response screen.
- d. Overlay the CC UPRES screen with CC UPCASZ and input any information useful to the Unpostables function for resolving the unpostable condition.
- e. If the case is closed, the Unpostable Resolution Code (URC) will indicate the resolution to the unpostable condition. Use this information to



determine how the transaction will affect the notice and the notice module. No further action is required on the unpostable. Correct the notice as instructed in the IRM 3.14.1.7.8, Notice Disposition.

- f. If the transaction can be posted as it is, leave a history item indicating that the Unpostables Function should post the transaction without a change. The transaction may have been unpostable when it first reached the Master File.

**Example:** When a TC 670 transaction has failed to post to an account having a credit balance (UPC 198) but will now post because a debit transaction has posted, leave a history item. **See Notice Review Job Aid 2534-002.**

- g. If you cannot determine whether an unpostable transaction will post, take no action.
- (2) When notified of an unpostable, the transaction has usually been deleted on IDRS. Use the Unpostable Code information to correct the transaction.

**Note:** The Unpostables Function will open a control base for the originating Tax Examiner and include the transaction on the Nullified Distribution Listing.

If the...	Then...
Error condition can be corrected	Re-enter the transaction with the corrected information
Error condition <b>cannot</b> be corrected	Close the control base. Input any necessary history items, TC 570s, or CC STAUPS. Prevent any incorrect refunds from generating, if applicable, per guidelines in IRM 3.14.1.7.1.1, Refund Intercepts
Adjustment or transfer was already input by someone else	Do not enter a duplicate transaction. Close the control base

**Note:** See Notice Review Job Aid 2534-002 for common Unpostable Codes and how to resolve them.

#### 3.14.1.6.3.3 (11-12-2019) Preventing Unpostable Transactions

- (1) Avoiding unpostables requires that the proper priority codes, hold codes, bypass indicators, freeze codes (or TC 570), and posting delay codes be input with an adjustment or credit transfer.
- (2) Review each account carefully before entering an adjustment or credit transfer.
- (3) Consider the effects of pending transactions, previous actions, freeze codes, module balances, and posted manual penalty and interest adjustments. Also consider the effects of the transaction being input.
- (4) Contact any controlling Tax Examiner to coordinate actions on modules and to prevent erroneous and duplicate adjustments.
- (5) To prevent unpostable tax adjustments (Doc Code 54):
  - a. Verify that the adjustment is not a duplicate of a previous adjustment.



- b. Consider previous tax adjustments before inputting a subsequent adjustment, **especially** those within \$10 of a previous adjustment. If it is still necessary, use Priority Code 8 on the adjustment.
- c. Look for any manual adjustments of penalties and interest (TC 160, 161, 170, 171, 340, and 341) that need correction or recognition when inputting an adjustment.
- d. Use the correct MFT, tax period, and name control.
- e. Input the correct Item Reference Codes and Credit Reference Numbers. Consider posted amounts, and limitations for each code being input.
- f. Do not attempt to reduce **tax**, any **refundable credit**, or any of the following **Credit Reference Numbers** below zero:
  - 873 — Adjust Primary Form 8919 Social Security Wages Computer
  - 874 — Adjust Secondary Form 8919 Social Security Wages Computer
  - 878 — Primary Self Employment Income
  - 879 — Secondary Self Employment Income
  - 885 — Advanced EIC
  - 886 — Taxable Income
  - 887 — Number of Exemptions
  - 889 — Self Employment Tax amount
  - 891 — Primary Tip Income
  - 892 — Secondary Tip Income
  - 893 — Adjust the Primary (Form 8919) Total Medicare Wages
  - 894 — Adjust the Secondary (Form 8919) Total Medicare Wages
  - 895 — Primary Medicare Income
  - 896 — Secondary Medicare Income
  - 898 — Primary Medicare Tip Income
  - 899 — Secondary Medicare Tip Income

(6) To prevent Unpostable Credit Transfers (Doc Code 24, 34, or 48):

- a. Whenever possible, begin the credit transfer from within the notice module.
- b. Use the correct reversal transaction code for the posted transaction code.

**Example:** Use TC 672 to reverse TC 670.

- c. Use the correct MFT, name control, and tax period.
- d. When transferring overpayments, verify that the credit is available to be transferred. TC 830 and TC 820 amounts cannot exceed the credit balance on the module.
- e. When transferring payments from an account, verify that the dates on both sides of the credit transfer match. The money amounts must not exceed the amounts of the transactions being reversed.

**Caution:** TC 826 and TC 706 *can* have different transaction dates. Use the correct dates for the debit and credit transactions when reversing these transactions. Follow credit elect and offset procedures, IRM 3.14.1.6.4, Offsets.

- f. When transferring credits to a fully paid module or to a balance due module and the transfer will create an overpayment, use a Bypass Indicator "1".
- g. Use a Credit Freeze Code "1" (Doc Code 34) or input a TC 570 (Doc Code 24) on the credit side of the transfer if the credit should be held. This will generate a -R freeze.

**Note:** Two TC 570s will not post simultaneously on a module, unless the first unreversed TC 570 is the systemic hold placed by IMF (55555 in the blocking series).

- h. Use a posting delay code (one to six cycles) to delay the posting of a transaction so that it matches the posting cycle of another transaction.

**Example:** Use it to delay the posting of a Doc Code 48 debit transaction until a Doc Code 34 credit transaction posts.

3.14.1.6.4  
(01-01-2024)  
**Offsets**

- (1) The computer will automatically offset an overpayment if a credit elect request to a subsequent year is present, but will first attempt to satisfy balances due for other federal taxes, or liabilities owed to other federal or state agencies. Therefore, when manually transferring credits, Lump Sum Credit Offsets to other federal taxes, and Treasury Offset Program (TOP) offsets to other agencies take priority over credit elect and refund requests. TOP offsets can be identified by the DEBT indicator on the module. See IRM 3.14.1.6.4.3, TOP Offsets-TC 898/899.
- (2) Master File can perform systemic offsets correctly within the same account (same taxpayer) and will also transfer overpayment interest.
- (3) If a payment has been misapplied and must be moved to satisfy other debt then any credit elect must be moved back and frozen before moving a payment to a different module if the full payment amount is not available.
- (4) Exceptions to systemic processing of offsets:

When an overpayment is available earlier than a liability and a manual offset is required, overpayment interest on the offset must be manually computed on the module that generated the overpayment. Master File will only generate the correct amount of overpayment interest if it originates the offset.

When Master File is allowed to offset manually computed overpayment interest, it will use the 23C date of the TC 770 for both the TC 856 and TC 736, which can cause erroneous underpayment interest accruals on the module where the TC 736 posts. When a TC 770 must be offset, a manual transfer using TC 850 and TC 730 should always be used. Debit with TC 850 using the 23C date of the TC 770, and credit with TC 730 using the date interest on the TC 770 was computed to (i.e., "CR-INT-TO\_DT" of TC 770).

#  
#

elect.

3.14.1.6.4.1  
(01-01-2025)  
**Credit Elect — TC  
836/716 or TC 830/710**

- (1) Check INOLES for a debt indicator before moving credit elect. See IRM 3.14.1.6.4.3, Treasury Offset Program (TOP) Offsets- TC 898/899.
- (2) The following notices pertain to Credit Elect situations:
  - CP 10 — Generates when a math error reduces the overpayment **and** the requested Credit Elect.
  - CP 10A — Generates when an EIC math error reduces the overpayment **and** the requested Credit Elect.
  - CP 45 — Generates when there is no settlement notice to inform the taxpayer that only a portion (or none) of the requested amount was credited.

**Note:** If a settlement notice generates, the notice will contain a pop-in paragraph that informs the taxpayer of the unapplied credit elect amount.

- (3) Review the return to determine if the taxpayer requested all or part of their overpayment be applied to the subsequent tax year as an estimated tax payment.
- (4) When a credit elect request is transcribed properly on a current year return, the computer will automatically offset the credit (TC 836/716) if it is available, even if the overpayment is caused by a subsequent adjustment or credit transfer.
- (5) If the full amount of credit elect requested is not available when the return posts, the computer will offset what is available, and continues to offset (as more credit becomes available), until the full credit elect amount is satisfied.

**Note:** Credit Elect on a current year return may not automatically transfer to the next year after November 1st of the current calendar year.

- (6) If the credit elect request was transcribed incorrectly, and the credit has refunded, take no action. CP 10 and 45 instructs the taxpayer to review the subsequent tax year estimated tax payments to avoid any possible underpayment.
- (7) Master File will not automatically process credit elect requests on prior year or future year returns, if a TC 150 has already posted to the receiving tax period.
  - a. Use CC TXMOD/RTVUE to review the subsequent period if it is not in the NRPS Package/Control D.
  - b. Manually input **all** subsequent credit elects on all prior year returns.

**Caution:** Never transfer credit elect from a module with an expired RSED.

- c. Transfer a claimed credit elect directly to a module separated by more than one tax period, **if** all modules in between claim the same Credit Elect, are settled modules, and no penalties or interest will abate. Use the correct dates and an Override-Dt Code "2" on the Doc Code 48 transfer.

**Example:** Transfer from 202012 directly to 202212, if 202112 also claims a credit elect request, and has no penalty or interest that would abate if the credit elect was passed through it.

- d. All other offsets (TC 820/826, TC 898) have priority over a Credit Elect. Only reverse a TC 820/826 offset in favor of a credit elect, when a TC 826 has offset to the credit elect receiving module, and penalties and interest in that receiving module will decrease if a timely credit elect posts. However, do **not** reverse a TC 898 for a credit elect.

If any of the following apply...	Then...
<ul style="list-style-type: none"> <li>• The subsequent tax period has a balance due;</li> <li>• The credit elect will cause penalties and interest assessed on the subsequent period to partially or fully abate; or</li> <li>• The taxpayer claimed the credit on the subsequent tax period and the Credit Elect field on the subsequent module has a significant amount,</li> <li>• There is no TC 150 on the subsequent year's account</li> </ul>	<ol style="list-style-type: none"> <li>1. Prevent the refund from generating</li> <li>2. <b>Retype</b> the settlement notice, editing the Credit Elect and unapplied credit elect fields accordingly, or <b>void</b> the CP 45</li> <li>3. Manually offset the Credit Elect</li> </ol>
Otherwise	Allow the refund

- (8) When increasing tax or reversing credits on the notice module, reverse all or part of a notice cycle Credit Elect to cover the debit. Use CC ADC48 and TC 832/712 on IDRS.
- If necessary, prevent the refund from generating on the subsequent module. If the refund was intercepted then reverse the offset using a posting delay code to allow time for the TC 841 to post before the TC 712. Also, input Bypass Indicator "0."
  - Do not reverse a Credit Elect that was offset in a different cycle than the notice cycle.
- Example:** If the notice generated in cycle 202415 and the TC 836 posted in cycle 202418, do not reverse the TC 836.
- Retype the original notice and edit the Credit Elect/unapplied credit elect fields or retype to a CP 10 and edit the "Credit Elect per Taxpayer" and "Credit Elect to Next Year" fields.
- (9) If the Credit Elect from the prior year module (TC 716) was intended for another account, use the IAT Credit Transfer tool to input CC ADD48 to transfer the payment with a TC 712/710:
- Use the TC 716 date as the TC 712 date.
  - Use the correct date for the tax period as the TC 710 date.
- (10) When manually transferring Credit Elect(s), input TC 830/710 using the IAT Credit Transfer tool, input CC ADD48 :
- Use the later of the Return Due Date (RDD) or the date of the credit creating the overpayment (except on timely credits) such as the TC 830/710 date.

**Note:** Multiple TC 830s may be needed depending on the date the credit is available. Always transfer the most recent credits first.

- b. If a tax adjustment or credit transfer creates (or is a part of) the overpayment, input the offset (TC 830) to post after the adjustment or credit transfer by inputting a posting delay code, if needed.
- c. If a subsequent notice must be stopped, take the appropriate action. See IRM 3.14.1.7.8, Notice Disposition.

**Note:** Coordinating the timing of posting actions allows all transactions to post in a manner that prevents unintentional refunds and unpostables. If the required overpayment amount is not available, the computer will re sequence the TC 830 for one cycle. The full amount of credit must be available or the TC 830 will unpost.

**Reminder:** If FTF or ES Penalty will recompute, input a TC 290 for .00 with a Hold Code "4", and a posting delay code timed to post in the same cycle as the penalty reversal. This will prevent an adjustment notice.

If...	Then...
The penalty or interest will recompute because of an adjustment action	<p>To avoid erroneous refunds and unpostables, use posting delay codes and a TC 570 or credit freeze code to time the transactions to post in the following order:</p> <ol style="list-style-type: none"> <li>1. Adjustments or credit transfers</li> <li>2. TC 830</li> <li>3. TC 571 (if needed)</li> </ol> <p><b>Caution:</b> Check for prior year debit modules before inputting a TC 830/710. Using the IAT Credit Transfer tool, input CC ADD24 and a TC 820/700 if an offset to a debit module is needed. Time it to post in the same cycle as the TC 830/710</p> <p><b>Note:</b> If penalties and interest will <i>not</i> recompute, the input of a posting delay code on the TC 830 is unnecessary.</p>
A Doc Code 34 credit transfer will create the overpayment	<ol style="list-style-type: none"> <li>1. Input a Credit Freeze Code "1" on the transfer. Input the TC 830/710 on a Doc Code 48 with a Posting Delay Code "2"</li> <li>2. If a credit will remain on the module to be refunded, use CC REQ77 to input a TC 571</li> <li>3. Use a Posting Delay Code "3" to time it to post <i>after</i> the TC 830</li> </ol>

If...	Then...
A Doc Code 24 or 48 credit transfer or a Doc Code 54 adjustment will create the over-payment	<ol style="list-style-type: none"> <li>1. Use a TC 570 on the credit side of the transfer</li> <li>2. Use Hold Code "4" on any CC ADJ54 adjustment</li> <li>3. Input the TC 830/710 on a Doc Code 48 with Posting Delay Code "1"</li> <li>4. If a credit will remain on the module to be refunded and Hold Code "4" was not used, use CC REQ77 to input a TC 571. Use a Posting Delay Code "2" to time it to post <i>after</i> the TC 830</li> </ol>

d. Determine the correct notice disposition:

If...	And...	Then...
The CP 45 or settlement notice with the Credit Elect pop-in paragraph was generated for the taxpayer	Master File <i>cannot</i> systemically offset the additional Credit Elect	<ol style="list-style-type: none"> <li>1. Manually transfer the Credit Elect (see above)</li> <li>2. Retype the notice to reflect the credit elect</li> </ol>
The CP 45 or settlement notice with the Credit Elect pop-in paragraph was generated for the taxpayer	Master File <i>can</i> systemically offset the additional Credit Elect	Print the notice
<b>All</b> of the requested Credit Elect amount has now been applied	A CP 45 generated	Void the CP 45
<b>All</b> of the requested Credit Elect amount has now been applied	A settlement notice generated with the Credit Elect pop-in paragraph	Retype the notice to include the corrected Credit Elect amount, and also to <b>exclude</b> the pop-in paragraph (or void if no notice is necessary at all)
The total Credit Elect applied is still less than the taxpayer's figures	A CP 45 generated	Retype the CP 45
The total Credit Elect applied is still less than the taxpayer's figures	A settlement notice generated with the Credit Elect pop-in paragraph	Retype the notice to reflect the current status of the taxpayer's account

(11) When manually transferring a credit elect, do the following:

- a. Use an Override-Date Indicator “2” on both sides of a CC DRT48 screen if the debit and credit transaction dates are different.

**Example:** When moving a credit elect forward two or more years.

- b. Typically, for the TC 830 date, use the Return Due Date (RDD) or the earliest date of credit availability, whichever is later. The same date applies to the TC 710 date.
- c. Multiple CC ADD48 transactions, using the IAT Credit Transfer tool are necessary if credit availability dates (after RDD) are staggered.

**Example:** On a 202212 return, with a \$1,500 credit elect requested: If only \$500 is available at RDD (04152023), and the remaining \$1,000 isn't available until 06/15/2023, then input two separate TC 830s with corresponding dates.

- d. Do not input a Credit Elect for an amount exceeding the available credit on the losing module. The transaction will go unpostable.

3.14.1.6.4.2  
(01-01-2025)  
**Lump Sum Credit Offset  
— TC 826/706 and TC  
820/700**

- (1) Master File offsets available overpayments (with a TC 826/706) to an account in which a taxpayer has a balance due. The overpayment offset will post as a TC 826 (with a corresponding TC 706 in the receiving module).
- (2) If overpayment interest is available on that overpayment and offsets at the same time as the TC 826, the overpayment interest offset will post as a TC 856 (with a corresponding TC 736 in the receiving module).

- (3) A notice will generate to inform the taxpayer of the offset:

**Note:** This offset to a debit account has priority over a requested credit elect.

- CP 16 generates when an overpayment with a math error offsets to another tax liability. Refer to IRM 3.14.1.6.12.7, Math Error Notice Disposition.
- CP 49 generates for any other offset to another tax liability.

- (4) Use the IAT Credit Transfer tool to transfer a TC 701 (debit) and TC 821 (credit) to reverse an offset to a tax liability.
- (5) Include a TC 570 with the TC 821 (and any associated TC 851) on the credit side of the transfer screen, if the credit should be held.

**Note:** A TC 701 input to a settled module will not generate a CP 60 on the module.

- a. Verify that the reversal date matches the original offset date. Use CC IMFOLT to review a module that is not in the NRPS Package/Control D or on IDRS.

**Caution:** The TC 826 date may differ from the corresponding TC 706 date. Similarly, the TC 856 date may differ from that of the corresponding TC 736.

- b. Reverse multiple transactions in the order that the TC 826s appear on the module. Do not combine transactions.

- (6) If an adjustment will leave a balance due on a module, reverse the offset:



If...	Then...
There is a current cycle TC 826/706 offset	Reverse it, in whole or in part, to satisfy the balance due. Do <b>not</b> reverse a prior cycle TC 826 unless the TC 826 amount is refunding in the current cycle
The module that received the offset has a current cycle refund	Prevent the refund from generating. Reverse the TC 826, using a posting delay code to allow time for the TC 841 to post prior to the TC 821

- (7) Use the IAT Credit Transfer tool to reverse (TC 731 (debit) and TC 851 (credit) the overpayment interest offset (TC 736/ TC 856). Use a TC 570 on the credit side of the transfer if the credit needs to be held.

**Note:** When overpayment interest is allowed on an offset overpayment, input TC 772 to remove or reduce the interest when the offset of overpayment principal and or overpayment interest is through manual action(s), either fully or partially reversed. Master File will not systemically adjust the credit interest.

**Example:** Overpayment principal (offset the TC 826), and its accompanying interest (posted with TC 776 and offset with TC 856) are fully reversed with TC 821 and TC 851. When TC 821 and TC 851 post back to the module, Master File will **not** generate TC 777 to systemically remove the interest previously allowed by TC 776 and offset with TC 856; the interest must be manually removed with TC 772.

- (8) Void or retype the CP 16 or the CP 49 as appropriate. Refer to IRM 3.14.1.6.12.7.5, CP 16 Notice Disposition.

3.14.1.6.4.3  
(01-01-2018)

**Treasury Offset Program  
(TOP) Offsets — TC  
898/899**

- (1) For current year Form 1040, an amount other than zero in the unapplied credit elect field indicates a TOP Offset.

**Note:** Do not prevent the refund from generating to transfer unapplied credit elect; the TOP offset has priority over the credit elect. Be aware of situations requiring special handling. Refer to IRM 3.14.1.6.9.9 , Injured Spouse Claims , if necessary.

- (2) A TOP Offset debt indicator is displayed on the following screens:

- CC TXMOD (DMF-LIAB-IND>) — below the TC 846 line, to the right
- CC TXMOD (OTN-CD) — TC 898 with OTN-CD below the refund
- CC REINF (FMS-DEBT-IND)
- CC INOLE with definer S or X (Debt Indicator). The debt indicators for a TOP Offset are “F,” “I,” or “B”

**Note:** On a joint return (FS2) be sure to check both the primary and secondary taxpayers for any debt indicators.

- (3) For more information about reversing TOP offsets, refer to the Notice Review Job Aid 2534-002.



3.14.1.6.4.4  
(06-26-2023)  
**Payments and Credits**

- (1) This subsection contains information related to payments and credits. It includes information on Lockbox Payments, the Remittance Transaction Research (RTR) System, Electronic Federal Tax Payment System (EFTPS), Dishonored Payments, Discovered Remittance, and Contributions to Reduce the Public Debt.

3.14.1.6.4.4.1  
(01-01-2015)  
**Lockbox Payments**

- (1) Payments for balance due returns (Form 1040–V) and Estimated Tax payments Form 1040–ES are sent to Lockbox locations.
- (2) Estimated Tax payment DLNs contain “220” as the third, fourth, and fifth digits.
  - a. If a Lockbox payment causes an ES discrepancy, follow the procedures in IRM 3.14.1.6.13 , Reviewing Estimated Tax Discrepancy Notices.
  - b. Follow procedures in IRM 21.5.7.4.7.4(8) for Out-of-Area Lockbox payments.
- (3) Form 1040–V payment DLNs contain “270” as the third, fourth, and fifth digits.
  - a. If the tax return indicates that a payment was made and an ES discrepancy exists, verify any excess credits against the balance due on the return.
  - b. If the excess ES credit matches the balance due on the return, void or retype the ES discrepancy notice as appropriate.

3.14.1.6.4.4.2  
(01-01-2015)  
**Remittance Transaction Research (RTR) System**

- (1) The Remittance Transaction Research (RTR) system is a researchable database that provides all payment information and images online immediately after receipt from ISRP and Lockbox. RTR supports ten days of data online and three years of data near-line, allowing for an immediate query response time. Exhibit 3.14.1-9
- (2) Notice Review’s use of RTR provides greater efficiency in resolving payment tracer cases and misapplied payment or excess credit issues.

3.14.1.6.4.4.3  
(06-26-2023)  
**Electronic Federal Tax Payment System (EFTPS)**

- (1) The Electronic Federal Tax Payment System (EFTPS) is a free service taxpayers can use to pay federal taxes, 24 hours a day, 7 days a week.
- (2) All EFTPS operations are located at the Ogden Submission Processing Center.
- (3) Command Code EFTPS provides IDRS users with the ability to request immediate research of the Electronic Federal Tax Payment System. (EFTPS).

3.14.1.6.4.4.4  
(11-12-2019)  
**Dishonored Payments and Bad Check Penalties**

- (1) If a Dishonored Payment transaction (TC 611, 671, 641, 681, or 661) and a penalty (TC 280 or TC 286) are pending on the notice module:
  - a. Prevent the refund from generating, if applicable.
  - b. Input CC STAUPS for eight cycles if a balance due remains. See STAUPS Chart in the Notice Review Job Aid 2534-002.
  - c. Retype the original notice to include the Dishonored Check and Dishonored Check Penalty (Notice Penalty Code **04**). Update the balance due and pay-by-date, refund amount, or credits on the notice using CC RECON and/or CC INTST.

**Note:** CC INTST is not accurate until the TC 280 or TC 286 posts or CC RECON updates the module.

3.14.1.6.4.4.5  
(11-05-2021)

#### Bank Adjustments

- (1) There may be instances where payments are encoded incorrectly on a taxpayer's account. If an obvious encoding error is discovered, refer to the **Bank Adjustments Decision table** below.

***Bank Adjustments Decision Table***

If	And	Then
The payment can be located on Remittance Transaction Research (RTR) system	The amount of the check matches the amount posted to the account	No further research is needed. Resolve the notice issue.
The payment can be located on RTR	The amount of the check does not match the amount posted to the account	This may be an encoding error. Print a copy of the check from RTR and follow the directions in the boxes below.
Math error notice and the notice module is overpaid and a refund is scheduled to be released	The payment is less than what the taxpayer is claiming	<ul style="list-style-type: none"> <li>• Allow the refund</li> <li>• Mail the notice</li> <li>• Contact the Payment Correction Team (as the SP site that processed the payment) for resolution.</li> </ul> <i>Hardcore Payment Tracer Addresses</i>

If	And	Then
Math error notice and the notice module is overpaid and a refund is scheduled to be released	<p>The payment is more than what the taxpayer is claiming</p> <p><b>Note:</b> If the verified payments total is \$5,000.00 or more, issue a manual refund to the corrected refund amount. Void the notice, leave a history item and contact the Payment Correction Team (as the SP site that processed the payment) for resolution.</p>	<ul style="list-style-type: none"> <li>• Intercept the refund</li> <li>• Close your control base</li> <li>• Contact the Payment Correction Team (as the SP site that processed the payment) for resolution.</li> </ul> <p><i>Hardcore Payment Tracer Addresses</i></p>
The notice is a non-math error	Notice is a balance due	<ul style="list-style-type: none"> <li>• Void the notice</li> <li>• Leave a history item</li> <li>• Input CC STAUP for 9 cycles</li> <li>• Contact the Payment Correction Team (as the SP site that processed the payment) for resolution.</li> </ul> <p><i>Hardcore Payment Tracer Addresses</i></p>

If	And	Then
The notice is a non-math error	Notice is credit or even balance due	<ul style="list-style-type: none"> <li>• Void the notice</li> <li>• Leave a history item</li> <li>• Intercept the refund/and or freeze credit on the module</li> <li>• Contact the Payment Correction Team (as the SP site that processed the payment) for resolution. <i>Hardcore Payment Tracer Addresses</i></li> </ul>
The notice is a math error notice with a balance due	The notice has EFTPS payment(s)	<ul style="list-style-type: none"> <li>• Mail the notice</li> <li>• Contact the Ogden Payment Correction Team at (801) 620-7801 for resolution.</li> </ul>

3.14.1.6.4.4.6  
(01-01-2015)

#### Discovered Remittance

- (1) When reviewing tax returns, especially Non-Math Error Balance Due notices (Key 092), thoroughly search all attachments (including envelopes) for payments.
- (2) Use the following procedures to process a discovered remittance:
  - a. Prepare Form 3244, Payment Posting Voucher, in duplicate.
  - b. Attach the copy to the front of the tax return under the entity section.
  - c. Use CC ACTON to input a history item of "DISC-REMIT" on IDRS.
  - d. Input CC STAUPS for eight cycles on all balance due modules.
  - e. Void, retype, or label the original notice as required.
  - f. Provide the remittance, the original copy of Form 3244, the NRPS Package/Control D, a print of CC TXMOD, and the tax return to the lead.
  - g. Complete Form 4287, Record of Discovered Remittance, as appropriate.

**Note:** Check to see if the taxpayer indicates the money is intended for the Public Debt. Refer to IRM 3.14.1.6.4.4.7, Contributions to Reduce the Public Debt, if necessary.

3.14.1.6.4.4.7  
(01-01-2016)

#### Contributions to Reduce the Public Debt

- (1) Occasionally, taxpayers request that all or part of their overpayment (or remittance) be applied to reduce the Public Debt. These payments generally post as a TC 610 or TC 670.

If the credit...	Then...
Is refunding	<ul style="list-style-type: none"> <li>Prevent the refund from generating if the refund has been held (no TC 846 and a TC 570 with blocking series "55555") and prepare Form 3809, Miscellaneous Adjustment Voucher, in duplicate, to transfer the specified amount to the 6400 account. Refer to the Transferring Credits to the Public Debt Fund exhibit. Exhibit 3.14.1-11</li> <li>If TC 846 is on the module, take no action</li> </ul>
Posted to a prior year module	Prepare Form 3809, Miscellaneous Adjustment Voucher, in duplicate, to transfer the specified amount to the 6400 account. Refer to the Transferring Credits to the Public Debt Fund exhibit. See Exhibit 3.14.1-11 for step-by-step instructions
Posted to a current year module	Prepare Form 2424, Account Adjustment Voucher, to transfer the specified amount to the 6400 account. See IRM 3.14.1.6.8 Figure 3.14.1-5 for step-by-step instructions

3.14.1.6.5  
(01-01-2021)  
**Decedent Accounts**

- (1) When a taxpayer is a decedent, all Functions must follow certain procedures to ensure that a correct refund is issued. In order for a computer generated refund to be issued to the correct person, the account must have all of the following present:

- A current year entity reflecting first and second name lines.
- Computer Condition Code (CCC) "L" or "W".
- All required supporting documents. If both taxpayers on a joint return (FS2), or a lone taxpayer (FS 1, 3, 4, or 5) is deceased, Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, or court appointment documentation must be attached to the return if the account is overpaid.
- Make sure the term "DECD" appears after the first name of the decedent on a joint (FS 2) account, or after the surname of the primary taxpayer for any other filing status. Only surviving spouses and representatives should appear on the second name line.
- Do NOT change the name line to replace the term "DECD" with "Estate of" under any circumstances. Code & Edit or ERS may use that for correspondence purposes, but do not remove the term "DECD" from the entity.

**Note:** Supporting documentation is unnecessary on even balance or balance due accounts or if only one taxpayer on a joint account (FS2) is deceased, or if

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- (2) Decedent refund claims must have supporting documents (Form 1310 or Court Appointment Documentation and Payment Verification) unless there is a surviving spouse. The surviving spouse need only provide the date of death for the deceased spouse. The following (CCC)s apply to decedent accounts. Review the NRPS Package/Control D or posted return information on TXMOD to determine if the necessary codes were transcribed:

CCC	Description
A	<ul style="list-style-type: none"> <li>• <b>Both</b> taxpayers died during the tax period</li> <li>• Deletes both the primary and secondary taxpayers from the module</li> <li>• Form 1310 or court appointment documentation is required to allow any overpayment to be refunded to the personal representative or court appointed official</li> </ul> <p><b>Reminder:</b> If the account is overpaid, the return should also contain CCC "L"</p>
F	<ul style="list-style-type: none"> <li>• The <b>primary</b> taxpayer died during the tax year</li> <li>• Deletes the primary taxpayer from the module and establishes an updated entity for the surviving spouse on the secondary SSN, one cycle after the return (TC 150) posts</li> <li>• Form 1310 or court appointment documentation is not required since there is a surviving spouse</li> </ul> <p><b>Reminder:</b> If the account is overpaid, the return should also contain CCC "W"</p> <p><b>Note:</b> Both CCC "A" and "F" generate a TC 540 on the module for the year of death, updating the Mail Filing Requirement (MFR) to "08" on the entity, which deletes the filing requirement</p>
9	<ul style="list-style-type: none"> <li>• The <b>secondary</b> taxpayer died during the tax year</li> <li>• Deletes the secondary taxpayer from the module and establishes an updated entity for the primary taxpayer one cycle after the return (TC 150) posts</li> <li>• Form 1310 or court appointment documentation is not required since there is a surviving spouse</li> </ul> <p><b>Reminder:</b> If the account is overpaid, the return should also contain CCC "W"</p>
L	<ul style="list-style-type: none"> <li>• Reverses the first and second name lines so that the refund check generates to the person on the second name line</li> <li>• Form 1310 or court appointment documentation <b>is required</b>, since there is no surviving spouse</li> </ul>
W	<ul style="list-style-type: none"> <li>• This is used when there is a surviving spouse on a joint account</li> <li>• Suppresses the first name line so the refund check will generate to the second name line only</li> </ul> <p><b>Note:</b> A CCC "L" or "W" prevents the refund check from being issued to the deceased taxpayer. An account with a surviving spouse with a CCC "L" or "W" does not require a manual refund</p>

## (3) Review the account:

If...	Then...
Additional information (signature, Form 1310 or court appointment documentation) is required before a refund can be issued	<ol style="list-style-type: none"> <li>Correspond with the taxpayer in the current cycle to request the missing information. Remove <b>DECD</b> from the name line when corresponding by letter, but do not remove <b>DECD</b> from the entity portion of the notice on <b>OLNR</b> or on <b>ENMOD</b>. Also, do not replace <b>DECD</b> with <b>Estate of</b> on the Notice or on ENMOD</li> </ol> <p><b>Note:</b> A math error or a discovered credit might have caused the overpaid condition</p> <ol style="list-style-type: none"> <li>If an adjustment is not needed, print the original notice in cycle. The taxpayer may not realize that a refund is due.</li> </ol> <p><b>Note:</b> A prompt reply is likely if the surviving spouse or Executor realizes a refund is due</p> <ol style="list-style-type: none"> <li>Follow Reply/No Reply instructions in IRM 3.14.1.7.4, Taxpayer Correspondence/Reply Procedures</li> </ol>
The account contains a CCC "9"	<p>An adjustment resulting in an additional refund will require a manual refund since a second refund will not be computer generated</p> <ol style="list-style-type: none"> <li>The original TC 846 computer generated refund will be issued correctly if there is a first and second name line on the current entity and the account contains a CCC "L" or "W"</li> </ol> <p><b>Note:</b> CCC "9" indicates a deceased secondary taxpayer. After the computer releases the original refund, a second systemic refund can be issued as long as the current processing year entity reflects the first and second name lines. The second name line will be retained until later in the year to allow more systemic refunds.</p> <ol style="list-style-type: none"> <li>Input the adjustment with the appropriate Hold Code</li> </ol>
TC 540 is not present and the primary taxpayer is the decedent, and the date of death is in the same year as the notice module	<p>Use CC REQ77 to input a TC 540. Use the Date of Death in the TRANS-DT&gt; field of FRM77 response screen. TC 540 is not necessary if the secondary taxpayer is the only decedent.</p>

**Note:** Refer to the IRM 3.14.1.6.6, Manual Refunds subsection for instructions on issuing a manual refund.

- (4) Form 1310 or court appointment documentation is required when an overpay-

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If...	And there was...	Then...
Form 1310 or court appointment documentation is attached to the return	No previous correspondence	<ol style="list-style-type: none"> <li>1. Verify that the notice has the same second name line and address as the attached Form 1310 or court appointment documentation</li> <li>2. If different, correct notice</li> </ol>
Form 1310 or court appointment documentation is not attached to the return	No previous correspondence	<p>Prevent the refund from generating and correspond for the missing Form 1310 or court appointment documentation</p> <p><b>Note:</b> Remove <b>DECD</b> from the name line when corresponding by letter, but do not remove <b>DECD</b> from the entity portion of the notice on <b>OLNR</b> or on <b>ENMOD</b>. Also, do not replace <b>DECD</b> with <b>Estate Of</b> on the Notice or on ENMOD</p>
Form 1310 or court appointment documentation is not attached to the return	No reply to Code and Edit or ERS correspondence	<p>CCC "3" should have been edited on the return to generate a -R freeze (TC 570) to hold the overpayment. If no CCC "3" intercept refund and correspond with the taxpayer. Select PI for notice disposition on OLNR. Refer to IRM 3.14.1.7.4, Taxpayer Correspondence/Reply Procedures</p>

- (5) Form 1310 or court appointment documentation is not required on a balance due account, unless an adjustment is made that will result in an overpayment.

3.14.1.6.6  
(01-01-2021)  
**Manual Refunds**

- (1) A Manual Refund (also known as an IDRS-generated refund) is a refund which is not generated by normal computer processing. Manual Refunds post to the tax module as a TC 840. Manual Refunds are completed by leads.
- (2) The general processes to follow for manual refunds are:
  - a. Determine if a Manual Refund is required.



- b. Compute overpayment interest, if necessary, on the credit to be manually refunded.
- (3) Before inputting a Manual Refund:
  - a. Ensure that a computer-generated refund will not generate.
  - b. Prevent any computer-generated refund. Wait until TC 841 is present on TXMOD before inputting a Manual Refund.
  - c. Monitor any account where a pending transaction may cause a refund to generate before the TC 840 posts.
  - d. When issuing a manual refund based on a "Hardship" claim, verify that no bankruptcy action (V– freeze) is pending.
- (4) Verify that the case is correct and no other actions are needed before issuing a manual refund.
  - a. Do not generate a TC 846 from any IDRS actions.
  - b. Use a Hold Code "1", or "4" (as appropriate) on a CC ADJ54 adjustment and a TC 570 or credit freeze code on a credit transfer.
- (5) Obtain all necessary documents to support the refund claim. Correspondence or telephone contact with the taxpayer may be needed.
  - a. Preparing and inputting the Manual Refund, via Form 5792 (Request for IDRS Generated Refund) and CC RFUNDR.
- (6) Use CC IMFOLI to research the taxpayer's account for debit balances on other modules. Transfer credit using a TC820/TC700 on CC ADD24 to satisfy a
- (7) Refer to IRM 21.4.4.4.5, Manual Refunds, Approval from other functions, for freeze codes that must be addressed before a manual refund is issued.
- (8) Take all necessary action to prevent an erroneous refund or erroneous notices from generating.
- (9) Use a CC REQ54 to input a new Return Processable Date on IDRS if required correspondence was received after the Return Due Date (including extensions):

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If...	Then...
A CC REQ54 adjustment is needed	Include the Return Processable Date with that adjustment. Use Hold Code "1", or "4", if necessary
A CC REQ54 adjustment is not needed	Use CC REQ54 to input the Return Processable Date. Input a TC 290 for .00, Blocking Series "05", NSD, and Hold Code "4".

3.14.1.6.6.1  
(01-01-2021)

**Determining When a  
Manual Refund is  
Required**

- (1) Issue Manual Refunds under the conditions listed below. For additional information, see IRM 21.4.4, Manual Refunds.

**Caution: A manual refund should not be initiated if an IDRS generated refund will be issued within two cycles (10 business days).**

**Note:** It is mandatory to issue and monitor Manual Refunds using the IAT tool.

If...	Then...
The taxpayer requests an immediate refund on a deleted refund case due to <b>financial or other hardship</b>	Issue a manual refund
<b>A refund was prevented from generating to verify unclaimed payments</b> , the substantiated total is \$5,000 or more, and the 45-day interest free period is in jeopardy (180 days on any overpayment resulting from tax deducted and withheld under Chapter 3 or 4 of the Internal Revenue Code). <b>Example:</b> A taxpayer claims three payments of \$2,000 each. The account shows these plus another payment of \$2,260	Issue a manual refund for the substantiated payments
A refund is for <b>\$100,000,000</b> or more	Refer to \$100,000,000 Refunds, IRM 3.14.1.6.9.3
Technical or Taxpayer Advocate Service criteria determine that there has been a <b>gross disservice to the taxpayer, a refund was prevented from generating to verify unclaimed payments, the documents are unavailable, and the taxpayer has not replied to correspondence</b>	Issue a manual refund or a TAS OAR may request authority to process a manual refund for a hardship case related to a return. 1. Issue a manual refund for the claimed payments 2. Transfer the unclaimed payments to the Unidentified Remittance File or to the Excess Collection File. See IRM 3.14.1.6.8, Excess Collections (XSF) and Unidentified Remittance (URF) Files

If...	Then...
The taxpayer requests that a refund check be issued to an address other than that shown on IDRS, and indicates that the address is <b>temporary</b>	Issue a manual refund to the temporary address. <b>Caution:</b> Do not input an address change. Use CC REQ77 to input TC 971 AC 037
The refund is for a prior year return with an original name line that has changed	Issue a manual refund in the taxpayer's current name

**Note:** If the refund is for a **decedent overpaid return without a CCC "L" code** on the module, a manual refund is not necessary.

3.14.1.6.6.2  
(01-01-2025)  
**Computing Credit  
Interest on Manual  
Refunds**

- (1) Overpayment interest is mandatory on an overpayment or refund, if certain conditions specified in the Internal Revenue Code (IRC 6611) are met. Refer to IRM 20.2.4, Overpayment Interest.
- (2) An overpayment is defined as beginning with the first amount paid in excess of the tax liability. Tax liability includes tax, additions to tax, penalties and interest. Generally, overpayment interest is paid on the available net overpayment.
- (3) Under IRC 6611(e)(1) and (4), no interest is payable on an overpayment refunded within a 45-day period (180 days on any overpayment resulting from tax deducted and withheld under Chapter 3 or 4 of the Internal Revenue Code).
- (4) Use the later of the following dates to determine whether the 45-day interest-free period has lapsed:
  - Return Due Date (RDD) (determined without regard to any extension of time for filing the return)
  - Return Received Date (used when the return is filed after the return due date, determined without regard to any extension of time for filing the return).
  - Return Processable Date/Correspondence Received Date date the return was received in processable form (Correspondence Received Date (CRD) may be present).

**Note:** The IRS should make every effort to request all of the information necessary to a make a return processable at one time. However, if the IRS inadvertently fails to request all of the necessary information at one time and a second request becomes necessary, the return is not processable until all of the information needed to process the return is submitted.

**Note:** If the return is not in processable form, suspend the 45-day interest-free period. The return is not considered in processable form until all the required information, correspondence, or sup-

porting documentation is received. On these cases, the start date for the 45-day interest-free period is the Correspondence Received Date (CRD).

- (5) When the 45-day period is missed, interest is generally allowed from the date of availability of the overpayment. See the table below for determining the availability date of the overpayment.

If the Payment/Credit is a...	Then the availability date of the overpayment is the ...
Prepaid or timely credit (e.g., estimated tax payment, withholding, or a payment before the due date (determined without regard to any extension of time for filing)).	Due date of return (determined without regard to any extension of time for filing).
Subsequent payment/ credit made/dated on or after the due date (determined without regard to any extension of time for filing).	Payment received date/credit date. <b>Reminder: Any payment mailed or electronically transmitted to the Service that is received with seven days of the prescribed date for making payment (generally, the extended return due date) is deemed paid, for overpayment interest purposes, as of the date of the payment. See IRM 20.2.4.8.3.1, 45-Day Rule and All Original Tax Returns</b>

**CAUTION:** Since an overpayment can be made up of multiple payments and/or credits, it may have more than one availability date. Refund payments or credits comprising the overpayment in the order of last-in, first out.

Interest may be computed from **other than** the availability date of the overpayment when the original tax return was filed late or in unprocessable form. See the table below for determining which date to calculate interest from.

If the return is...	Then allow interest from the later of the...
Timely filed (i.e. return received by the original or extended due date).	<ul style="list-style-type: none"> <li>a. return due date (determined without regard to any extension of time for filing), or</li> <li>b. date of the overpayment (as determined in the preceding table), or</li> <li>c. Return Processible Date (RPD) (if the RPD is after the due date, including any extension of time for filing).</li> </ul>

If the return is...	Then allow interest from the later of the...
Late filed (i.e. return not received by the original or extended due date).	a. late return received date, or b. date of the overpayment (as determined in the preceding table), or c. Return Processible Date.

Interest paid on an overpayment issued as a manual refund is computed to the refund issue date (i.e., date of the refund check).

<b><i>Determining the “To” Date applies to refunds issued from Form 5792 If the overpayment is...</i></b>	<b><i>Determining the “To” Date Then...</i></b>
Initiated by the taxpayer	The interest “To” date is one business day past the date of the CC RFUNDR date (two days for night shift)
Initiated by the IRS. (Examples include: EIC eligibility, math error decrease in tax, and math error increase in refundable credits)	The portion of the overpayment initiated by the Service is subject to the provisions of IRC 6611(e)(3). (See IRM 20.2.4.8.3.1, 45-Day Rule) Go to one business day past the date of the CC RFUNDR date (two days for night shift), and subtract 45 days to derive the interest “To” date.  <b>Note:</b> The Refund Date cannot be a Saturday, Sunday, or legal holiday

- (6) Use CC COMPA with Definer “D” to compute overpayment interest for the period determined in (6) above. The tables below show an example of the CC COMPAD computation.

**Example:** The 201312 return was filed in processable form by the due date April 15, 2014. The return was filed by the due date and did not show an overpayment. There was an estimated tax discrepancy of \$386.

Transaction Code	Date	Dollar Amount
TC 150	06302014	\$12,562
TC 716	04152013	-\$2,414
TC 660	01272014	-\$386
TC 610	04152014	-\$10,148

- (7) The table below describes the CC COMPAD format for overpayment interest. (CC RFUNDR date is 07282014)

From Date	To Date	Dollar Amount	Result
04152014	06142014	386.00 (no \$ sign) <b>Note:</b> Subtract 45 days from 07292014 to arrive at the to date of 06142014	\$1.91

**Note:** CC COMPAD displays details of the computation, such as the number of days at each interest rate, that an ordinary COMPA display does not show. This detailed information is used to verify the accuracy of the interest calculation.

3.14.1.6.6.3  
(06-26-2023)  
**Preparing and  
Monitoring Manual  
Refunds — Form 5792  
and CC RFUNDR**

- (1) Complete Form 5792, Request for IDRS Generated Refund (IGR). Refer to the IRS intranet for a visual example of Form 5792. Form 5792 can only be used for manual refunds under \$100 million and Form 3753 for manual refunds \$100 million and over.
  - a. Write the taxpayer's SSN, tax period, and transaction code where the supporting document will be filed, in the remarks area of Form 5792.
  - b. If a manual refund will be issued to an address other than the Master File address, explain in the remarks area and indicate where the supporting documentation will be filed. Also input a TC 971 AC 037 on the module using CC REQ77.

**Example:** REMARKS: Temporary Address Change per Taxpayer Request.

- c. Monitor the case until the TC 840 posts. Input CC NOREFP, if necessary, to prevent a duplicate TC 846 from generating.

**Note:** For additional directions on monitoring manual refunds see IRM 21.4.4.6.1, Monitoring Manual Refunds.

Item	Field Name	Form 5792 Field Descriptions, Section I
1	TIN and File Source	Enter the taxpayer's SSN
2	MFT Code	Enter MFT code from the refunding module
3	Tax Period	Enter Tax Period of the refunding module in YYYYMM format
4	Plan number	Leave Blank
5	Name Control	Enter Name Control from refunding module
6	TC 840 Amount	Enter the total overpayment plus any overpayment interest
7	TC 770 Amount	Enter the overpayment interest portion of the refund

Item	Field Name	Form 5792 Field Descriptions, Section I
8	Overpayment Amount	Enter the overpayment on the tax module, without interest. <b>Note:</b> Consider previously assessed failure to file and failure to pay penalties, and underpayment interest that will be affected by an adjustment action. Any decrease in penalties and/or interest already paid must be included in the overpayment amount. In addition, unassessed accruals of penalty and/or interest may reduce the overpayment amount.
9	Line No.	Enter "01" for prior year, or "02" for current year. See IRM 2.4.20, CC RFUND Input
10	(Interest) Indicator	Enter "N" for normal, "R" for restricted, or "0" if no interest
11	ULC Code	Enter the Primary Location Code from TXMOD
12	Sequence Number	Enter the IDRS sequence number
13	Block Series No.	Blank unless refund is for an Injured Spouse claim
14	1st Name Line	Enter the name of the payee. Include Executor/Executrix, Administrator, etc., if Form 1310 is attached
15	2nd Name Line	Optional unless refund is for a decedent return with or without surviving spouse
18	Street Address or PO Box	Enter address where the check is to be mailed
19	City, State, and ZIP Code	Enter City, State, and ZIP code where the check is to be mailed
20	Remarks	Enter all appropriate remarks
21	Initiating BOD	Check box - TS-SP
22	DLN of Return	Enter DLN of the return
23	Bankruptcy code case	None applicable
24	TC 130 (check-box)	Check if a TC 130 is present
Section II	Manual Refund Authority checklist	Contains 13 check-boxes to address if appropriate
Section III	Interest Computation	Contains Interest to Date and Total Interest Fields. Attach COMPAD print if interest is included in refund
Section IV	Manual Refund Approval	Complete Items 1, 2, and 3 prior to submitting for approval

**Figure 3.14.1-2 Form 5792 Field Descriptions – Request for IDRS Generated Refund**

- (2) Attach a copy of the IDRS screens for the following Command Codes: COMPAD, IMFOLI, ENMOD, TXMODA, RFUNDR, REQ54 and credit transfers (if input) to the Form 5792, as required by the Accounting Function. Also attach a copy of Form 1310 or court appointment documentation and any supporting documents to the case itself. Print and attach IMFOLI screen(s) for both the primary and secondary taxpayer, when applicable.

- (3) Submit the case for review and approval.
- (4) Secure Manager's signature on all three copies of Form 5792.
- (5) Using the IAT tool, input CC RFUNDR on IDRS:
  - a. Use the information from Form 5792.
  - b. The CC RFUNDR entity section **must match the entity exactly** on Form 5792 (which may be different than the information on CC ENMOD). This includes hyphens, spaces, suffixes, all abbreviations, etc.
  - c. If the manual refund is being sent to someone other than the taxpayer, such as an executor or executrix, include that representative's title on both Form 5792 and CC RFUNDR.
  - d. CC RFUNDR will close the case unless the status is changed from C.
- (6) Form 5792 must be sent forward the same day the RFUND command is input.
- (7) Effective November 1, 2018 all manual refund forms will be sent to Accounting via e-mail or saved to an established shared drive file.
- (8) When sending the manual refunds to the Accounting Function, the e-mail will consist of two attachments:
  - a. One attachment will be the Form 5792 or Form 3753
  - b. The second attachment will be the back-up documentation.
  - c. There can be no other documents attached to the Form 5792 attachment.

**Note:** Each document must be saved by a specific naming convention.

Example: The Form 5792 or Form 3753 attachment will use: Name Control, Last 4 digits of the TIN, Tax Period 5792/3753 (depending on the form attached). The back-up documentation will use: Name Control, Last 4 digits of TIN, Tax Period Doc (this would be all the back-up documentation attachment).

Type of Attachment	Naming Convention
Form <b>5792</b>	MOUS 1234 201712 5792.pdf
Form <b>3753</b>	MOUS 1234 201712 3753.pdf
Back-up Documentation	MOUS 1234 201712 Doc. pdf

#### 3.14.1.6.7 (06-26-2023) Erroneous Refunds

- (1) An erroneous refund (ERRF) is defined as "any receipt of money from IRS to which the recipient is not entitled".
- (2) In the Notice Review Function, erroneous refunds can result from:
  - Errors found on cases where the taxpayer has received a refund as a Split Refund
  - Errors found on cases reviewed after the deadline for preventing a refund from generating for the cycle; or
  - Errors on notices not subject to the systemic refund hold (55555 in the blocking series) such as CP 16 and CP 51B



- (3) If a duplicate refund is present, i.e., TC 840 and TC 846, treat the TC 840 as the erroneous refund.
- (4) When an erroneous refund is identified, determine the correct erroneous refund Category. There are three categories of erroneous refunds:

Erroneous Refund Category	Description
"A"	<p>Tax increased or tax/refundable credits decreased <b>and</b> IRS has erroneously decreased tax below taxpayer's figures or increased credits to more than the taxpayer's figures during processing</p> <p><b>Note: Withholding and estimated tax payments are not included in this category</b></p>
"B"	<p>Federal Income Tax Withheld was <b>overstated by the taxpayer</b> on a return or claim for refund, and as a result, a refund, offset, or credit elect generated, and the withholding should be reversed</p> <p><b>Note:</b> This does not apply to Excess Social Security Tax Withheld (Excess Federal Insurance Contributions Act (FICA))</p> <p><b>Reminder:</b> This Category is <b>only</b> for cases in which the <b>taxpayer</b> is at fault</p>
"D"	<ul style="list-style-type: none"> <li>• Misapplied payments</li> <li>• Entity errors that caused refund to be paid to wrong taxpayer</li> <li>• Duplicate refunds issued (i.e., TC 840 and TC 846 for same overpayment)</li> <li>• Refunds issued after refund statute expiration date (RSED)</li> <li>• Any other issues that do not fall into the Cat-A or Cat-B descriptions</li> </ul>

- (5) For detailed procedures on classifying and processing Erroneous Refunds, see IRM 21.4.5, Erroneous Refunds. It is mandatory to use the IAT tool for all ERRF.
- (6) **Erroneous Refund procedures are not necessary in the following situations:**

- b. Missing signature(s)

**Note:** It is still necessary to attempt to obtain the missing signature(s).

- c. A Credit Elect request to the next year was not processed, and instead the credit refunded.
- d. No CCC "L" or "W" code was present on a decedent return.

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- e. No Form 1310 or court appointment documentation is present.
- f. An error found in Notice Review (including errors made during initial processing) results in a tax increase with no prior tax decrease.
- g. An error found in Notice Review (including errors made during initial processing) results in a refundable credit (except withholding) decrease with no prior refundable credit increase.
- h. Scenario (f) and (g) are identified as “turnaround” cases and should be adjusted by using Blocking Series “77” or “78” as appropriate, Source Code “6”, and Hold Code “0”. Insert Label 1 on the notice in the current cycle.

**Note:** If a taxpayer requests abatement of the adjustment, route to Exam for a deficiency assessment on Form 5101, **Examination Referral Slip**. Attach all documentation available and a print of RTVUE and TXMOD.

- (7) Route returns requiring reprocessing with an erroneous refund to Accounts Management.
  - a. Order the return if the return is not included with the case.
  - b. Complete Form 5101, **Examination Referral Slip** and explain the erroneous refund and the reason for the adjustment.
  - c. Void the notice.
  - d. Recharge the return using CC ESTABDT and route the case to Accounts Management.

**Note:** Also refer cases involving two taxpayers using the same SSN or one taxpayer using two SSNs to Accounts Management. If a refund scheme or fraud is suspected, route the case to the Criminal Investigation Function.

3.14.1.6.7.1  
(11-12-2019)  
**Category A ERRF  
Resolution**

- (1) Complete Forms 4442 **Inquiry Referral**, Form 5101 **Examination Referral Slip**, or Form 12356 **Erroneous Refund Worksheet**, include a detailed explanation of why it is an erroneous refund, and attach all information/documentation to the erroneous refund (otherwise the case will be rejected by Exam)
- (2) Recharge paper returns to Exam using CC ESTABDT.
- (3) Insert Label 15 or 16.

**Note:** Do not input a TC 470 or TC 844 on these accounts. Do not take any actions or refer a Category A erroneous refund case to Examination when

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3.14.1.6.7.2  
(01-01-2019)  
**Category B ERRF  
Resolution**

- (1) Per the Office of Chief Counsel, input an assessment to reverse federal withholding overstated on a return or a claim for refund by the taxpayer.

**Reminder:** These instructions do **not** apply to overstatements of Excess Social Security Tax Withheld (Excess FICA), which should be resolved using Category D procedures.

- (2) Standard TC 807 withholding reversals from CC REQ54 do not post to the Summary Record of Assessment. To correct accounts that have either

refunded, offset, or credit elected as a result of overstated withholding, an IRC 6201(a)(3) assessment must be input to “reverse” the withholding.

**Note:** Even if the overpayment was offset or credit elected (rather than actually refunding), the taxpayer still claimed a refund due to the withholding overstatement, and therefore, an IRC 6201(a)(3) assessment is needed to recover it.

- (3) An IRC 6201(a)(3) assessment protects the IRS’ ability to collect, satisfies the requirement of denying a refund claim, and places burden of proof upon the taxpayer, should a case develop in Tax Court.

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- (5) Use CC REQ54 to input an IRC 6201(a)(3) assessment to recover the overstated portion of federal income tax withheld:
- Input TC 290 for the amount of overstated withholding being recovered.
  - Use Category Code ERRF.
  - In the Activity field of CC ADJ54, input: “W/H–6201A3”
  - Blocking Series 00, if return is available and Blocking Series 05, if no return or if MeF return
  - Source Code 2
  - Reason Code 051 (and any others that apply)
  - Hold Code 0 (See Caution below).
  - Do **not** use Item Reference Code 807
  - In the Remarks field of CC ADJ54, input: “IRC 6201a3 assessment to reverse overstated withholding”.
  - **Do not** input a TC 470 or a TC 844 or send a Letter 510C on these accounts.
  - Source Document (Y) (if MeF return or return not available, attach a print of TRDBV or MeF, the return information only). See Caution below.
  - Insert erroneous refund Label 15 or 16 on the notice, as appropriate.

**Caution:** Counsel has advised if a refund claim is pending (the taxpayer has included the overstated amount as a refund), an assessment using a TC 290 must be used to recover the overstated credit. This is true even if the IRS was able to prevent refund from generating, i.e., the error is identified and the refund is prevented from being issued. In this situation, follow the above procedures; however, use Hold Code “3” and retype the notice to include the appropriate withholding TPNC. Use Category Code OURV or RFDL when adjusting or stopping the refund.

3.14.1.6.7.3  
(01-01-2015)  
**Category D ERRF  
Resolution**

- (1) Complete Form 12356 or applicable local form.
- (2) Input all applicable credit transfers, adjustments and Entity changes prior to routing the case.
- (3) Use TC 570 on the debit side of the credit transfers.

**Note:** If removing a timely credit will create FTF or ES Tax penalty assessments, input a TC 290 for .00 with Hold Code “3”.

- (4) Send Letter 510C to the taxpayer.

- (5) Input a TC 470 with a closing code (CC) 93 using REQ77, with a Posting Delay code "1" to prevent issuance of Balance Due notice.
- (6) Input TC 844, using CC REQ77 with demand date.
- (7) Route the case to the appropriate Erroneous Refund Coordinator.
- (8) Insert Label 15 or 16 on the Notice as appropriate.

**Exception:** When the erroneous refund is issued on an Adjustment notice, void the notice.

3.14.1.6.8  
(02-23-2021)

**Excess Collections  
(XSF) and Unidentified  
Remittance (URF) Files**

- (1) When there is not enough information to properly apply credits to a taxpayer's account (e.g., when a taxpayer does not claim a payment and the correct taxpayer cannot be located), funds may be transferred to the Unidentified Remittance File (URF) or the Excess Collections File (XSF).

**Note:** TC 820 may indicate that a payment has been moved from the taxpayer's account to URF or XSF. If the cross-reference TIN and tax period (next to the transfer DLN) are all zeros or nines, the credit was transferred to either the URF or the XSF. If a taxpayer files a return claiming credits that were applied to the URF or XSF, it may be necessary to transfer the credit from the URF or the XSF to the Master File. Use Form 8765, IDRS Control File Credit Application . Figure 3.14.1-3a

**Caution:** If the DLN of the payment is for another Submission Processing Campus, send the request to that campus.

- a. Credits less than 12 months old are applied to the Unidentified Remittance File. Credits over 12 months old are applied to Excess Collections. An application to move credits to Unidentified Remittances can be made in the 11th month.

**Exception:** Credits with Document Codes 48, 58, or 65 may be added to the XSF regardless of age.

- b. Earned Income Credit (TC 764 or TC 768) and Generated Refundable Credit (TC 766) will be accepted by Excess Collections.

- (2) For assistance in matters related to XSF and URF, an *Excess Collections/Unidentified Remittance Files contacts list* is provided in the Who/Where tab of SERP.

3.14.1.6.8.1  
(11-05-2021)

**Excess Collections File  
(XSF) — 6800 Account**

- (1) The XSF consists of two accounts:
  - **6800 Account** — Credits over one year old that cannot be applied to a taxpayer's account are transferred to the 6800 Account.
  - **9999 Account** — Credits in the 6800 Account are automatically transferred to the 9999 Account after one year.
- (2) Before requesting a payment from the XSF determine whether the statute of limitations for refunds has expired. The general rule is that a claim for refund must be filed within three years from the date the original return was filed, *even if the return was delinquent*, or two years from the date the tax was paid, whichever is later.

If the claim was filed...	Then the amount paid within...
Within the three-year period	The prior three years, plus any return filing extension period, may be refunded
Within the two-year period	The prior two years may be refunded

**Note:** Prepaid credits are treated as being paid on the Return Due Date (RDD). These include withholding (TC 806), Estimated Tax payments (TC 660, TC 716, and TC 710), Earned Income Credit (TC 764 and TC 768), and Generated Refundable Credit Allowances (TC 766).

- a. Check the Monthly Statute Alert Bulletin.
- b. The remarks section of the CC XSINQ record should indicate "STATUTE" or "FROZ" if the credit is barred from refunding.
- c. If the refund statute (RSED) has expired, the application to move credits from XSF must not exceed the tax liability, interest, and penalties. There can be no refund or credit elect.

3.14.1.6.8.1.1  
(01-01-2019)

**Requesting Payments  
from the XSF**

- (1) Use CC XSINQ to verify that the credit is available.

**Note:** Do not request a transfer of the credit if the remarks section of the CC XSINQ record indicates "CLOS". These credits are not available for transfer.

- (2) Prepare Form 8765, IDRS Control File Credit Application, per instructions. Figure 3.14.1-3a
- (3) Attach a current print (less than seven days old) of CC TXMOD or CC IMFOL and CC XSINQ to Part 1 of Form 8765.
- (4) Enter CC STAUPS for eight cycles on balance due accounts to prevent erroneous or unnecessary notices.
- (5) Determine which campus transferred the original credit to the XSF.
- (6) If the original transfer to XSF was local, route Part 1 of Form 8765, with research, to the local Statutes function. After Statutes completes their clearing process, they will forward the case to the Excess Collections Function, per the Statute of Limitations, refer to IRM 25.6.1.7.3.3, Transferring Credits from the XSF.
- (7) If the original transfer was done in another campus, route the case to the other campus' Accounting function, per the Statute of Limitations, refer to IRM 25.6.1.7.3.3, Transferring Credits from the XSF.
- (8) Attach Part 2 of Form 8765 to the case.
- (9) Include a complete explanation for the request.

**Note:** An IRM reference alone is not a sufficient explanation.

- (10) Give the completed form and all necessary attachments to your lead to hand-carry to the Statute Classifier, who will stamp "STATUTE CLEARED" on the form before routing it to the Excess Collections Unit.

### Article 1

<b>IDRS Control File Credit Application</b>					
<b>Note:</b> To apply a credit from the XSF, please see IRM 3.17.220 for instructions on how to prepare this form. Upon completion, send to Excess Collections Function (CC XSAPL). To apply a credit from the URF, see IRM 3.17.10 for instructions on how to prepare this form. Upon completion, send to Unidentified Remittance Function (CC URAPL).					
1. Source of credit					
<input type="checkbox"/> Excess Collections (XSF) <input type="checkbox"/> Unidentified Remittance (URF) <span style="float: right; border: 1px solid black; border-radius: 50%; padding: 2px 5px;">1</span>					
2. Application type		3. File control number		4. Notice indicator	
<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">2</span>		<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">3</span>		<input type="checkbox"/> Yes	
5. Date return filed (mmddyy)		6. File name control		7. Application name control	
<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">5</span>		<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">4</span>		<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">5</span>	
8. Transaction code (1)	9. Transaction code (1) amount	10. Transaction code (2)	11. Transaction code (2) amount		
<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">6</span>	<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">7</span>	<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">8</span>	<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">9</span>		
12. Transaction code (3)	13. Transaction code (3) amount	14. Taxpayer identification number		15. Tax period (yyyymm)	16. MFT
<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">10</span>	<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">11</span>	<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">12</span>		<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">13</span>	<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">14</span>
17. Remarks					
<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">15</span>					
18. Preparer name		19. Employee number	20. Stop number	21. Phone number	
<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">16</span>		<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">17</span>	<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">18</span>	<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">19</span>	
22. Manager's signature				23. Date	
<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">20</span>				<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">21</span>	
<b>Complete items 24 through 27 for NMF applications only.</b>					
24. Plan number	25. Location code	or 23C date (mmddyy)		26. Tax form	27. General ledger account
<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">24</span>	<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">25</span>	<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">26</span>		<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">27</span>	<span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">28</span>
Form <b>8765</b> (Rev. 6-2023)      Catalog Number 10035N      publish.no.irs.gov      Department of the Treasury - Internal Revenue Service					

**Figure 3.14.1-3a FORM 8765 - IDRS Control File Credit Application**

**To complete Form 8765:**

- ➊ **Source of credit:** Place an *X* in the proper box to indicate XSF or URF.
- ➋ **Application type:** Enter *M* – Credit to be applied to the Master File.
- ➌ **File control number:** DLN on XSF or URF. Attach a print of CC XSINQ or CC URINQ.
- ➍ **File name control:** Enter the 4-character Name Control (NC), as shown on CC XSINQ or CC URINQ.
- ➎ **Application name control:** Enter the 4-character NC of the module to which the credit is to be applied. Do not write *same* if the same as CC XSINQ or CC URINQ NC.
- ➏ **Transaction Code (1):** Enter the first Transaction Code, such as TC 670.
- ➐ **Transaction Code (1) amount:** Enter the amount that corresponds to the TC in ➎.
- ➑ **Trans. Code (2):** Enter 570 (if necessary).
- ➒ **Transaction code (2) amount:** Leave blank if block 10 of the form contains TC 570.
- ➓ **Trans. Code (3):** For complete information, refer to IRM 3.17.220.
- ➔ **Transaction code (3) amount:** Complete, if applicable.
- ➕ **Taxpayer identification number:** Enter the TIN to which the credit is to be applied.
- ➖ **Tax period:** Enter the Tax Period to which the credit is to be applied (YYYYMM format).
- ➗ **MFT:** Enter 30.
- ➘ **Remarks:** Required on all requests.
- ➙ **Preparer name:** Print your full name.
- ➚ **Employee number:** Enter your ten-digit IDRS number.
- ➛ **Stop number:** Required on all requests.
- ➜ **Phone number:** Enter the four or five digits of your telephone extension.
- ➝ **Manager's signature:** Optional entry to include preparer's manager's signature.
- ➞ **Date:** Enter the date the form is prepared.

**Note:** For research and backup, attach a print of CC XSINQ to Part 1 of Form 8765. Form 8765 will be returned to the preparer if the form is incomplete, backup is not attached, the DLN does not match the DLN on CC XSINQ or CC URINQ, the dollar amount is a partial application (unless accompanied by a full explanation), or the XSF item is frozen by Statute.

**Figure 3.14.1-3b FORM 8765 - IDRS Control File Credit Application**



3.14.1.6.8.1.2  
(01-01-2021)

**Transferring Payments  
to the XSF**

- (1) Correspond for the missing payment information using Letter 1687C.
- (2) If the taxpayer does not reply, or replies with insufficient information, use Form 8758, Excess Collection Files Addition, to apply a credit to the XSF. Form 8758 is a two-part form. Attach the research to part one (the original). Figure 3.14.1-4a
- (3) Use the received date of the credit. Do not use the available date of the credit or the return due date.
- (4) Use the original DLN of the credit, not a transfer DLN.
- (5) Issue a manual refund when money is transferred out of an account using a Form 8758 paper document and there is still an overpayment to be refunded. Refer to IRM 3.14.1.6.6, Manual Refunds.
- (6) Move each payment individually. Do not transfer a lump sum.
- (7) The date on Form 8758 and the date of the CC IMFOLT or CC TXMOD print must be no more than seven days prior to receipt of the case in the Excess Collections Function.
- (8) Both copies of Form 8758 must be complete and identical. Route both to the Excess Collections Function.
- (9) Attach the following to the original copy: a current CC IMFOLT or CC TXMOD print, a copy of any taxpayer correspondence, tax returns, vouchers, or other research relevant to the transfer to the XSF, and a research history sheet showing the research performed on the case.

**Note:** Send only copies of original (DLN) documents. **Do not send original “live” documents.**

- (10) Use activity code “CLTO6800” to close the IDRS control base.
- (11) A TC 971 AC 296 must be input using CC REQ77 to indicate taxpayer contact has been attempted. Input “971” in Field TC>, input “296” in Field TC 971/151-CD>, and input “Credit to Excess Collections” for remarks. Refer to IRM 3.17.220



**Figure 3.14.1-4a Form 8758 - Excess Collections File Addition**

1. **Original document locator:** Use the Master File payment DLN. Each payment must be on a separate **Form 8758**. The system **does not allow combined payment transfers**.
2. **Renumbered DLN:** Leave blank. Exception: If multiple credits having the same DLN are transferred to the XSF from one account (e.g., TC640 and TC680), then use the DLN with the tax or real credit for the TC 640 amount. After verifying that the TC680 amount is not a true duplicate, change the first digit of the blocking series to the next higher number to create a renumbered DLN for the addition to tax or generated credit TC 680 amount.
3. **Source code:** Always enter *OT* to indicate other.
4. **Status code:** Enter *IDEN* when the correct taxpayer is known but the money cannot be applied to the account. Enter the reason for *IDEN* in Block 16. Enter *OPEN* for all other cases.
5. **Employee assignment number:** (Leave blank)
6. **Debit TC:** Use the debit transaction code (TC) that reverses the Master File credit TC, for example, TC 672 to reverse TC 670.
7. **Dollar amount of credit:** Enter the amount of the single credit to be added to the XSF.
8. **TC 570:** Check the box to request input of the TC570 indicator as a secondary transaction on the Master File. **This box must be checked when requesting multiple credit transfers from a single module to the XSF.**
9. **Payment type (enter one):**

BC – Business Check	MO – Money Order
CA – Cash (includes cash conversion)	PC – Personal Check
CC – Cashier's Check	UK – Unknown
FD – FTD (includes certificates of deposit)	WH – Withholding
GC – Government Check	
10. **IRS received date:** Enter the actual received date of the credit, not a credit transfer date. Use the Return Due Date for withholding.
11. **Actual rec'd date for prepaid credits only:** (Leave blank)
12. **Name line (1):** Print the taxpayer's name **legibly in block letters**. Underline the Name Control.
13. **Name line (2):** Enter the Secondary sort name if applicable and available.
14. **Street address:** or PO Box or Route Number.
15. **City, State, ZIP code:** Always use the complete ZIP code.
16. **Reason for transfer to XSF:** Enter any information available to assist in identification such as *Unidentified Payment* or *Research performed*. Use no more than 70 characters.
17. **Taxpayer's ID number:** SSN, ITIN, or EIN.
18. **EFTPS:** Check the box if the payment is an Electronic Funds Transfer (EFT).
19. **MFT:** Use 30 for IMF.
20. **Tax period:** Use YYYYMM format (202412, 202306, etc.).
21. **Trace ID Number:** Enter the trace ID from TXMOD or RTR. Required (See IRM 3.17.220.1.8)
22. **Preparer's name:** Print the first initial and complete last name of the preparer.
23. **Employee number:** Enter the preparer's 10-digit employee number.
24. **Campus:** Enter the IRS Campus of the preparer.
25. **Team Name:** Enter the functional area of the preparer.
26. **Team Fax Number:** Enter the fax number of the functional area of the preparer.
27. **Stop #:** Enter the IRS Stop number of the preparer.
28. **Phone number:** Preparer's four- or five-digit telephone extension.
29. **Date:** Date **Form 8758** is prepared.
30. **Research Prior To Transfer:** All research information must be entered on **Form 8758**. The transfer request will be returned to the preparer if the dollar amount or DLN of the credit in question does not match the CC TXMOD or Master File information. If **Form 8758** is incorrectly filled out, pertinent information is not included, or backup research is not attached, it will be returned unless a full explanation is in Block #16 of the form. Enter a TC971/AC296 using CC REQ77. Thoroughly research and document every step on **Form 8758**.

Figure 3.14.1-4b Form 8758 - Excess Collections File Addition

3.14.1.6.8.2

(01-01-2015)

**Unidentified Remittance  
File (URF) — the 4620  
Account**

- (1) Follow procedures in the subsections that follow when transferring credits to, or from, the 4620 URF account.

3.14.1.6.8.2.1

(01-01-2015)

**Requesting Payments  
from the URF**

- (1) Use CC URINQ to verify that the credit is available.
- (2) Follow the instructions on Form 8765, IDRS Control File Credit Application. Figure 3.14.1-3a
- (3) Attach Form 8765 to a print of CC URINQ.
- (4) Include research as required.
- (5) Enter CC STAUPS for eight cycles on balance due accounts to prevent erroneous or unnecessary notices.
- (6) Route Form 8765, with research, to the Unidentified Remittance Function.

3.14.1.6.8.2.2

(11-12-2019)

**Transferring Payments  
to the URF**

- (1) Correspond for the missing payment information using Letter 1687C.
- (2) Issue a manual refund for the substantiated payment(s) when there is still an overpayment amount to be refunded. Refer to IRM 3.14.1.6.6, Manual Refunds.
- (3) If the taxpayer does not reply, or replies with insufficient information, use Form 2424, **Account Adjustment Voucher** to apply a payment to the URF. Form 2424 is a two-part form: the pink copy is the original, and the blue copy is the duplicate. Attach the research to the pink copy. See Figure 3.14.1-5.
- (4) Use the received date of the credit. Do not use the available date of the credit or the Return Due Date.
- (5) Use the original DLN of the credit, not a transfer DLN.
- (6) Include the payment DLN, the tracer ID, and the reason for the transfer to the URF in the "Remarks" section.

**Note:** An IRM reference alone is not a sufficient explanation.

- (7) The date on Form 2424 and the date of the **CC IMFOLT** or **TXMOD** print must be no more than seven days prior to receipt of the case in the Unidentified Remittance Function.
- (8) Both the pink and blue copies of the Form 2424 must be completed and sent to the Unidentified Remittance Unit . The carbon (blue) copy must be legible and match the original (pink) copy.
- (9) Attach the following to the original (pink) copy: a current **CC IMFOLT** or **TXMOD** print, a copy of any taxpayer correspondence, tax returns, vouchers, or other research relevant to the transfer to the URF, a research history sheet (except on Statute credits) showing the research performed on the case and the results, and a copy of the check.

**Note:** Send only copies of original (DLN) documents. **Do not send original ("live") documents.**

Account Adjustment Voucher						RRACS journal number	
Debit	<b>Name and address</b> <b>Evan K Falcon</b> <b>6300 Bunting Blvd</b> <b>Dallas, TX 75260</b>		<b>X-ref. TIN</b> <b>000-00-7047</b>		<b>X-ref. MFT</b> <b>30</b>	<b>Document locator number</b>	
			<b>Plan report number</b>		<b>30</b>		
			<b>X-ref. tax period</b> <b>20XX12</b>	<b>Transaction date</b> <b>061720XX</b>	<b>1st T.C.</b> <b>672</b>	<b>Debit amount</b> <b>1,500.00</b>	
			<b>2nd T.C.</b>	<b>Amount</b>	<b>3rd T.C.</b>	<b>Debit amount</b>	
Credit	<b>Name and address</b> <b>4620 Account</b>		<b>Spouse indicator</b>	<b>TIN</b>	<b>MFT code</b>	<b>Form 813 amount</b>	
			<b>Plan report number</b>				
			<b>Tax period</b>	<b>Transaction date</b>	<b>Desg. pymt code</b>	<b>1st T.C.</b>	<b>Credit amount</b> <b>1,500.00</b>
			<b>2nd T.C.</b>	<b>Amount</b>	<b>3rd T.C.</b>	<b>Credit amount</b>	
<b>Explanation</b> 			<b>Bypass indicator</b> <input type="checkbox"/>	<b>Date prepared</b> <b>051020XX</b>	<b>Prepared by</b> <b>0010403030</b>		
				<b>Approving Official signature (if required)</b>	<b>Reviewed by (initials) (if required)</b>		
Form <b>2424</b> (Rev. 5-2024)      Catalog Number 21670G      publish.no.irs.gov      Department of the Treasury - Internal Revenue Service Part 1 - Credit Copy <b>PINK</b>							
Form <b>2424</b> (Rev. 5-2024)      Catalog Number 21670G      publish.no.irs.gov      Department of the Treasury - Internal Revenue Service Part 2 - Debit Copy <b>BLUE</b>							

**Purpose:** To transfer credits under one year old to the Unidentified Remittance File (URF).

**To complete the DEBIT SECTION:**

- ① **Name and address:** Enter the taxpayer's full name and address. Underline the Name Control.
- ② **X-ref. TIN:** Enter the TIN (SSN, ITIN, EIN) of the account showing the credit.
- ③ **X-ref. MFT:** Enter the appropriate two-digit MFT code.
- ④ **X-ref. tax period:** Enter the Tax Period (YYYYMM) of the account showing the credit.
- ⑤ **Transaction date:** The transaction date must be less than one year old. Enter the IRS Received Date of the payment or credit. Do not use the credit availability date or the return due date.  
EXCEPTION: Use the return due date for withholding (TC 806), EIC (TC 768), or TC 766 credits.
- ⑥ **1st Transaction Code (TC):** Use the appropriate debit TC (612, 652, 662, 672 etc.) to reverse the credit TC on the Master File. Transfer each payment separately. Do not combine payments.
- ⑦ **Debit amount:** Enter the exact amount in dollars and cents.

**To complete the CREDIT SECTION:**

- ⑧ **Name and address:** Enter "4620 Account."
- ⑨ **Credit amount:** Enter the amount from the tax module to be transferred to URF.
- ⑩ **Explanation:** Indicate why the credit is being applied to the URF. Do not enter only an IRM reference. Include the payment DLN. Include the Trace ID (from TXMOD or RTR).
- ⑪ **Date prepared:** Enter the current date.
- ⑫ **Prepared by:** Enter the IDRS number of the Examiner.

**Note:** Part 2-Debit Copy must also be completed.

**Figure 3.14.1-5 Form 2424 Account Adjustment Voucher**

3.14.1.6.9  
(01-01-2021)  
**Special Notice Review  
Issues**

(1) This subsection contains instructions related to miscellaneous issues. These issues include:

- Taxpayer Correspondence
- Taxpayers Meeting Taxpayer Advocate Service (TAS) Criteria
- \$100,000,000 (One Hundred Million) Refunds
- Frivolous Claims
- RIVO (Return Integrity and Verification Operation)
- Initial Allegation or Suspicion of Tax-Related Identity Theft Indicators
- Slipped Blocks and Mixed Data Blocks
- Community Property Split
- Injured Spouse Claim
- Natural Disaster Procedures
- Combat Zone or -C Freeze Returns
- Large Dollar Review
- Undeliverable Notices
- Premium Tax Credit (PTC)
- 8962 PTC Calculator Tool
- ACA Shared Responsibility Payment
- Tax Reform Act of 2017
- IRC Section 965- Transition Tax on Untaxed Foreign Earnings

Million Dollar Notice Review Processing System (NRPS)

- a. Generates if the module balance plus computed interest is a credit of 1 million dollars or more.
- b. The key 020 selects the Million Dollar NRPS Transcript.
- c. Review of these transcripts are the responsibility of the Team leads in NR.
- d. The NR Team lead will contact the employee identified as having control over the account.
- e. This contact should be done as an E-mail notification that this account has an X- freeze posted that is 15 cycles old.
- f. Once the contact has been made, then the Team lead will leave a case history using IDRS that the employee identified as having control over the account was notified.

**Note:** A refund for 100 million dollars or more will not generate a TC 846. A manual refund is required if the refund must be allowed. A \$100 million refund transcript will generate. See IRM 3.14.1.6.14.2, Million \$100 Refund Transcripts. Systemic refunds can now be generated on IDRS (TC 846) for refunds under \$100 million, unless a manual refund is required.

If...	Then...
No established control over the account can be found	The Team lead will review the account
No other issues are found during the review	The Team lead will prepare a manual refund for the credit balance, including any interest if applicable, and release the X-freeze

3.14.1.6.9.1  
(01-01-2025)

**Taxpayer  
Correspondence**

- (1) If taxpayer correspondence is discovered attached to the return, review, analyze, and determine disposition as necessary. Follow Policy Statement -21-3 requirements (noted below (2) to initiate a response.

If the taxpayer...	And there is...	Then...
Requests installment payments or indicates an inability to pay	No indication that Code and Edit has forwarded the letter to the Collection Function	<ol style="list-style-type: none"> <li>1. Verify that the taxpayer's SSN and address are on the letter</li> <li>2. Send the letter to the Collection Function</li> <li>3. Input CC STAUPS for eight cycles on balance due notices</li> <li>4. Input CC REQ77 with TC 971 AC 043</li> </ol> <p><b>Note:</b> For Electronic Filed Returns</p> <p><b>MeF sends all Form 9465 data to Compliance in a separate file. Form 9465 attached to a electronic returns are routed to MeF. Do not print and send to Collections.</b></p>
Inquires about an account	An open control base	Route the original letter to the Tax Examiner who has the case controlled on IDRS
Inquires about an account	No open control base	Route the original letter to Accounts Management. <b>Reminder: Input CC STAUPS for eight cycles on a balance due module</b>
Requests abatement of a penalty due to Reasonable Cause	The request was denied (identifiable by CCC "7")	Route the request to Accounts Management for correspondence with the taxpayer. <b>Note:</b> Code and Edit Tax Examiners assign CCC "7" and send the Appeals letters
Requests abatement of a penalty due to Reasonable Cause	NRPS data does not show CCC "7" or CCC "M"	Route the request to Accounts Management for correspondence with the taxpayer.

If the taxpayer...	And there is...	Then...
Requests acknowledgment of payments and/or documents attached to the return	NRPS data does not show CCC 7 or CCC M	Route the request to the Receipt and Control Function
Attached original or certified documents (such as, birth certificates, SSN card, marriage license etc.)	NRPS data does not show CCC 7 or CCC M	Return them to the taxpayer upon completion of the case, unless the taxpayer indicates that returning them is unnecessary. If the document is needed as a source document, attach a copy to the return. Do not detach death certificates on decedent returns even if original document.
Attached documents labeled as copy or the taxpayer has indicated returning them is unnecessary	NRPS data does not show CCC 7 or CCC M	Staple documents to the back of the return or attach completed Form 9856 and return to files
Has replied to IRS initiated Processing correspondence (Letter 12C, Form 3531, Form 6001, etc.)	No evidence of a Return Processable Date (RPD) on the account	<ol style="list-style-type: none"> <li>1. Prevent the refund from generating if it reflects interest</li> <li>2. Input RPD with TC 290 with appropriate Hold Code</li> <li>3. Issue Manual Refund if necessary to avoid paying interest</li> </ol>
Has not replied to IRS Processing correspondence ( <b>no reply</b> stamp on Form 3531, Form 6001, etc.)	No I— freeze on account (freeze is set by Computer Condition Code U)	<ol style="list-style-type: none"> <li>1. Prevent the refund from generating if it reflects erroneous interest</li> <li>2. Verify correct no-reply procedures were followed by ERS/Rejects</li> <li>3. Issue manual refund for overpayment without interest</li> </ol>

If the taxpayer...	And there is...	Then...
Was not required to reply (Correspondence was issued in error)	An I – freeze on the account	Issue manual refund for the appropriate amount of credit interest (TC 770), calculating interest on the initial systemic refund of overpayment principal (TC 846), less the back-off period of IRC 6611 (b)(2). See IRM 20.2.4.7.1.1, Systemic Refund Dates for IMF and BMF Then, calculating interest on that interest amount to one business day past the CC RFUNDR date (two days for swing shift)
Attaches Form W-7, or Form W-7A	An I – freeze on the account	<ol style="list-style-type: none"> <li>1. Make a copy of the return, front and back pages only, and indicate across the copied return that it is a "COPY ONLY". Line thru the DLN of the copied return. DO NOT SEND ORIGINAL RETURNS</li> <li>2. Detach the Form W-7 from the original return, make a copy of it and staple the copy to the back of the original return. Notate on the Form W-7 copy that the original was sent to Stop 6091, ITIN and the date it was sent. Staple the original Form W-7 to the front of the copied return that you are sending</li> <li>3. Route the original Form W-7 and the copied return . DO NOT ALLOW THE EXEMPTION, ETC., BECAUSE THE Form W-7 HAS NOT BEEN PROCESSED</li> </ol>

- (2) Policy Statement -21-3 Requirements — A Quality Response is an accurate and professional communication which:
- Is based on information provided,
  - Requests additional information from the taxpayer, or
  - Notifies the taxpayer that we have requested information from outside the IRS.
- (3) A Quality Response is timely when initiated within 30 days (calendar days) of the IRS Received Date.



- (4) When a Quality Response cannot be issued timely, contact headquarters for guidance.
- (5) Exceptions to Policy Statement -21-3 Requirements:
  - Substitute returns
  - Amended returns
  - Tentative Carry backs
  - CAF/POA
  - Address Changes
  - Responses to IRS solicitation for information necessary to secure or complete processing of the tax return.

3.14.1.6.9.2  
(01-01-2025)  
**Taxpayer Advocate  
Service (TAS)**

- (1) The Taxpayer Advocate Service (TAS) is an independent organization within the IRS, led by the National Taxpayer Advocate, that helps taxpayers and protects taxpayer rights. TAS offers free help to taxpayers when a tax problem is causing a financial difficulty, when they've tried and been unable to resolve their issue with the IRS, or when they believe an IRS system, process, or procedure just isn't working as it should. TAS strives to ensure that every taxpayer is treated fairly and knows and understands their rights under the Taxpayer Bill of Rights. TAS has at least one taxpayer advocate office located in every state, the District of Columbia, and Puerto Rico. See IRM 13.1.7, Taxpayer Advocate Service (TAS) Case Criteria if additional information is required.
- (2) While the Internal Revenue Service (IRS) is continually working to serve customers in a quality manner, some taxpayers still have difficulty getting solutions to their problems or getting timely and appropriate responses to their inquiries. Per IRC 7803(c), Congress established the office of the National Taxpayer Advocate (NTA) and its functions within the IRS to assist these taxpayers. TAS has identified criteria that qualify taxpayers for TAS assistance. The Case Advocate will conduct an independent review of actions that have been taken or need to be taken to resolve the problems taxpayers are experiencing.
- (3) Employees should not view TAS case criteria as a means of excluding taxpayers from TAS, but rather, as a guide to TAS case acceptance. The criteria under which TAS accepts a case should not govern whether a taxpayer is entitled to relief.

3.14.1.6.9.3  
(01-01-2021)  
**\$100,000,000 (One  
Hundred Million)  
Refunds**

- (1) An account with an overpayment of \$100,000,000 or more requires that a manual refund be issued since a TC 846 will not generate. These cases are assigned to the lead the same day they are received in the Notice Review Function. See IRM 3.14.1.6.14.2, \$100 Million or more Refund Transcripts.

**Note:** Refer to Document 6209, IRS Processing Codes and Information for release of the X- freeze.

- (2) Use current procedures for resolving the case:
  - a. Verify all unclaimed credits.
  - b. Offset the overpayment as needed to cover any debit balances.
  - c. Abate any interest caused by an overpayment not due the taxpayer.
  - d. Monitor the case until all actions post to the Master File.

- (3) The account must be fully paid or in debit status before closing the control. If another area has an open control on the case, contact that area, close the control, and route all available documents to that area.

**Exception:** The control base may be closed if there is an L freeze on the module and a Revenue Agent has advised that the credit not be refunded due to legal implications.

- (4) If, after any adjustments, the account has a credit balance less than \$100,000,000:
- Offset credit to any debit balance modules.
  - Prepare a manual refund for the excess credit.
  - Monitor the case until the TC 840 posts.
- (5) If, after any adjustments, the account has a credit balance of \$100,000,000 or more, the Accounting Function must issue the manual refund:
- Prepare Form 3753, Manual Refund Posting Voucher.
  - Send the original return, transcript, Form 3753, all prints essential to manual refunds, and any other documents pertaining to the case to the Accounting Function.
  - Monitor the case until the refund (TC 840) posts.
- (6) Close the control base after all account transactions post.
- (7) Keep photocopies of the return and the transcript on file for future reference.

3.14.1.6.9.4  
(01-01-2024)  
**Frivolous Claims**

- (1) A frivolous argument is used for expressing dissatisfaction with the substance, form, or administration of the tax laws by attempting to illegally avoid or reduce tax liabilities.
- (2) A TC 971 AC 089 indicates that a frivolous return has been received and the entire account is frozen. An F- freeze is generated on all tax periods. Adjustments should not be made to accounts showing an F- freeze.
- (3) Currently, one of the most common frivolous claims is the Reparations Tax (also known as the Black Investment Tax). The claim is based on the premise that African-Americans should receive repayment for historical slavery. There is no existing law that allows payment of reparations. Any claim(s) for reparations should be disallowed.
- (4) Another example of a frivolous claim is when taxpayers attempt to eliminate their tax liability by removing their income by citing "Less Native American Indian Treaty" or simply "Native American Indian Treaty". Usually, these filings include Form 1099-MISC income and tax withheld (generally higher than 18 percent of earnings) that results in a refund.
- (5) Use the following procedures IRM 21.5.3.4.16.7, Identifying Frivolous Returns/ Correspondence and Responding to Frivolous Arguments when referring frivolous claims and/or correspondence to the Ogden Campus Frivolous Return Program:  
Ogden Compliance

1973 N Rulon White Blvd, Mail Stop 4450 OSC  
Ogden, UT 84404  
Attention: Frivolous Return Program.

- (6) For additional information and examples, see the figure in IRM 3.11.3–13, Frivolous Filer/Non-Filer Definitions, and IRM 4.19.15, Discretionary Programs.

3.14.1.6.9.5  
(02-23-2021)  
**RIVO (Return Integrity  
and Verification  
Operation)**

- (1) If Notice Review is reviewing a Return Integrity & Verification Operations (RIVO) [formerly Accounts Management Taxpayer Assurance Program (AMTAP)] case and any one of the following is on the tax module:

- Notice Review identifies a return with a P– freeze
- Has an open 148XX control base
- A Letter 4464C has been issued to the taxpayer
- A TC 971 AC 134 on the account

**Note:** If the account contains a math error that needs to be corrected, adjust the account using HC “4” to prevent a notice from generating and to prevent the refund from issuing.

- (2) If a Notice Review Tax Examiner identifies a case, submit the case to the lead or manager via e-mail for further review before taking any action. If the case is not returned to the Tax Examiner timely (by Thursday 10:00 A.M.), prevent any refund from generating. Follow normal procedures for Notice Disposition.
- (3) Criminal Investigation (CI) investigates potential violations of the Internal Revenue Code (IRC) and related financial crimes. Criminal violations of the IRC are willful and deliberate attempts to evade or defeat the income tax. Flagrant criminal activities include, but are not limited, to the failure to pay taxes due and/or taxes collected or withheld and claims of false returns based on bogus return information.
- (4) RIVO performs a revenue protection program review. RIVO utilizes the Electronic Fraud Detection System (EFDS) to screen and verify the accuracy of wages and withholding reported on paper and electronically filed tax returns.
- (5) Submit the following case to the lead and/or manager via e-mail:
- a. Multiple returns with matching characteristics such as: duplicate filing addresses, same writing instruments (matching ink, pencil, color), same/similar handwriting, matching attached envelopes, same paper stock, same amounts entered on similar Form 1040 line entries (including Schedules/Forms), multiple entries ending in zeros, same occupations, large number of returns submitted in a single envelope/box and duplicate bank routing number and account numbers.
  - b. Returns with any of the criteria listed in paragraph (5)(a) above when the taxpayer claims any of the following income and/or credits: Adoption Credit, First Time Home buyer Credit, Credits from Form 2439, **Notice to Shareholder of Undistributed Long-Term Capital Gains** and/or Form 4136, Unsubstantiated withholding (no wages reported and no supporting documents attached).
  - c. RIVO Involvement: When RIVO has already determined a case to be IDT related. If RIVO has released the refund, the case should not be referred to IVO again.

- (6) Submit cases that meet potential **RIVO Criteria** below by e-mail to the lead. The Tax Examiner needs to include TIN/Tax period/and name on the return and submit by secure e-mail. Lead must review and send to the main point of contact to Caleb Davishines.
- Refund Schemes, Form W-2 is altered, handwritten or a substitute/similar statement
  - Form(s) 4852 attached and no other withholding documentation is present
  - Similarities between Form(s) W-2 on different returns such as: Typing or printing, Wage amounts, Withholding amounts, Employer, Earned Income Credit (EIC) is being claimed and only the attached Form W-2 is altered, handwritten or a substitute/similar statement.
  - IDT/Operation Mass Mailing (OMM) – refund scheme involving bulk filings. Returns are often identical or vary only slightly. See IRM 3.11.3 and Exhibits 3.11.3-12 and 3.11.3-13 for more information on RIVO criteria. RIVO Involvement: When RIVO has already determined a case to be IDT related fraud.

**Note:** Do Not Send to RIVO: Returns that already have been stamped by (RIVO/AMTAP/QRDT) and Returns that have a zero balance or a balance due.

- (7) If you suspect identity theft on an e-filed return or refund transcript case, use the following criteria to determine whether the case should be sent to RIVO for consideration.

**Caution:** It is not inclusive of all possible criteria. Not all cases will meet all criteria, but a case should have **at least 3** to be considered suspect (See Exception).

- a. A drastic change of address from prior year (e.g., a different state)
- b. Children claimed that are not claimed in prior years
- c. The employer changes from prior years (use CC IRPTR)
- d. The filing status changed from prior years
- e. If direct deposit was elected, research the routing/account number using CC TRDBV to determine if the number has changed from prior years. Refund Anticipation Loan (RAL) commonly displays the taxpayer's SSN as the last nine digits, or displays the SSN in reverse order. Refer to IRM 21.4.1.5.7.1(7), Direct Deposit of Refunds
- f. Occupation/Type of work changed from prior year (e.g., wage earner vs. Schedule C filer, etc.)
- g. A drastic change in the amount of refund claimed from previous years
- h. Methods of tax payments changed, or information on the tax module doesn't match the payment history. Examples of this might include: The taxpayer has made substantial ES payments but claims refundable credits or reports low AGI. The taxpayer has made a payment with extension (TC 670/460) that posts after the return, or is inconsistent with the posted TC 150.

**Exception:** Per RIVO, cases may be routed on this criteria alone

If the taxpayer is requesting a refund AND there are estimated tax payments on the module that are not claimed on the return.

- i. Income type changed (e.g., Investment to employment) – Returns that have employment income but the account history indicates the taxpayer has not been employed and only filed investment returns (i.e. retired status)

**Exception:** Per RIVO, cases may be routed on this criteria alone.

- j. Method of preparing the return has changed (Paid preparer versus online or Turbo Tax, etc.).

- (8) Indications of previous identity theft. Use CC ENMOD to research for TC 971 with AC 501 or AC 506.

3.14.1.6.9.6  
(01-01-2021)

**Initial Allegation or  
Suspicion of Tax-Related  
Identity Theft Indicators**

- (1) If Form 14039 is attached, or another similar statement indicating identity theft, route the case to Image Control Team (ICT), stop the refund and mail the notice.
- (2) CC FTBOL with definer (P) is used for verifying if a taxpayer is incarcerated and release date if appropriate. See IRM 3.11.6.16.17, Prisoner Returns for additional guidelines.
- (3) Use CC ENMOD, CC TXMOD, and AMS to search for a **TC 971** with the **Action Codes** identified below:

**CC ENMOD Identity Theft Indicators**

Action Code	Description
501	Tax administration related identity theft - taxpayer provided the required ID theft documentation and case resolution is complete.
504	Taxpayer-Identified Identity Theft not Affecting Tax Administration. <b>Note: In FY 2014, the TC 971 AC 504 was expanded for use on both tax and non-tax-related identity theft allegations.</b>
505	IRS loss of PII-IRS identified, taxpayer not required to provide required ID theft documentation.
506	IRS identified identity theft - IRS identified, taxpayer not required to provide required ID theft documentation, unless requested and Identity Theft issue is resolved.
522	Identity theft claim has been made. <b>Reminder: TC 971 AC 522 does not provide taxpayer protections or prevent future occurrences of identity theft. This code is used to identify potential identity theft cases.</b>
523	IRS identifies a potential repeat identity theft
524	Locking SSNs with No Filing Requirements.

**CC TXMOD Identity Theft Indicators**

Action Code	Description
111	Indicates the return with the matching DLN has been identified as ID Theft and moved to MFT 32.
121	Potential ID Theft Case selected by Taxpayer Protection Program (TPP) for review prior to posting.
129	Potential ID Theft Case selected by Taxpayer Protection Program (TPP) for review after the return posted.

3.14.1.6.9.7  
(01-01-2021)

**Slipped Blocks and  
Mixed Data Blocks**

- (1) Slipped blocks and mixed data blocks occur when data from a document or payment posts to a module related to a different document or payment in the same block of DLNs.
- (2) **Slipped Blocks** have the following characteristics:
  - a. A block (or part of a block) of documents or payments posted to the Master File incorrectly.
  - b. The incorrect transactions have DLNs from other documents or payments in the same block.
  - c. The DLN is usually from the document or payment immediately before or after the notice document or payment in the block sequence.
  - d. A slipped block may result in erroneous refunds, incorrect notices, and/or lost or missing documents, returns, or payments.

**Note:** Per Chief Counsel: If money is found in the wrong account(s) due to a Slipped Block and the money has refunded, Erroneous Refund Procedures (CAT- D) must be used to recover the money even if the money is not in your original assigned case.
- (3) **Mixed Data Blocks** have the following characteristics:
  - a. A block (or part of a block) of documents or payments posted to the Master File incorrectly.
  - b. The data is incorrect due to a transcription error.
  - c. A mixed-data block may result in erroneous refunds and/or incorrect notices.
- (4) Suspect a slipped block or a mixed data block if any of the following conditions are present:
  - a. The data on the notice module does not match the data on the document.
  - b. A posted payment amount does not match the amount listed on the payment voucher.
  - c. A payment is missing or is misapplied.
- (5) Research the five accounts posted immediately prior to and the five accounts immediately subsequent to the notice document.

If the situation involves...	Then...
Two or less taxpayers	Resolve the case in Notice Review. See IRM 3.14.1.7, Case Resolution
Three or more taxpayers	<ol style="list-style-type: none"> <li>1. Resolve your account on IDRS if possible. See (6) below</li> <li>2. Recharge any <b>live</b> documents to Payment Tracer</li> <li>3. Complete Form 3465 <i>Adjustment Request</i>, and indicate in the remarks section what action was taken to resolve your account</li> <li>4. Print all incorrect vouchers and include them in the package</li> <li>5. Route entire package to Payment Tracer and complete the following: <ol style="list-style-type: none"> <li>a. Input CC STAUPS for eight cycles on any balance due account</li> <li>b. Enter all appropriate history items</li> </ol> </li> </ol>

(6) To resolve your account:

- a. Prevent the refund from generating when present and if possible See IRM 3.14.1.7.1.1 if it is needed to resolve the credit discrepancy.

**Note:** If the refund cannot be prevented from generating and is needed to resolve the credit discrepancy, work any math error adjustment and the credit discrepancy as a Category D erroneous refund. See IRM 3.14.1.6.7.3, Category D ERRF Resolution.

- b. Transfer all payments not belonging to your taxpayer to the appropriate account(s). Input a TC 570 on the credit side if needed.
- c. If any payments belonging to your taxpayer are found, transfer them into your taxpayer's account.
- d. Reverse any current cycle offsets if needed.

**Note:** Use a TC 570 on the credit side of the offset reversal.

- e. Work any math error.
- f. Determine the notice disposition.

**Note:** Make every effort to resolve these situations in cycle.

3.14.1.6.9.8  
(01-01-2015)  
**Community Property Split**

(1) A Community Property Split is when divorced or separated taxpayers divide their joint property. If information on the tax return, such as income, withholding, ES credits, etc., differs from the Form W-2, and tax module information, suspect a community property split.

- a. Determine if an attachment to the return indicates allocation of income and credits between the two taxpayers. If necessary, adjust to taxpayer intent.
- b. Request all relevant documents.

**Caution:** Review for a possible erroneous refund issued from the spouse's tax module.



3.14.1.6.9.9  
(01-01-2021)

**Injured Spouse Claim**

- (1) If the front of a tax return has “Injured Spouse” written on it (with or without Form 8379, Injured Spouse Allocation, attached), the document Blocking Series should be 920–929.
- (2) Review the notice.
- (3) If the return is an Injured Spouse Claim and the blocking series **is** 920–929 take the following actions:

If...	And...	Then...
No adjustment is required	There is <b>no</b> TC 840 on the tax module	<ol style="list-style-type: none"> <li>1. Mark the notice disposition</li> <li>2. Route the return to Accounts Management. See (5) below</li> </ol>
No adjustment is required	TC 840 is present on the module	Mark the notice disposition
An adjustment must be made to the account	TC 840 is present on the module	<ol style="list-style-type: none"> <li>1. Mark the notice disposition</li> <li>2. Use CC REQ54 to input the adjustment using Blocking Series 05 with a Hold Code “4”</li> <li>3. Route return to Accounts Management. See (5) below</li> </ol>

- (4) If the return is an Injured Spouse Claim and the blocking series is **not** 920–929, take the following actions:

If...	And...	Then...
No adjustment is required	There is <b>no</b> TC 840 on the tax module	<ol style="list-style-type: none"> <li>1. Mark the notice disposition</li> <li>2. Route return to Accounts Management. See (5) below</li> </ol>
No adjustment is required	TC 840 is present on the module	Mark the notice disposition



If...	And...	Then...
An adjustment must be made to the account	Adjustment is a net increase	<ol style="list-style-type: none"> <li>1. Prevent any refund from generating if possible, per IRM 3.14.1.7.1.1, Refund Intercept . See first note below</li> <li>2. Input adjustment using CC REQ54 using Blocking Series 05 with Hold Code "4". See second note below</li> <li>3. Use CC REQ77 to input a TC 470 with no Closing Code</li> <li>4. Mark the notice disposition</li> <li>5. Route return to Accounts Management. See (5) below</li> </ol> <p><b>Note:</b> Use the Accounts Management control number on line 3 of the CC NOREFP format instead of, *,</p> <p><b>Note:</b> If the prevented refund will not satisfy the debit created by the adjustment, check for offsets. If offsets of any type are present, See IRM 3.14.1.6.4.2 , Lump Sum Credit Offsets — TC 826/706, TC 820/700 and IRM 3.14.1.6.4.3 , Treasury Offset Program (TOP) Offsets — TC 898/899 for reversal instructions. See IRM 21.4.6.4 , if there are multiple TC 898 or TC 826.</p>
An adjustment must be made to the account	Adjustment is a net decrease	<ol style="list-style-type: none"> <li>1. Input adjustment using Blocking Series 05 with Hold Code "4"</li> <li>2. Use CC REQ77 to input a TC 570</li> <li>3. Mark the notice disposition</li> <li>4. Route return to Accounts Management. See (5) below</li> </ol>

- (5) When routing an injured spouse claim to Accounts Management take the following steps:
- a. If a paper return, use CC ESTABDT to recharge the return to Accounts Management.
  - b. Prepare Form 3465 and/or Form 12305.
  - c. Indicate "–K freeze", "29X mandatory" and "Injured Spouse Claim" on the Form 3465 or Form 12305.
  - d. Route the case to Accounts Management in the current cycle.

3.14.1.6.9.10  
(01-01-2025)  
**Natural Disaster  
Procedures**

- (1) Accounts impacted by a designated disaster should have a “–O” freeze present. A TC 971/AC 086 appearing on the taxpayer’s CC ENMOD screen indicates disaster processing is in place. A list of regions (such as counties, parishes, or other political subdivisions) impacted by a designated disaster is compiled and provided by the Federal Emergency Management Agency (FEMA). The IRS then identifies the corresponding ZIP codes for disaster processing purposes.
- (2) For processing years after 12/31/2006, a “–S” freeze may be present on the account. A TC 971/AC 688 would appear on CC ENMOD to indicate disaster processing.
- (3) The Local Control File (input on designated ZIP codes) can be used to select notices for the area(s) designated on the Disaster Relief Memorandum, if penalty adjustments are required.
- (4) If the “–O” (or “–S” if processed after 12/31/2006) freeze is not present on an account with an address that is either in the FEMA Zip Code list, or is outside the FEMA Zip Code list **and** the taxpayer has “self-identified” as being impacted by the disaster, take the following action:
  - a. Access CC ENMOD for the taxpayer.
  - b. While in the CC ENMOD screen, execute CC REQ77.
  - c. Input TC 971 as the transaction code, using the disaster end date in the “TRANS-DT>” field. Input Action Code 086 (or 688 if processed after 12/31/2006) in the “TC 971-CD>” field.

**Example:** For Hurricane Katrina, use a “TRANS-DT>” of 08292005, and an “EXTENSION-DT>” of 02282006 for all states except Florida. For Florida, use a “TRANS-DT>” of 08242005.

- d. In the “FEMA-NUM>” field, enter the four digit code of the disaster identified on the return, as shown in the FEMA lists. The lists can be found on the Technical Reference Information System (TRIS) web site at *IRS Disaster Memos & Declarations*.
- e. If there are multiple FEMA codes for the same disaster and the taxpayer identifies a particular state or region, use the FEMA code for that state or region. If it cannot be determined which FEMA code should be used, enter whichever FEMA code for that disaster will provide the longest period of extension relief/penalty suspension for the taxpayer.
- f. On the Remarks line of the FRM77 response screen, enter “Disaster relief per self-identification” or “Disaster relief per FEMA Zip Code” as appropriate.
- g. Label the notice using Custom Label 98, since a label has not yet been added to OLNLR programming, with the following language:  
“We are giving your return penalty relief consideration, because your return indicates that you were affected by certain disasters. If any penalties or interest on your account will be reduced by this consideration, you will receive another notice in 2–3 weeks.”

**Exception:** Do NOT apply this Label, if after inputting TC 971 AC 086 or AC 688, no penalties or interest will abate. The TC 971 itself, however, should still be input as described above.

**Note:** Master File has special processing in place that will allow an adjustment notice to generate for recomputations of interest (TC 196)

and Failure to Pay Penalty (TC 276) when a TC 971 AC 086 or AC 688 is input. This is an exception to normal adjustment notice generation.

- (5) If the taxpayer notates on the front of the return the designated disaster phrase, and the return has not been edited with the appropriate Computer Condition Codes (CCC), input the TC 971 and label the notice as described in Item (4) above.
- (6) If correspondence, either attached to the return or subsequently received from the taxpayer, requests relief from any penalty due to disaster damage or disruption, take the following actions:
  - a. Determine whether the taxpayer qualifies for relief based on disaster criteria as noted in item (1) above. If the taxpayer qualifies, input the TC 971 as described in Item (4) above.
  - b. If the taxpayer does not qualify for relief based on disaster criteria, but may qualify based on "Reasonable Cause", route the case to Accounts Management Function.
- (7) If the estimated tax penalty has been imposed, determine if the taxpayer was required to make an estimated tax payment during the disaster period and if so, whether the payment was received by the date required by the Disaster Relief Memorandum. If the payment was received within this period, input the TC 971 as described in Item (4) above, which will systemically abate the portion of the estimated tax penalty assessed for the underpayment.
- (8) If the payment was not received within the allowable period, and it concerns the estimated tax payment obligation of an individual, estate or trust (not a corporation's obligation), then evaluate the taxpayer's statement to determine if it meets IRC 6654(e)(3)(A) relating to waivers due to casualty, disaster, or other unusual circumstances. See IRM 20.1, Penalty Handbook.
- (9) All affected notices, which receive this TC 971 AC 086 or AC 688 resolution should be labeled as described in Item (4) above, to inform the taxpayer that their return is being given disaster relief consideration.

3.14.1.6.9.11  
(11-05-2021)  
**Combat Zone or -C  
Freeze Returns**

- (1) Special handling may be required for those accounts where the taxpayer has served in a combat zone or contingency operation. The location or operation name should be noted at the top of the tax return (e.g., Operation Iraqi Freedom, Enduring Freedom, etc.).
- (2) Combat Zone (CZ) accounts, identified by a -C freeze, indicate a taxpayer who is or was serving in a designated combat zone area. When working an account that contains a -C freeze, additional research is required to determine the taxpayer's CZ status. Research CC IMFOLE for the Combat indicator on Line 11. If the Combat indicator is "1", then the taxpayer is still serving in a combat zone. Any compliance activity such as assessing or collecting tax is prohibited. However, if the taxpayer has other issues or requests information, you may work these other issues and contact the taxpayer if needed. If Combat indicator is "2", then the taxpayer is no longer a combat zone participant. Follow normal IRM procedures to work the case.

**Note:** NOTE: The -C freeze stays on the account even after the taxpayer is no longer in the CZ.

- (3) During processing, Computer Condition Codes (CCC) and Return Processing Codes (RPC) are assigned. These identify the type of tax relief to which the taxpayer is entitled. For CCC and RPC descriptions, refer to Document 6209, IRS Processing Codes and Information.
- (4) If the appropriate relief is not provided during processing, correct the taxpayer's account to provide the relief to which the taxpayer is entitled. For example, you may be required to input:
  - TC 460
  - TC 500

**Note:** Per Document 6209 , IRS Processing Codes and Information. TC 340 will generate with the input of a TC 500.

- TC 270
- (5) For additional information on Combat Zone and other Military Returns, see IRM 3.12.2.3.10, Combat Zone Returns and IRM 5.19.10.6.3, Combat Zone Freeze Code in evaluating –C Freeze accounts.

3.14.1.6.9.12  
(01-01-2021)  
**Large Dollar Review**

- (1) Upon identification, all Balance Due Notices of \$100,000 or more must be reviewed for accuracy.
  - a. An in-depth review of the entire account should be performed. Problems with other modules or TINs not directly related to the notice often surface at this time and should be expeditiously resolved to prevent future taxpayer and/or Accounts Receivable impact.
  - b. If a questionable situation is identified, but you cannot positively determine how the account should be adjusted, see a work leader if telephone contact is necessary. If the taxpayer verifies the information, print the notice. If the taxpayer indicates that an error was made, request the corrected information. If unable to contact the taxpayer before the mailing deadline, print the notice.

**Note:** To prevent unauthorized disclosures of tax information when initiating telephone contacts, ensure that you are speaking with the taxpayer or someone authorized by the taxpayer.

- c. Payments intended for Form 1040 may have been misapplied to tax modules for BMF Form 706 or Form 709. Refer to IRM 3.14.1.6.17.4, Key 008 – Balance Due Notices of \$100,000 or More.

3.14.1.6.9.13  
(01-01-2025)  
**Premium Tax Credit (PTC)**

- (1) The PTC is a tax credit for certain taxpayers who enroll, or whose family member enrolls, in a qualified health plan offered through a Marketplace. The credit provides financial assistance to pay the premiums by reducing the amount of taxes owed, giving the taxpayer a refund, or increasing their refund amount. The taxpayer must file Form 8962 to compute and take the PTC on their tax return.
- (2) The American Rescue Plan Act (ARPA) waived the repayment requirement for tax year 2020. Taxpayers, who after completing Form 8962, find they have a repayment requirement, should **not** file Form 8962 or report the repayment amount as a tax liability.
- (3) The repayment limitation for advance payments are as follows:

**Tax Year 2024**

- \$375 for single (\$750 for all other filing statuses) with household income under 200 percent of the Federal Poverty Level (FPL)
- \$950 for single (\$1,900 for all other filing statuses) with household income at least 200 percent but less than 300 percent of FPL
- \$1,575 for single (\$3,150 for all other filing statuses) with household income of at least 300 percent but less than 400 percent of the FPL

**Tax Year 2023**

- \$350 for single (\$700 for all other filing statuses) with household income under 200 percent of the Federal Poverty Level (FPL)
- \$900 for single (\$1,800 for all other filing statuses) with household income at least 200 percent but less than 300 percent of FPL
- \$1,500 for single (\$3,000 for all other filing statuses) with household income of at least 300 percent but less than 400 percent of the FPL

**Tax Years 2021 and 2022**

- \$325 for single (\$650 for all other filing statuses) with household income under 200 percent of the Federal Poverty Level (FPL)
- \$800 for single (\$1,600 for all other filing statuses) with household income at least 200 percent but less than 300 percent of FPL
- \$1,350 for single (\$2,700 for all other filing statuses) with household income of at least 300 percent but less than 400 percent of the FPL

**Tax Year 2020-** Not applicable**Tax Year 2019**

- \$ 300 for single (\$600 for all other filing statuses) with household income under 200 percent of the FPL
- \$800 for single (\$1,600 for all other filing statuses) with household income at least 200 percent but less than 300 percent of the FPL
- \$1,325 for single (\$2,650 for all other filing statuses) with household income at least 300 percent but less than 400 percent of the FPL
- There is no limitation if the taxpayer's household income is 400 percent or more of the FPL

**Tax Year 2018**

- \$ 300 for single (\$600 for all other filing statuses) with household income under 200 percent of the FPL
- \$775 for single (\$1,550 for all other filing statuses) with household income at least 200 percent but less than 300 percent of the FPL
- \$1,300 for single (\$2,600 for all other filing statuses) with household income at least 300 percent but less than 400 percent of the FPL
- There is no limitation if the taxpayer's household income is 400 percent or more of the FPL

**Tax Years 2017 and 2016**

- \$ 300 for single (\$600 for all other filing statuses) with household income under 200 percent of the FPL
- \$750 for single (\$1,500 for all other filing statuses) with household income at least 200 percent but less than 300 percent of the FPL
- \$1,275 for single (\$2,550 for all other filing statuses) with household income at least 300 percent but less than 400 percent of the FPL

- There is no limitation if the taxpayer's household income is 400 percent or more of the FPL

The taxpayer's liability is the smaller of the excess advance payment or repayment limitation.

- (4) Taxpayers who received the benefit of advance payments for health insurance coverage must file a tax return for that year (for tax years 2019 and prior) and attach Form 8962.
- (5) Advance payment of the premium tax credit (APTC) is a payment made for coverage during the year to the taxpayer's insurance provider that pays for part or all of the premiums for the coverage of the taxpayer or an individual in the taxpayer family. The APTC eligibility is determined by the Marketplace. If APTC was paid for an individual in the taxpayer family, they must file Form 8962 to reconcile (compare) this APTC with their PTC.
- (6) PTC math errors can be reviewed by using Command Code (CC) RTVUE/TRDBV/IRPOLA and the math error notice table exhibit found in IRM 3.12.3-2, Taxpayer Notice Codes. The math error notices can be found on any CP (10,11,12,13,16, 23, 24, and 25).

**Note:** There is a tool in AMS (8962 PTC Calculator) to recalculate Form 8962 .

- (7) TPNCs 784-794 may be assigned when there is an error on Form 8962.
- (8) When reviewing a notice containing one of the Form 8962 TPNCs, use worksheets available in AMS for Modified AGI and Form 8962 (8962 PTC Calculator) to verify Form 8962.

**Caution:** TPNCs that change the Modified Adjusted Gross Income (MAGI) or disallow an exemption will impact the Form 8962 computations for PTC/APTC. Use the ERS "computed" figures when verifying Form 8962, specifically AGI and exemptions (family size) when they have been disallowed.

**Note:** When an exemption has been disallowed for a Dependent, review the tax return and attached forms and schedules (i.e. Schedule EIC, Form 2441, or Form 8863) to determine if the correct TIN can be found. If a correct TIN cannot be found on the tax return or attached forms/schedules, the exemption cannot be allowed.

- (9) Posted PTC associated data can be viewed in the posted return section of CC TXMOD and CC IMFOLR. Below are the data elements and the applicable credit reference number (CRN) and item reference number (IRN):

Data Element	CRN/IRN	Form 8962, Line #	IMFOLR Term	TXMOD Term
Premium Tax Credit	262	26	TC 766	TC 766
Advance Premium Tax Credit	865	25	TOTAL APTC	ADV PTC AMT



Data Element	CRN/IRN	Form 8962, Line #	IMFOLR Term	TXMOD Term
Total Premium Tax Credit	866	24	TOTAL PTC	PTC AMT
Excess APTC Repayment	867	29	APTC REPMT	PTC LIAB AMT
Excess Advance Payment Above Limitation	868	*	LIMIT AMT	PTC LIMITATION AMT
** PTC Exposure Amount	N/A	N/A ***	PTC EXPSR	PTC EXP AMT

\* The difference between line 27 and line 28 if line 27 is greater than line 28.

\*\* \*\*\* Computed by AVS and displayed at the top of the PTC calculator screen.

**Note:** When performing a calculation using the PTC calculator, AVS takes the taxpayer's figures and computes. The figures provided in the AVS column are the end result. Adjust the posted data on IDRS to match the AVS figures using the appropriate reference numbers as shown on the PTC calculator screen.

- (10) In the event PTC or APTC has been erroneously changed or omitted and needs to be corrected, input adjustment (TC 29X) with appropriate reference numbers:
- Ref number 865 to adjust the Total APTC, Form 8962 line 25
  - Ref number 866 to adjust the Total PTC, Form 8962 line 24
  - Credit ref number 262, reason code 151 to adjust the Net PTC refund, Form 8962 line 26 and Form 1040 line 69
  - Ref number 867, reason code 152 to adjust the APTC Repayment, Form 8962 line 29 and Form 1040 line 46
  - Ref number 868 to adjust the PTC Excess advance payment above the limitation, computed as the difference between APTC repayment and Excess APTC, Form 8962 line 27 when APTC repayment is the lesser of the two amounts. This amount should be 0 or adjusted to 0 when return result is a Net PTC refund or the APTC repayment is equal to the Excess APTC, line 27.

**Note:** Taxpayers who have excess advance credit payments must treat the excess amount as an additional tax, subject to limitations based on the taxpayer's household income. If the PTC allowed exceeds the advance credit payments, the excess will reduce tax liabilities or result in a refund.

**Note:** When inputting an adjustment to correct PTC or APTC, the adjustment must contain all PTC reference numbers and amounts that require correction from

the posted data. If the correction to PTC or APTC impacts the posted amount of tax, the adjustment should also include correction to the posted amount of tax.

- (11) When adjusting PTC related data, use the following reason codes as appropriate:
  - a. 151 – PTC (refundable credit issue)
  - b. 152 – Excess Advance PTC Repayment (tax liability issue)

3.14.1.6.9.14  
(01-01-2018)  
**8962 PTC Calculator  
Tool**

- (1) AMS provides tools to verify taxpayer health care related information, input health care exemptions, and for computing Form 8962. The tool pulls information from posted return data, FPL tables and insurance data from CDR, including any APTC paid on behalf of an individual.
- (2) All data and reference material, except for posted return information, is maintained outside of IDRS. Integrated Automation Technologies (IAT) tool cannot be used to research or calculate, but IAT can still be used to adjust accounts.
- (3) To access taxpayer data, pull up the taxpayer's account on AMS following normal procedures. Select the ACA tools menu option.
- (4) The "8962 PTC Calculator" tool will:
  - Provide the user the ability to select ACA data by year (the default is the current processing year ending in 12. Fiscal year filers must be set to active prior to accessing the tool)
  - Retrieve and display Form 8962 data reported on the original return
  - Allow the user to invoke AVS PTC calculation and verification
  - Retrieve and display AVS PTC calculation and 3rd party verification discrepancies
  - Provide the ability to recalculate PTC
  - Calculate and display the posted data and AVS calculated amounts which require adjustment action
- (5) The "8962 PTC Calculator" screen will be pre-populated with posted return and Form 8962 data if available. The user will then input or update the data prior to recalculating. After clicking the calculate button, the "AVS figures" column will be returned and displayed to the right of the taxpayer's figures.
- (6) The "8962 PTC Calculator" provides an option to calculate with or without CDR validation. Using the calculator **without** the CDR validation only performs math verification. Using the calculation **with CDR** validation performs math verification and conducts a 3rd party data check. CDR validation is required when Form 8962 data is not on file (not filed with original return), when premiums, SLCP or APTC amounts are changing, or when adding an exemption (dependent or spouse).
- (7) The CDR Data tool provides the ability to search by SSN, name, address, date of birth, policy number, and ECN. AMS also provides the ability to search reference tables such as the FPL, payback limitation and applicable percentage tables.

**Note:** Since the SSN of covered individuals doesn't have to be provided on data sent to the IRS, searching by an individual's name may provide better results.



- (8) AMS does not have the ability to store the AVS response to the calculation/ verification requests.
- (9) AMS is the primary method of accessing health insurance data.

3.14.1.6.9.15  
(02-23-2021)  
**ACA Shared  
Responsibility Payment  
(SRP)**

- (1) Beginning in 2014, certain individuals must have Minimum Essential Health Coverage (MEC), a coverage exemption, or make a Shared Responsibility Payment (SRP). This is indicated on the return by:
  - a. Checking the full-year coverage check box
  - b. Attaching Form 8965, Health Coverage Exemptions
  - c. Making a Shared Responsibility Payment (SRP)
- (2) Generally, a taxpayer is liable for the SRP if the taxpayer or another individual in the same tax household does not have either MEC or a coverage exemption. The taxpayer figures the SRP using a worksheet found in the taxpayer instructions for Form 8965. However; the worksheet DOES NOT have to be submitted. The SRP amount is entered on Form 1040, Schedule 4, line
 

#  
#
- (3) The SRP is assessed and collected under the MFT 35.
  - a. When the tax return posts, IMF generates the transactions to post the MFT 35 module one cycle later. The re sequencing transactions can be viewed using IMFOLQ.
- (4) If the SRP was present on the tax return and erroneously removed by ERS:
  - a. If the overpayment is under the refund hold, input NOREF or TC 570 on MFT 30 to prevent the refund from generating.
  - b. Input adjustment on the MFT 35 using a TC 290 for .00 with PRN 692 for the amount of the SRP on the return and RC 153. Input Source Document "N". If there is an overpayment on the MFT 30 that is going to be credit transferred to MFT 35, input hold code 3 to prevent a notice from generating.
  - c. If the overpayment on MFT 30 is under the refund hold, input a credit transfer TC 820/700 up to the amount of SRP to transfer the money from the MFT 30 to MFT 35.
 

**Note:** If the MFT 30 account has a R- freeze with a TC 610 Doc 19, 70, or 76 posted subsequent to the TC 150 DLN's do not match and the module balance is a credit as a result. Input TC 290.00 on the MFT 30 side. The money will automatically offset to the MFT 35.
  - d. If a TC 570 was input to further hold the refund in 4a, and there will still be an overpayment after the credit transfer posts, input a TC 290 .00 with post delay code of 2 to release the refund.

3.14.1.6.9.16  
(02-09-2022)  
**IRC 965 Transition Tax**

- (1) Internal Revenue Code (IRC) section 965 requires certain taxpayers to pay a transition tax on the untaxed foreign earnings of certain specified foreign corporations as if those earnings had been repatriated to the United States.
- (2) The IRC 965 inclusion period was (201712-201911). An IRC 965 inclusion will most often be reported on returns for tax years 2017 and 2018 (returns for tax years that start in 2017 and 2018), although it is possible to see an inclusion in

tax year 2019 for fiscal filers.

During the inclusion period, taxpayers making an IRC 965 inclusion could elect one or more of the following:

- a. Pay the IRC 965 liability in full when filing their return.
- b. Make an IRC 965(h) election to pay the 965 tax liability in installments
- c. Make an IRC 965(i) election to defer the 965 tax liability until a triggering event.

**Note:** Taxpayers must have made an IRC 965 election by the timely due date of their return, including extensions.

- (3) Full payment of an IRC 965 net tax liability was generally due with the taxpayer's inclusion year return unless the taxpayer may have elected to defer payment and pay in installments over 8 years (965(h) election), or defer the assessment and payment of the IRC 965 liability until a triggering event occurs (965(i) election). Triggering events are outlined in the Internal Revenue Code, but the taxpayer is not required to explain the event, only report it on Form 965-A.

**Exception:** Although no new IRC 965 inclusions can be made after November 30, 2019 if a taxpayer originally made an IRC 965(i) election during the inclusion period specified above, a triggering event requiring the repayment of the inclusion tax can happen in any subsequent period. If the taxpayer subsequently experiences a triggering event requiring the repayment of the inclusion tax, the IRC 965(i) liability will be assessed and deemed payable in the year the taxpayer indicates the triggering event. The taxpayer may choose at that time to make a 965(h) election and pay the triggered liability in deferred installments.

- (4) Taxpayers that made an IRC 965(i) election to defer the assessment and payment of tax until a triggering event occurs during the inclusion period (201712-201911), did so as follows:

Inclusion Made	2017	2018	2019
IRC 965(i)	<p>The 965 income was reported on line 21, Line 44, was reduced by the amount of net tax liability deferred under section 965(i) &amp; thereby <b>NOT</b> included in the "Total Tax" calculation reported on Line 63.</p> <p>In addition to the IRC 965 Transition Tax Statement and IRC 965(i) Election Statement being attached to the return.</p>	<p>The 965 income was reported on Schedule 1, Line 21, Line 11a, was reduced by the amount of net tax liability deferred under section 965(i) &amp; thereby <b>NOT</b> included in the "Total Tax" calculation reported on Line 15.</p> <p>In addition to the Form 965 (&amp; applicable schedules) and Form 965-A being attached to the return in lieu of an IRC 965 Transition Tax Statement.</p>	<p>The 965 income was reported on Schedule 1, Line 8, Line 12a, was reduced by the amount of net tax liability deferred under section 965(i) &amp; thereby <b>NOT</b> included in the "Total Tax" calculation reported on Line 16.</p> <p>In addition to the Forms 965(&amp; applicable schedules) and Form 965-A being attached to the return in lieu of an IRC 965 Transition Tax Statement.</p>

IRC 965 inclusion year modules wherein a 965(i) election was made to defer the entire 965 liability should have a **TC 971 AC 114** with zero in the MISC field. The Miscellaneous Field of the TC 971, AC 114 in this instance should reflect "0" (without commas or decimal points) because 965(i) defers both the assessment and payment of the 965 tax.

In addition to the **TC 971 AC 114** for zero, there should also be a **TC 971 AC 165** with the amount of the 965(i) deferral in the MISC field present on the inclusion year module. The Miscellaneous Field of the TC 971, AC 165 will show the amount of the IRC 965(i) deferral as shown on the original return without commas or decimal points.

**Note:** Both a TC 971 AC 114 & A TC 971 AC 165 should be input on the 965(i) inclusion year tax module, however, a TC 971 AC 165 (without a TC 971 AC 114) should continue to be input on every Form 1040 tax year module thereafter until the IRC 965(i) liability is triggered, assessed and deemed payable. On the triggering event year module, there should be a TC 971 AC 114 in the amount of the triggered liability without a TC 971 AC 165.

- (5) Taxpayers that made an IRC 965(i) election during the inclusion period (201712-201911) that subsequently experience a triggering event and pay the triggered liability in full, should report the triggering event as follows:

Form	IRC 965 Amounts Reported in the Year of the Triggering Event on Form 1040 when Paying the Triggered Liability in Full
1040 (MFT 30/31)	<p>When a 965(i) deferred liability is triggered, it must be transferred from Form 965-A, Part IV, where it is annually reported, to Part I, on one of lines 5 through 8 as follows: In column (a) the tax year in which the triggering event occurred is reported. Columns (b) through (e) are skipped and the triggered liability is reported in column (f) as a positive number. "No" is then entered in column (g) to indicate a 965(h) election is <b>NOT</b> being made to pay the triggered liability in installments. The amount in column (f) should be carried to column (h) and the corresponding line in Part II, column (b), Paid for Year 1, should reflect a payment in the amount of the full triggered liability.</p> <p>In addition to reporting the triggered liability on the Form 965-A, the taxpayer should report the triggered net 965 tax liability on the Tentative "Tax" line (2018 = Line 11, 2019 = Line 12, 2020/2021 = Line 16) and check box 3 and enter "965INC" on the line next to box 3. Doing this ensures the 965 liability is included in the Total Tax calculation.</p>

The triggered 965 liability amount should be included in the total tax and thereby included in the posted TC 150 amount.

Additionally, there should be a TC 971 AC 114 with the amount of the triggered liability in the MISC field, posted on the triggering event year module without a TC 971 AC 165.

- (6) Taxpayers made an IRC 965(h) election to pay the transition tax in 8 annual installments during the inclusion period (201712-201911), did so as follows:

Inclusion Made	2017	2018	2019
IRC 965(h)	<p>The 965 income is reported on line 21, 965-Tax is included in Line 44 and thereby included in the "Total Tax" calculation reported on Line 63 and a portion of this tax is deferred on line 73d of Form 1040.</p> <p>In addition to the IRC 965 Transition Tax Statement and IRC 965(h) Election Statement being attached to the return.</p>	<p>The 965 income is reported on Schedule 1, line 21, the 965-Tax is included in Line 11a and thereby included in the "Total Tax" calculation reported on Line 15 and a portion of this tax is deferred on Schedule 5, line 74d.</p> <p>In addition to the Forms 965 (&amp; applicable schedules) and Form 965-A being attached to the return in lieu of an IRC 965 Transition Tax Statement.</p>	<p>The 965 income is reported on Schedule 1, Line 8, the 965-Tax is included in Line 12a, and thereby included in the "Total Tax" calculation reported on Line 16 and a portion of this tax is deferred on Schedule 3, line 13d.</p> <p>In addition to the Forms 965 (&amp; applicable schedules) and Form 965-A being attached to the return in lieu of an IRC 965 Transition Tax Statement.</p>

For returns where an IRC 965(h) election was made during the inclusion period (201712-201911): there should be a **TC 971 AC 114** posted with the original return on the inclusion year module. The Miscellaneous Field of the TC 971 AC 114 will show the amount of the total IRC 965 transition tax as shown on the original return without commas or decimal points. This amount will be included in the TC 150 tax amount.

**Note:** The only time that a TC 971 AC 114 should be input on a module after November 2019, is if the taxpayer had an **already established 965(i) election** and experienced a triggering event (which they should report on Form 965-A).

In addition to the TC 971 AC 114, a TC 766 with Credit Reference Number (CRN) 263 is posted to the module indicating the remaining unpaid IRC 965 liability amount (deferred amount) to be paid in installments. The TC 766 CRN 263 creates a faux credit, so the deferred tax does not accrue interest and penalties. The first installment payment should be paid when the return is filed. Example: A taxpayer's regular tax is \$5,000. The transition tax is \$25,000. The TC 150 is \$30,000. Since 8 percent of the transition tax is due in year one ( $\$25,000 \times .08 = \$2,000$ ), a TC 766 is posted for \$23,000 which is the amount of the remaining unpaid deferred tax.

- (7) Taxpayers that made an IRC 965(i) election during the inclusion period that subsequently experience a triggering event and make a 965(h) election to pay the triggered liability in installments, should report the triggering event as follows:

Form	965 Amounts Reported in the Year of the Triggering Event on Form 1040 when Making a 965(h) Election
1040 (MFT 30/31)	<p>When a 965(i) deferred liability is triggered, it must be transferred from Form 965-A, Part IV, where it is annually reported, to Part I, on one of lines 5 through 8 as follows: In column (a) the tax year in which the triggering event occurred is reported. Columns (b) through (e) are skipped and the triggered liability is reported in column (f) as a positive number. "Yes" is then entered in column (g) to indicate a 965 (h) election is being made to pay the triggered liability in installments. The amount in column (f) should be carried to column (i) and the corresponding line in Part II, column (b), Paid for Year 1, should report an 8% payment of the amount elected to be paid in installments.</p> <p>Form 965-E should also be attached when making a 965(h) election.</p> <p>In addition to reporting the triggered liability and subsequent 965(h) election on the Form 965-A and Form 965-E, the taxpayer should report the triggered net 965 tax liability on the Tentative "Tax" line (2018 = Line 11, 2019 = Line 12, 2020/2021 = Line 16) and check box 3 and enter "965INC" on the line next to box 3. Doing this ensures the 965 liability is included in the Total Tax calculation.</p> <p>The taxpayer will then report the amount being deferred under 965(h) on the "Other Payments or Refundable Credits" line (2018= Schedule 5 Line 74d, 2019 = Schedule 3 Line 13d, 2020 = Schedule 3 Line 12d, 2021 = Schedule 3 Line 13f).</p>

There should be a TC 971 AC 114 with the amount of the triggered liability in the MISC field, input on the triggering event year module without a TC 971 AC 165.

In addition to the TC 971 AC 114 in the amount of the triggered liability, there should also be a TC 766 CRN 263 input for 92% of triggered liability on the triggering event year module.

If the non 965 tax and the 1st installment were overpaid (i.e. if there is a credit on the triggering event year module after the initial TC 766 CRN 263 is posted), then the overpayment should be applied to the 965 liability by inputting a TC 767 CRN 263 in the amount of the overpayment up to the 965 tax amount. Any overpayment remaining after the non-965 tax amount and full 965 tax amount have been paid in full may be refunded/offset as normal.

- (8) IRC 965(h) annual installments are due on the due date of the return (not the extended due date ) and should be paid and/or posted in accordance with the 965(h) Payment Schedule. Failure to timely pay a required installment could result in the assessment of an addition to tax, which could accelerate the deferred IRC 965 tax balance and cause it to become immediately due.

**Exception:** Relief was available for IMF taxpayers who missed the first of the 8 annual installments if the individual's total 965 transition tax liability is less

than \$1 million and the first installment is paid in full by April 15, 2019. Interest must be paid on the first installment from the original installment due date until the date paid. A penalty will not be imposed on an individual taxpayer:

- If they owe less than \$1,000 in tax, after subtracting tax withheld on wages,
  - If the individual did not have any tax liability for the previous year, the preceding taxable year was 12 months, and individual was a citizen or resident of the United States throughout the preceding tax year, and
  - If casualty, disaster, or other unusual circumstances.
- a. For the convenience of the IRS, taxpayers are instructed to make two separate payments each year: one for the any non-IRC 965 tax and another for the IRC 965 installment. NOTE: IRC 965 payments can be identified by: a Designated Payment Code (DPC) of 64 (i.e. TC 670 DPC 64), a CP 56 voucher, or an indication on the memo line of the check such as “transition”, “965” and “inclusion”.
  - b. If the IRC 965(h) deferred payment method is elected, then the annual IRC 965 payment schedule is as follows:

The IRC 965(h) payment schedule is below: The “Maximum Unpaid Percentage per Year” column represents the max deferral allowed under the law for the given year, meaning no more that the amount listed in the “Maximum Unpaid Percentage per Year” column can be left unpaid by the due date of the return for the applicable year.

**Note: If the due date below falls on a Saturday or legal holiday, the due date will be the next business day.**

Year	Annual Payment Schedule	Max Unpaid % Per Year	Due Date if Election was made TY 2017	Due Date if Election was made TY 2018	Due Date if Election was made TY 2019
1	8%	92%	4/15/2018	04/15/2019	7/15/2020
2	8%	84%	04/15/2019	7/15/2020	05/15/2021
3	8%	76%	7/15/2020	5/15/2021	04/15/2022
4	8%	68%	5/15/2021	4/15/2022	04/15/2023
5	8%	60%	4/15/2022	04/15/2023	04/15/2024
6	15%	45%	04/15/2023	04/15/2024	04/15/2025
7	20%	25%	04/15/2024	04/15/2025	04/15/2026
8	25%	0%	04/15/2025	04/15/2026	04/15/2027

To determine the installment due, multiply the IRC 965 Total Tax amount by the percentage due.

For Example: To determine the 1st through 5th installment amounts, you multiply the IRC 965 Total Tax amount by .08 because 8% is due in years 1-5. In year 6, you would multiply the IRC 965 Total Tax amount by .15, in year 7 multiply it by .20 and in year 8 multiply it by .25.



To determine the Maximum Deferral Amount, multiply the IRC 965 Total Tax amount by the Max Unpaid percentage due per year.

For Example: To identify the Maximum Deferral Amount in year 1, you multiply the IRC 965 Total Tax amount by .92, in year 2 multiply it by .84, in year 3 multiply it by .76, in year 4 multiply it by .68, in year 5 multiply it by .60, in year 6 multiply it by .45, in year 7 multiply it by .25. The remaining 25% is due in year 8 so that maximum deferral in year 8 is zero.

Generally, the IRS will issue an installment notice (CP 56 or CP 56SP) and payment voucher for the next installment approximately six to eight weeks before the unextended return due date without extension. The installment notice will provide the total amount of unpaid IRC 965(h) net tax liability and the amount of the liability to be paid by the installment to be paid by the notice due date. Annual installments are due on the due date of the return (not the extended due date). Failure to timely pay a required installment could result in the assessment of an addition to tax, which could accelerate the entire IRC 965 tax balance and cause it to become immediately due.

3.14.1.6.9.16.1  
(01-01-2025)  
**Identifying and  
Correcting IRC 965  
Accounts**

- (1) During the IRC 965 inclusion period (201712-201911), Section 965 inclusion and election amounts can be identified on Form 1040 as follows:

Inclusion Made	2017	2018	2019
Full paid	The 965 Income was reported on line 21, the 965 tax was included in the "Total Tax" calculation reported on Line 63 and fully paid by the due date of the return.	The 965 Income was reported on Schedule 1, Line 21, the 965-tax was included in Line 11a and thereby included in the "Total Tax" calculation reported on Line 15 and fully paid by the due date of the return	The 965 Income was reported on Schedule 1, Line 8, the 965-tax was reported in Line 12a and thereby included in the "Total Tax" calculation reported on Line 16 and fully paid by the due date of the return
IRC 965(i)	The 965 Income was reported on Line 21, Line 44 was reduced by the amount of net tax liability deferred under section 965(i) and thereby <b>NOT</b> included in the "Total Tax" calculation reported on Line 63.	The 965 Income was reported on Schedule 1, Line 21, Line 11a, was reduced by the amount of net tax liability deferred under section 965(i) and thereby <b>NOT</b> included in the "Total Tax" calculation reported on Line 15.	The 965 Income was reported on Schedule 1, Line 8, Line 12a, was reduced by the amount of net tax liability deferred under section 965(i) and thereby <b>NOT</b> included in the "Total Tax" calculation reported on Line 16.

Inclusion Made	2017	2018	2019
IRC 965(h)	Election-the 965 Income is reported on line 21, the 965- Tax is included in Line 44 and thereby included in the "Total Tax" calculation reported on Line 63 and a portion of this tax is deferred on Line 73d of Form 1040.	The 965 Income is reported on Schedule 1, Line 21, the 965-Tax is included in Line 11a and thereby included in the "Total Tax" calculation reported on Line 15 and a portion of this tax is deferred on Schedule 5, line 74d.	The 965 Income is reported on Schedule 1, Line 8, the 965-Tax is included in Line 12a and thereby included in the "Total Tax" calculation reported on Line 16 and a portion of this tax is deferred on Schedule 3, line 13d.

In addition to reporting the 965 amounts on the return as indicated in the above table, 2017 Form 1040 returns with IRC 965 inclusions were required to have an IRC 965 Transition Tax Statement attached. If a 965(i) election was made then an IRC 965(i) Election Statement was required in addition to the Transition Tax Statement. If a 965(h) election was made then an IRC 965(h) Election Statement was required in addition to the Transition Tax Statement. If BOTH a 965(i) and a 965(h) election were made then both an IRC 965(i) Election Statement and an IRC 965(h) Election Statement were required in addition to the Transition Tax Statement.

In addition to reporting the 965 amounts on the return as indicated in the above table, 2018 and 2019 Form 1040 returns with IRC 965 inclusions were required to have a Form 965 with applicable schedules and a Form 965-A attached in lieu of the Transition Tax Statement and applicable election statements.

No new IRC 965 inclusions can be made after November 30, 2019, however, if a taxpayer has an already established 965(i) election that was made during the inclusion period, and subsequently experiences a triggering event, the taxpayer may make a subsequent IRC 965(h) election, at that time, to pay the triggered S corporation-related net 965 tax liability in 8 installments, beginning in the year of the triggering event.

- (2) The following Return Processing Codes (RPC) and Computer Condition Codes (CCC) are used to identify IMF IRC 965 tax returns and initiate specific processing:

IMF Computer Condition Codes and Return Processing Codes	Description	Explanation (These Codes can be viewed using CC RTVUE or TRDBV)
RPC 7	Tax returns reporting an IRC 965(i) election (IMF).	RPC 7 is specific to IMF modules where a 965(i) election was made during the inclusion period.



IMF Computer Condition Codes and Return Processing Codes	Description	Explanation (These Codes can be viewed using CC RTVUE or TRDBV)
RPC F	Tax returns reporting an IRC 965 inclusion/election (IMF).	All IMF modules where the taxpayer made an IRC 965 inclusion or election during the inclusion year or year of a triggering event should contain an RPC F.
CCC 3	Tax returns reporting an overpayment, this CCC sets Transaction Code 570 which freezes release of overpayment of account at Master file (IMF).	CCC 3 isn't specific to IRC 965, however CCC 3 with an <u>RPC F indicates an IRC 965 filer with a TC 570 on the module.</u>
CCC P	Tax returns identified with a 2017 Penalty Waiver (IMF).	CCC P was used to identify 2017 modules that were granted the 2017 Penalty Waiver. These modules should include a TC 971 AC 116 and a TC 971 AC 117.

- (3) The following transaction codes are used to identify IMF IRC 965 modules:

IMF Transaction Codes	Description	Input Using CC	Posted on
TC 971 AC 114	<p>Indicates the IRC 965 Total Tax Liability. This amount should be included in the TC 150 amount.</p> <p><b>Note:</b> If an IRC 965(i) election was made during the inclusion period, a TC 971 AC 114 for zero should be displayed on the inclusion year module because IRC 965(i) defers both the assessment and the payment of the IRC 965 tax liability</p> <p>If both a 965(h) &amp; 965(i) election were made on the same inclusion year module, the TC 971 AC 114 should be for the 965 total tax amount minus the 965(i) deferred liability amount. There should be a TC 971 AC 165 reflecting the 965(i) deferred tax amount on the module along with the TC 971 AC 114 if a 965(i) election was made. TC 972 AC 114 is used to reverse a TC 971 AC 114 input in error. <b>Do NOT input an amount in the MISC field when inputting a TC 972/114</b></p> <p>If the amount in the TC 971/114 MISC field is incorrect, do NOT input a TC 972 AC 114 to reverse it. Simply, input another TC 971 AC 114. IMF programming will systemically mark the original posting with a reversal indicator "1" once the new TC 971 AC 114 is input.</p>	<p>REQ77/FRM77</p> <p>When inputting a TC 971 AC 114 follow these steps:</p> <ol style="list-style-type: none"> <li>1. Input 971 in TC&gt;</li> <li>2. Input the current date in TRANS-DT&gt;</li> <li>3. Input the tax period ending date in SECONDARY-DT&gt;</li> <li>4. Input 114 in TC971/151-CD&gt;</li> <li>5. Input the 965 Total Tax amount (dollars only, no cents, no special characters) in MISC&gt;</li> <li>6 .Input NSD, 965 TAX in Remarks</li> <li>7. Transmit</li> </ol>	<p>Inclusion Year Module and/or Triggering Event Year Module ONLY</p>

IMF Transaction Codes	Description	Input Using CC	Posted on
TC 971 AC 165	<p>Indicates an intact IRC 965(i) election with the amount of the outstanding IRC 965(i) Deferred Tax Liability reported in the MISC field.</p> <p><b>Note:</b> This amount should NOT be included in the TC 150 amount until the year of the triggering event when the liability has been triggered and assessed.</p> <p>TC 972 AC 165 is used to reverse a TC 971 AC 165 input in error. <b>Do NOT input an amount in the MISC field when inputting a TC 972/165.</b> If the amount in the TC 971/165 MISC field is incorrect, do NOT input a TC 972 AC 165 to reverse it. Simply, input another TC 971 AC 165. IMF programming will systemically mark the original posting with a reversal indicator "1" once the new TC 971 AC 165 is input.</p>	<p>REQ77/FRM77</p> <p>When inputting a TC 971 AC 165 follow these steps:</p> <ol style="list-style-type: none"> <li>1. Input 971 in TC&gt;</li> <li>2. Input the current date in TRANS-DT&gt;</li> <li>3. Input the tax period ending date in SECONDARY-DT&gt;</li> <li>4. Input 165 in TC971/151-CD&gt;</li> <li>5. Input the 965(i) Deferred Liability amount (dollars only, no cents, no special characters) in MISC&gt;</li> <li>6. <b>Input NSD, 965i Deferral in Remarks</b></li> <li>7. Transmit</li> </ol>	<p>Inclusion Year Module &amp; each subsequent year module the 965(i) election remains intact and untriggered. <b>Do NOT enter a TC 971 AC 165 on the Triggering Event Year module.</b></p>
TC 971 AC 116	<p>Represents the underpayment of the first 965(h) installment for TY 2017 ONLY.</p> <p>The amount of the underpayment was input in the MISC field (dollars only-no cents, no special characters)</p>	REQ77/FRM77	2017 Inclusion Year Module with a qualifying late 1st installment payment ONLY
TC 971 AC 117	<p>Represents the interest charged on the underpayment of the first 965(h) installment for TY 2017 ONLY. The amount of the interest charged on the underpayment was input in the MISC field (dollars only-no cents, no special characters)</p>	REQ77/FRM77	2017 Inclusion Year Module with a qualifying late 1st installment payment ONLY

IMF Transaction Codes	Description	Input Using CC	Posted on
TC 766 CRN 263	A faux credit that masks the IRC 965 liability on the inclusion year module. The initial TC 766 CRN 263 input in the inclusion year should equal 92% of the 965 Total Tax Liability (i.e. 965 Total Tax minus the 1st installment). It represents the unpaid IRC 965(h) liability (deferred amount) to be paid in installments. <b>The net sum of the TC 76X CRN 263 transactions represent the remaining unpaid IRC 965 liability.</b>	<p>REQ77/FRM77 When inputting a TC 776 AC 263 follow these steps:</p> <ol style="list-style-type: none"> <li>1. TIN- should be auto-filled, if not input the TIN.</li> <li>2. MFT&gt;- should be auto-filled, if not input the MFT.</li> <li>3. TX-PRD&gt;- should be auto-filled, if not input the tax period.</li> <li>4. NM-CTRL&gt;- should be auto-filled, if not input the name control.</li> <li>5. SEQ-NUM&gt;-Input sequence number. Start with "1" and continue to number your adjustments in order each day.</li> <li>6. BLK&gt;- Use "05" for IMF.</li> <li>7. INTCOMP-DT&gt;-Use when inputting a TC 298.00 adjustment. The TC 298.00 CRN 263 adjustment should carry an interest computation date of the installment due date or the date of the payment (whichever is earlier) unless there is interest on the module in which case the installment due date should be used.</li> <li>8. CASE-STC-CD&gt;-Keep an open control base until all adjustments post at which time the control base can be closed.</li> <li>9. IRC-RCVD-DT&gt;-Input *.</li> <li>10. CTRL-CAT&gt;-Input "OURV".</li> <li>11. TC&gt;-Input "<b>290</b>" if the transaction should carry the return due date otherwise input "<b>298</b>" if the transaction date is a date other than the return due date.</li> <li>12. AMT&gt;-Input ".00".</li> <li>13. RSN-CDS&gt;-Input "190" for IMF. Input "050" &amp; "190" when inputting TC 298.00.</li> </ol>	Inclusion Year Module and/or Triggering Event Year Module ONLY

IMF Transaction Codes	Description	Input Using CC	Posted on
		<p>14. HOLD-CD&gt;-Use HC 4 when inputting adjustments to TC76X CRN 263 transactions unless the account is full paid (i.e. all non-965 &amp; 965 tax is paid in full) in which case you would use a HC 0-4 as appropriate.</p> <p>15. PSTING-DLAY-CD&gt;-A posting delay code (PDC) is not needed when inputting multiple TC 290.00 CRN 263 and/or TC 298.00 CRN 263 adjustments. A PDC is only needed when inputting non TC 290/298 CRN 263 adjustments in addition to TC 290/298 CRN 263 adjustments.</p> <p><b>Note: For IMF adjustments, although the TC 290/298 CRN 263 adjustments can be input without a PDC, they all will not post in the same cycle, the earliest will post and the request will resequence allowing only one adjustment to post per cycle.</b></p> <p>16. CD&gt;-Input "263"</p> <p>17. AMT&gt;-input the amount of the 965 deferred tax if inputting the initial TC 766/263, otherwise input the amount needed to adjust the initial TC 766/263</p> <p>18. SOURCE-DOC-ATTACHED?&gt; Enter "Y" if yes. Enter "N" if no. If you do not have the original/amended return/correspondence physically in hand, input "N".</p> <p>19. REMARKS&gt;-Input "965 DEF ADJ"</p>	

IMF Transaction Codes	Description	Input Using CC	Posted on
TC 767 CRN 263	Reverses the TC 766 CRN 263 by the amount of a payment(s) made against or credits applied to the IRC 965(h) liability. <b>The net sum of the TC 76X CRN 263 transactions represent the remaining unpaid IRC 965 liability.</b>	REQ54/ADJ54 <b>When inputting a TC 766 CRN 263, follow these steps:</b> 1. TIN- should be auto-filled, if not input the TIN. 2. MFT>- should be auto-filled, if not input the MFT. 3. TX-PRD>should be auto-filled, if not input the tax period. 4. NM-CTRL>- should be auto-filled, if not input the name control. 5. SEQ-NUM>-Input sequence number. Start with "1" and continue to number your adjustments in order each day. 6. BLK>- Use "05" for IMF 7 .INTCOMP-DT>-Use when inputting a TC 298.00 adjustment. The TC 298.00 CRN 263 adjustment should carry an interest computation date of the installment due date or the date of the payment (whichever is earlier) unless there is interest on the module in which case the installment due date should be used. 8. CASE-STC-CD>-Keep an open control base until all adjustments post at which time the control base can be closed. 9. IRC-RCVD-DT>-Input *. 10. CTRL-CAT>-Input "OURV". 11. TC>-Input "290" if the transaction should carry the return due date otherwise input "298" if the transaction date is a date other than the return due date. 12. AMT>-Input ".00". 13. RSN-CDS>-Input "190" for IMF. Input "050" & "190" when inputting TC 298.00.	Inclusion Year Module and/or Triggering Event Year Module ONLY

IMF Transaction Codes	Description	Input Using CC	Posted on
		<p>14. HOLD-CD&gt;-Use HC 4 when inputting adjustments to TC76X CRN 263 transactions unless the account is full paid (i.e. all non-965 &amp; 965 tax is paid in full) in which case you would use a HC 0-4 as appropriate.</p> <p>15. PSTING-DLAY-CD&gt;-A posting delay code (PDC) is not needed when inputting multiple TC 290.00 CRN 263 and/or TC 298.00 CRN 263 adjustments. A PDC is only needed when inputting non TC 290/298 CRN 263 adjustments in addition to TC 290/298 CRN 263 adjustments.</p> <p><b>Note: For IMF adjustments, although the TC 290/298 CRN 263 adjustments can be input without a PDC, they all will not post in the same cycle, the earliest will post and the request will resequence allowing only one adjustment to post per cycle.</b></p> <p>16. CD&gt;-Input "263"</p> <p>17. AMT&gt;-input the amount of the payment/credit being applied to the 965 liability. <b>ALWAYS input a minus sign after the amount when attempting to post a TC 767 CRN 263.</b></p> <p>18. SOURCE-DOC-ATTACHED?&gt; Enter "Y" if yes. Enter "N" if no. If you do not have the original/amended return/correspondence physically in hand, input "N".</p> <p>19. REMARKS&gt;-Input "965 DEF ADJ"</p>	

IMF Transaction Codes	Description	Input Using CC	Posted on
DPC 64	Indicates the payment is an IRC 965 designated payment. Payments that have been designated as IRC 965 payments should post to the module with a DPC 64 (i.e. TC 670 DPC 64) Beginning 2019, IMF programming systemically generates a TC 767 CRN 263 when a TC 670 DPC 64 posts to the Inclusion Year and/or Triggering Event Year module.	Payments designated as 965 payments by the taxpayer should post as a TC 670 DPC 64.  Beginning 2019, IMF , IMF programming systemically generates a TC 767 CRN 263 when a TC 670 DPC 64 posts to the inclusion year and/or triggering event year module.	Inclusion Year Module and/or Triggering Event Year Module ONLY. If posted to a module other than an Inclusion Year or Triggering Event Year module, the payment is misapplied or mis-coded or both.

**Caution: Do not make any adjustments to IRC 965 transaction codes (CRN 263, 971/114 ) without consulting a lead. In addition, if the return is a paper document, obtain the return before making changes to a tax module.**

- (4) Refer to the table below when researching and inputting adjustments to the TC 971 AC 114 and TC 766 CRN 263 amounts:

If	and	Then
TC 971 AC 114 and TC 766 CRN 263 amounts are the same	The transition tax statement/ return/ payment information reflect that the deferred tax amount should be an amount less than the amount posted	<p>a. Use CC REQ54 to input a TC 290.00 CRN 263 to reduce the deferred tax amount.</p> <p><b>Note:</b> To figure the amount, subtract the correct deferred tax amount per the return from the posted TC 766 CRN 263 amount reflected on the module and input a TC 290.00 CRN 263 for the difference. Once this adjustment is made a TC 767 will post to the account.</p> <p><b>Note:</b> RC 190 must be used when inputting a CRN 263. RC 099 for all other IRC 965 adjustments. RC 050 when inputting a TC 298.</p> <p><b>Caution: If decreasing a posted TC 766 CRN 263, input the CRN amount with a minus sign. For example, a CRN 263 for \$2,500.00- will generate a TC 767 CRN 263 for \$2,500.00.</b></p>



If	and	Then
The TC 971 AC 114 was input incorrectly (i.e. input using dollars and cents instead of just dollars)		<p>Use CC REQ77 to input the correct TC 971 AC 114 amount.</p> <p><b>Note:</b> Input the total IRC 965 tax liability or the IRC 965 triggered liability amount in the Miscellaneous Field. The amount should be input as dollars only (no cents), with no special characters. For example, an amount of \$12,500.00 should be entered as 12500 in the Miscellaneous Field. Enter the tax period ending date (MMDDYYYY) in the SECONDARYDT Field. For example, if the tax period is 201712, input 12312017 in the SECONDARYDT Field.</p> <p><b>Caution: Do NOT input a TC 972 reversal when adjusting the TC 971 AC 114 amount. IMF programming will systemically mark the original posting with a reversal indicator “1” once the new TC 971 AC 114 is input.</b></p>
No TC 971 AC 114 was entered	The inclusion year return indicates an IRC 965 election was made timely during the inclusion period and reflects the IRC 965 Total Tax Liability and/or the return indicates an IRC 965(i) liability was triggered	<p>Use REQ77 to input the TC 971 AC 114 to reflect the IRC 965 total tax amount on the inclusion year module or the 965 triggered liability amount on the triggering event year module.</p> <p><b>Note:</b> Input the total IRC 965 tax liability amount or the IRC 965 triggered liability amount in the Miscellaneous Field. The amount should be input as dollars only (no cents), with no special characters. For example, an amount of \$12,500.00 should be entered as 12500 in the Miscellaneous Field. Enter the tax period ending Date (MMDDYYYY) in the SECONDARYDT Field. For example, if the tax period is 201712, input 12312017 in the SECONDARYDT Field.</p>

If	and	Then
A TC 971 AC 114 has posted, but no TC 766 CRN 263 posted	The return indicates an IRC 965(h) election was made	Ensure the TC 971 AC 114 amount was entered correctly and use CC REQ54 to input a TC 290.00 CRN 263 to correct the deferred tax amount. <b>Reminder: No minus sign is needed when inputting the CRN amount when increasing the posted TC 766 CRN 263 amount.</b> <b>Caution: If inputting a TC 29X CRN 263 adjustment and inputting a TC 971 AC 114, a Posting Delay Code (PDC) 1 is required on the TC 29X adjustment.</b>
A TC 971 AC 114 was input in error	There is no indication on the return and/or return attachments of an IRC 965 inclusion being made by the taxpayer and/or there is no indication on the return/ attachments that a 965(i) election made during the inclusion period triggered	Use REQ77 to reverse the TC 971 AC 114 using TC 972 AC 114. <b>Note:</b> When inputting a TC 972 AC114 do not input an amount in the Miscellaneous Field. Enter the tax period ending Date (MMDDYYYY) in the SECONDARYDT Field.

- (5) The TC 766 CRN 263 amount should **NEVER** be greater than the TC 971 AC 114 amount.

If	Then
The TC 766 CRN 263 amount exceeds the TC 971 AC 114	Review the Transition Tax Statement or Form 965-A for the correct section 965 total tax and deferred tax amounts
The TC 971 AC 114 amount was entered incorrectly	Use CC REQ77 to input a new TC 971 AC 114 with the correct amount entered in the Miscellaneous Field. <b>Note:</b> This is a dollars only input. Do NOT include cents or special characters in the amount.

If	Then
The initial TC 766 CRN 263 amount was entered incorrectly	Use CC REQ54 to input a TC 290.00 CRN 263 to correct the deferred tax amount. <b>Note:</b> RC 190 must be used when inputting a CRN 263. RC 099 for all other IRC 965 adjustments. RC 050 when inputting a TC 298.

- (6) Payments should be applied towards the IRC 965 liability in accordance with the IRC 965 Payment Schedule reflecting the appropriate installment due date or payment due date. To ensure the proper recordation of payments made towards or credits applied to the IRC 965 liability it is important to use the transaction date and/or interest computation date. If the date of the transaction should be the due date of the inclusion year/triggering event year return then input TC 290.00 CRN 263 when adjusting the 965 deferred liability amount. If the adjustment should carry a date other than the due date of the inclusion year/triggering event year return (i.e. the installment due date or the payment date) then input a TC 298.00 CRN 263 when adjusting the 965 deferred liability amount.

Refer to the table below for guidance on how to adjust the IRC 965 deferred liability:

If	and	Then
The initial TC 766 CRN 263 is for more than 92% of IRC 965 total tax liability (i.e. TC 971 AC 114 amount). For example if the IRC 965 total tax is \$10,000.00 and the initial TC 766 CRN 263 is for \$9,800	The return/ payment history indicates timely installment payments have been made and/or credits have been timely applied to installments due	Use CC REQ 54 to input a TC 290.00 CRN 263 with a minus sign behind the 263 amount to reduce the deferred tax amount. <b>Note:</b> To figure the amount, subtract the correct deferred tax amount per the return from the posted TC 766 CRN 263 amount reflected on the module and input a TC 290.00 CRN 263 for the difference. Once this adjustment is made a TC 767 will post to the account.  <b>Caution: Review all of the posted TC 767 CRN 263 adjusts prior to performing the adjustment to ensure the needed adjustment hasn't already been made.</b>

If	and	Then
Manually input TC 767 CRN 263 adjustments for installment payments 2-8 received after the due date of the inclusion year return post with a transaction date matching the due date of the inclusion year return	Penalty and/or interest is assessed on the module	Input a TC 290.00 CRN 263 for the amount of incorrect TC 767 CRN 263 to credit the amount back to the 965 deferral before inputting a TC 298.00 CRN 263 with the due date of the installment payment in the INTCOMP-DT> Field.
Manually input TC 767 CRN 263 adjustments for installment payments 2-8 received after the due date of the inclusion year return post with a transaction date matching the due date of the inclusion year return	No penalty and/or interest is assessed on the module	Input a TC 290.00 CRN 263 for the amount of incorrect TC 767 CRN 263 to credit the amount back to the 965 deferral before inputting a TC 298.00 CRN 263 with the due date of the installment payment or the payment date whichever is earlier in the INTCOMP-DT> Field.

- (7) Taxpayers that made an IRC 965(i) election are required to file Form 965-A with their return each year until the IRC 965 liability is assessed and paid in full. When reviewing a notice on an account where an IRC 965(i) election was made, review the return and all attachments.

Refer to the table below for guidance on when to input a TC 971 AC 165:

If	Then
Form 965-A is attached indicating that a timely IRC 965(i) election was made during the inclusion period and remains intact at the time of the filing	<p>Input a TC 971 AC 165 on the current year module using a CC REQ77 If one is not already on the module.</p> <p><b>Note:</b> Input the total IRC 965(i) deferred liability amount in the Miscellaneous Field. The amount should be input as dollars only (no cents), with no special characters. For example, an amount of \$12,500 should be entered as 12500 in the Miscellaneous Field. Enter the current date (MMDDYYYY) in both the TRANS-DT field and SECONDARY-DT field. The 965(i) deferred liability amount entered in the MISC Field should equal the sum of Form 965-A, Part IV, Column (i) for the reporting year.</p> <p><b>Caution: The taxpayer may have made an IRC 965(i) election in more than one inclusion year. If the Form 965-A indicates more than one 965(i) election was made, combine the 965(i) liability amounts and enter that amount in the Miscellaneous Field.</b></p>

- (8) Taxpayers are instructed to make IRC 965 payments separate from their regular tax payment. The CP 56, Annual Section 965(h) Installment Notice has an IRC 965 payment voucher attached for this purpose. **IRC 965 designated payments are identified with a Designated Payment Code (DPC) of 64.** Refer to the table below when transferring IRC 965 designated payments:

If	Then
The IRC 965 designated payment (i.e TC 670 DPC 64) was misapplied to the incorrect module	<p>Transfer the credit to the appropriate module using the IAT Credit Transfer tool. The DPC 64 must be input on both the credit and debit side of the transfer.</p> <p><b>Caution: If using the IAT credit Transfer Tool to complete the transfer, you must select “Override all ADD34 with ADD24” and manually add the “64” to the “Reverse DPC” field on the debit side of the transfer. The DPC 64 must be input on both the credit and debit side of the transfer or it will unpost. Verify before transmitting that the DPC is present on the transfer screen.</b></p>

- (9) Refer to the table below when reviewing balance due notices for Keys 050 and/or 051:

If	and	Then
The balance due was generated because an IRC 965(i) election was not processed correctly	The 965(i) liability was erroneously included in the TC 150 amount	<p>1) Review the tax module and determine the underpayment amount (balance due minus the penalty and interest).</p> <p>2) Research the tax return for the total net transition tax liability and the transition tax being deferred per the (i) election.</p> <p>3) The total tax liability (TC 150) must be reduced by the amount of the net tax liability deferred - input a TC 291 to reduce the tax liability per the transition tax statement or Form 965-A.</p> <p>4) A TC 971 AC 114 must be present on the module. Input a TC 971 AC 114 with a miscellaneous field of zero, if applicable.</p> <p><b>Note:</b> If both an IRC 965(i) and 965(h) election were made in the same inclusion year, a TC 971 AC 114 for the amount of the IRC 965 Total Tax liability minus the 965(i) deferred tax amount, should be displayed on the inclusion year module along with a TC 971 AC 165 for the full amount of the 965(i) deferred tax liability.</p> <p>5) Input a TC 971 AC 165 on the current year module using a CC REQ77 if one is not on the module.</p>
The balance due was generated because an IRC 965(h) election was not processed correctly		<p>1) Review the tax module and determine the underpayment amount (balance due minus the penalty and interest).</p> <p>2) Research the tax return to determine the 965 total tax amount and the 965 deferred tax amount .</p> <p>3) A TC 971 AC 114 must be present on the module. Input a TC 971 AC 114 with a miscellaneous field for the 965 total tax amount if not present.</p> <p>4) Input a TC 290 for zero with CRN 263 for the amount of the deferred tax liability to be paid in installments if not present .If inputting a TC 290 CRN 263 and TC 971 AC 114, use a Posting Delay Code 1 on the CRN 263 adjustment.</p> <p><b>Note:</b> RC 190 must be used when inputting a CRN 263. RC 099 for all other IRC 965 adjustments. RC 050 when inputting a TC 298.</p>

- (10) Follow general notice procedures for disposition. If the balance due is a result of incorrect manual TC 76X CRN 263 adjustments, use the applicable If and Then table above to correct the module.

If any of the installment payments were received late or if after all the necessary adjustments have posted to the inclusion year module, the module is in a balance due, refer the case to SB/SE for possible acceleration by emailing all relevant information pertaining to the case to the *\*SBSE Brookhaven 965* e-mail box.

- (11) If there is any indication of a transfer agreement or accelerated liability on the module refer the case to the *\*SBSE Brookhaven 965* for further processing.

If	Then
<p>MFT 82 is present on the module.</p> <p><b>Note:</b> MFT 82 is an IMF transferee module which indicates an IRC 965 liability was transferred. IRC 965 payments/credits on the transferee's module should mirror the IRC 965 payments/credits on the transferor's 965 inclusion year module until the 965 tax liability is paid in full.</p>	<p>Refer the case to the <i>*SBSE Brookhaven 965</i> e-mail box for further processing</p>

If	Then
<p>Unreversed TC 971 AC 507 is present on the module.</p> <p>An unreversed TC 971 AC 507 indicates an approved IRC 965 Transfer Agreement. This transaction creates an MFT 82 Transferee module which mirrors the Transferor's module. TC 971 AC 507 links the transferor and transferee accounts. Once established any payment made towards the transferred 965 liability will be recorded on both modules until it is paid in full.</p>	<p>Refer the case to the <i>*SBSE Brookhaven 965</i> e-mail box for further processing.</p>
<p>TC 767 CRN 337 is present on the module.</p> <p>A TC 767 CRN 337 indicates a payment made to a mirrored account. This transaction code is used to cross reference (mirror) payments made towards 965(h) installments to the joint and severally liable, transferee and transfer or accounts.</p>	<p>Refer the case to the <i>*SBSE Brookhaven 965</i> e-mail box for further processing.</p>
<p>History Item of "F965/TRSFR" is present on TXMOD</p>	<p>Refer the case to the <i>*SBSE Brookhaven 965</i> e-mail box for further processing.</p>
<p>An open Control Base present on TXMOD with any of the following history items: L6154, 965/L6154, 6154SNT, 965ACCEL, FTPACCEL.</p>	<p>Refer the case to the <i>*SBSE Brookhaven 965</i> e-mail box for further processing.</p>



3.14.1.6.9.16.2  
(02-09-2022)

**Reviewing CP 47A, CP 47B, and CP 47C Notices (Notice and Demand IRC Section 965 notices)**

- (1) The CP 47A, CP 47B, and CP 47C informs the taxpayer that the IRS has received and processed their income tax return and recorded the taxpayer election to pay their IRC Section 965 net liability in installments.
- (2) For CP 47A, CP 47B, and CP 47C, verify the "Notice and Demand for IRC Section 965 Total Amount" on the notice against the TC 150 on IDRS.
- (3) Verify the amount on NRPS/OLNR and the TC 150 on IDRS matches.
- (4) If the notice matches, select print "P" on OLNLR for notice disposition, If the amount does not match, select hold "H" on OLNLR for notice disposition and forward to the lead or manager.

3.14.1.6.9.16.3  
(01-01-2025)

**Reviewing CP 56/56SP Annual Installment Notice (IRC 965 Notice)**

- (1) The CP 56, Annual Section 965(h) Installment Notice is issued annually to notify taxpayers who made a 965(h) election of their IRC Section 965 installment payment amount and due date.
- (2) When reviewing CP 56, research the account to ensure the TC 971 AC 114 amount and TC 766 CRN 263 were input correctly.
- (3) If the TC 971 AC 114 and/or the TC 766 CRN 263 were input incorrectly, input the appropriate adjustment in accordance with IRM 3.14.1.9.16.1. If there is a remaining IRC 965 tax liability after the adjustments are made, and the installment is still owed, retype the notice to include the correct "Total Unpaid IRC Section 965 Amount" and/or "Installment Amount Due."

**Note:** The Total Unpaid IRC Section 965 Amount is the net of all TC 766 CRN 263 and TC 767 CRN 263 transactions on the module.

**Caution: Be aware of pending transactions that could impact the accuracy of this amount on the notice and update the notice accordingly. If the pending transaction(s) will reduce the Total IRC 965 deferred tax to zero, void the notice.**

**Note:** The Installment Amount Due will be equal to or less than the applicable percentage (8 percent in years 1-5, 15 percent in year 6, 20 percent in year 7 and 25 percent in year 8) of the most recently posted TC 971 AC 114 amount. The amount will be less than the designated percentage if the taxpayer overpaid a previous installment.

- (4) If there is a remaining IRC 965 tax liability, research to ensure all designated IRC 965 payments were properly applied to the appropriate module and accounted for. Review inclusion year and subsequent modules using IMFOL and/or TXMOD to locate missing IRC 965 installment payments. Always use RTR or EFTPSE (electronic payments) to verify taxpayer intent for payments.

**Note:** When transferring a TC 670 DPC 64 from one module to another, use the IAT Credit Transfer tool and include the DPC 64 on both the credit and debit side of the transfer. The IAT Credit transfer tool does not include the DPC 64 on the debit side of the transfer, so if using the IAT Tool, you will need to manually add the DPC 64 on the debit side or the transaction will unpost.

- (5) If an IRC 965 designated payment was misapplied, transfer the credit to the appropriate module and retype the notice to include the correct "Total Unpaid IRC Section 965 Amount" and/or "Installment Amount Due."

**Note:** When transferring a TC 670 DPC 64 from one module to another, use the IAT Credit Transfer tool and include the DPC 64 on both the credit and debit side of the transfer. The IAT Credit transfer tool does not include the DPC 64 on the debit side of the transfer, so if using the IAT Tool, you will need to manually add the DPC 64 on the debit side or the transaction will unpost

- (6) If there was no IRC 965 inclusion and/or IRC 965(h) election made and the TC 971 AC 114 and/or the TC 766 CRN 263 were input in error, input the appropriate reversals in accordance with the IRM and void the notice.

**Note:** Do not move an overpayment from 2018 or subsequent module to 2017 to reduce a TC 766 CRN 263 on 2017 or move an overpayment from 2017 to 2018 to reduce a TC 766 CRN 263 on 2018 unless the overpayment is a result of a designated IRC 965 installment payment that was misapplied in which case the payment should be applied/transferred to the specified inclusion module.

- (7) Once an installment becomes past due, the amount is no longer "properly deferred" and should be referred to SB/SE above for acceleration.

**Note:** The waiver granted to certain IMF filers was only applicable to the 1st installment, however, the "Underpayment of 1st Installment" and "Interest on Underpayment" fields still display on the CP 56 or CP 56SP notice and in OLNK. If there are amounts in these fields and the notice doesn't meet the criteria above to be voided, then notice should be retyped to zero these amounts out. If an installment other than that 1st installment is underpaid it is subject to acceleration/penalties and interest and should be referred to SB/SE above.

3.14.1.6.9.16.4  
(01-01-2025)

**Command Code IMFOL  
IRC 965**

- (1) Command Code IMFOL with Definer **M** was created to assist in identifying the IRC 965(h) deferral payments on the account.

**Note:** CC IMFOLM will only work on the inclusion year.

- (2) The amount listed under the title, "**Tax Liabilities and Installments**" reflects the latest TC 971 AC 114 (Total Net Tax Liability under Section 965) reported by the taxpayer.
- (3) The amount listed under the title, Deferred amount, reflects the latest TC 766 CRN 263 remaining deferred amount.
- (4) The remainder of the screen display reflects the yearly percentage of the 8 installments based on the latest TC 971 AC 114 and the remaining installment amounts due based on the latest TC 766 CRN 263, along with the yearly due dates of the installments.
- (5) This display screen will assist in determining the amount of the IRC 965 deferral amount paid, and the remaining deferral amount still owed. It will allow you to determine if an installment amount was paid, overpaid, with the over-

payment being credited to the next installment or if the installment was underpaid.

**Caution: The IMFOLM display screen will recalculate with the input of a new TC 971 AC 114 and/or a new TC 766/767 CRN 263 amount. If there is an incorrect TC 971 AC 114 and/or an incorrect TC 766/767 CRN 263, the installment information shown on IMFOLM will also be incorrect.**

**Note:** See IRM 2.3.51-31, Command Code IMFOL IRC 965 Output Display.

3.14.1.6.9.17  
(01-01-2023)  
**Qualified Business  
Income Deduction  
(QBID)**

- (1) Many owners of sole proprietorships, partnerships, S corporations and some trusts and estates may be eligible for a qualified business income (QBI) deduction – also called Section 199A – for tax years beginning after December 31, 2017. The deduction allows eligible taxpayers to deduct up to 20 percent of their qualified business income (QBI), plus 20 percent of qualified real estate investment trust (REIT) dividends and qualified publicly traded partnership (PTP) income. Income earned through a C corporation or by providing services as an employee is not eligible for the deduction. For more information on what qualifies as a trade or business, see Determining your qualified trades or businesses in Pub 535.
- (2) The deduction is available, regardless of whether taxpayers itemize deductions on Schedule A or take the standard deduction. Eligible taxpayers can claim it for the first time on the 2018 federal income tax return they file in 2019. The deduction has two components.
  - a. QBI Component. This component of the deduction equals 20 percent of QBI from a domestic business operated as a sole proprietorship or through a partnership, S corporation, trust or estate. The QBI Component is subject to limitations, depending on the taxpayer's taxable income, that may include the type of trade or business, the amount of W-2 wages paid by the qualified trade or business and the unadjusted basis immediately after acquisition (UBIA) of qualified property held by the trade or business. It may also be reduced by the patron reduction if the taxpayer is a patron of an agricultural or horticultural cooperative.
  - b. REIT/PTP Component. This component of the deduction equals 20 percent of qualified REIT dividends and qualified PTP income. This component is not limited by W-2 wages or the UBIA of qualified property. Depending on the taxpayer's taxable income, the amount of PTP income that qualifies may be limited depending on the PTP's trade or business

The deduction is limited to the lesser of the QBI component plus the REIT/PTP component or 20 percent of the taxable income minus net capital gain. QBI is the net amount of qualified items of income, gain, deduction and loss from any qualified trade or business, including income from partnerships, S corporations, sole proprietorships, and certain trusts. Generally this includes, but is not limited to, the deductible part of self-employment tax, self-employed health insurance, and deductions for contributions to qualified retirement plans (e.g. SEP, SIMPLE and qualified plan deductions).

QBI does not include items such as:

- Items that are not properly includable in taxable income
- Investment items such as capital gains or losses or dividends
- Interest income not properly allocable to a trade or business
- Wage income

- Income that is not effectively connected with the conduct of business within the United States
- Commodities transactions or foreign currency gains or losses
- Certain dividends and payments in lieu of dividends
- Income, loss, or deductions from notional principal contracts
- Annuities, unless received in connection with the trade or business
- Amounts received as reasonable compensation from an S corporation
- Amounts received as guaranteed payments from a partnership
- Payments received by a partner for services other than in a capacity as a partner
- Qualified REIT dividends
- PTP income

Solely for the purposes of IRC 199A, a safe harbor is available to individuals and owners of pass through entities who seek to claim the deduction under section 199A with respect to a rental real estate enterprise. Under the safe harbor a rental real estate enterprise will be treated as a trade or business for purposes of the QBI deduction if certain criteria are met.

**Note:** Rental real estate that does not meet the requirements of the safe harbor may still be treated as a trade or business for purposes of the QBI deduction if it is a section 162 trade or business.

(3) Adjusting the Qualified Business Income Deduction, see IRM 21.6.7.4.18.1

3.14.1.6.9.18  
(01-01-2024)  
**Inflation Reduction Act  
(IRA) of 2022**

- (1) Section 6417 of H.R. 5376, Inflation Reduction Act (IRA), Sec. 13801, Elective Payment for Energy Property and Electricity Produced from Certain Renewable Resources, allows applicable entities to claim an elective payment election (EPE) for certain credits for taxable years that begin January 1, 2023 and after.

3.14.1.6.9.18.1  
(03-07-2024)  
**Elective Payment  
Election (EPE)**

- (1) An EPE provides applicable entities with the ability to treat any unused portion of the non-refundable credit as a payment, which may cause an overpayment and generate a refund. The election to treat the credit as an EPE must be filed on or prior to the latter of the return due date (RDD), extended return due date (XRDD) or disaster due date (DDD).

**Note:** Original tax returns claiming EPE are screened prior to posting to master file. If the return meets the criteria for review by SB/SE, a TC 971 AC 831 with MISC EPE or CVC posts to the tax module. A TC 570 generates a -R freeze and will hold the overpayment. **Do not release the refund if these conditions are on the account.**

**Caution:** When a TC 971 AC 831 with MISC EPE or CVC is present on the account, Notice Review can proceed with other adjustment actions as necessary using Hold Code 1 if labeling and Hold Code 4 if retyping a notice. **If a Credit transfer is needed do not use a TC 571 to release refund.**

- (2) For most credits, applicable entities include tax-exempt organizations, state and local governments, Indian tribal governments, Alaska Native Corporations, the Tennessee Valley Authority, and rural electric cooperatives. Individual taxpayers may be considered applicable entities for the following credits:
- Credit for Carbon Oxide Sequestration (CRN 458)

- Credit for Production of Clean Hydrogen (CRN 460)
- Advanced Manufacturing Production Credit (CRN 462)

3.14.1.6.9.18.2  
(01-01-2024)

**Elective Payment  
Election (EPE) for NRPS  
and OLNLR**

- (1) EPE is disallowed for late filed returns. If the taxpayer is claiming EPE on a late filed return a systemic math error notice will be issued to the taxpayer. These notices will only be selected for review if the notice also contains a TPNC 100.
- (2) EPE will be identified in the NRPS package and located at the top left corner where the Selection Key information is located. (\*\*EPE\*\*). The systemic paragraph will not be visible on NRPS.
- (3) EPE will be identified in OLNLR with notice status "Q". The systemic paragraph will not be present in OLNLR.
- (4) The **only** OLNLR disposition available for these notices is a retype. Entity information and the addition of a label, if necessary, will need to be edited using the "R" retype notice disposition.

**Note:** The void disposition is not an option in OLNLR for EPE notices.

3.14.1.6.10  
(11-12-2021)

**Reviewing Undeliverable  
Notices**

- (1) Notices that cannot be delivered to taxpayers are generally returned to the Submission Processing Campus. They are routed to Files, where a preliminary search for a more current address is conducted. If a better address is found, Files attaches a 3x5 note with that address. These, and notices for which no better address is found, are then routed to Notice Review for resolution.
- (2) Void the undeliverable notice if the account is in Service Center Status 60-64 or 71-72. Input history items on IDRS/AMS.

**Note:** Do not create a dummy module to input a history item on IDRS.

- (3) Void the notice if the account shows it was previously worked as an undeliverable notice in Notice Review. Input history items on IDRS/AMS and input CC STAUPS 51

**Note:** Do not create a dummy module to input a history item on IDRS.

**Note:** CC STAUPS- Do not input if the account status (See SC Status on TXMOD) is 22, 23, 24, 26, 60, 61, 62, 63, 64, 71, or 72. CC STAUPS must be input before using CC RECON.

- (4) Undeliverables that aren't Service Center Status 60-64 or 71-72 or have not been previously worked in Notice Review must be reviewed for a more current address, as well as for any payment, penalty and interest changes.
- (5) The Centralized Authorization File contains information regarding the type of authorization that taxpayers have given third party representatives for various modules within their accounts. This information is used to direct refunds and/or copies of notices and correspondence to authorized representatives. It can also be used to determine whether an individual claiming to be a representative of a taxpayer is, in fact, authorized to represent or act in the taxpayer's behalf, or to receive information requested. The command code available for research is CC CFINK **IRM 2.3.31**.

- If the undelivered notice is going to a representative address, research the CAF mismatches on IDRS. Use CC CFINK to identify the representative's name and address. Use CC CFINK with MFT and tax period (Example: 000-00-1234, 30 201612).
- The “**Yes**” on the notice line indicates the representative is authorized to receive notices.
- The “**No**” on the notice line indicates there is no authorized representative to receive notices

**Note:** A history item is not required for CAF notices.

If	Then
If “ <b>No</b> ” is present	Void the Undeliverable
If “ <b>Yes</b> ” is present	If a representative address is found update name and address of each representative(s) on the notice(s) and use CC INTST to determine the new account balance. Use CC CFINK with the CAF number to obtain the representative name and address.
If “ <b>Yes</b> ” is present	If a better address is not found, void the notice. Form 9856 is not required.

- (6) Decedent undeliverable notices with a second name line other than a spouse: the administrator, executor, or trustee of an estate may receive the returns and return information of a deceased individual. Often, an estate is already settled at the time a request for returns and return information is made, and thus an administrator, executor or trustee of the estate will no longer exist. In these circumstances, a person seeking disclosure will often need to consult state law to determine how appointment of an administrator, executor or trustee of the estate may be accomplished.
- Research for a better address **only** if the second name line is the spouse, otherwise void the notice and input CC STAUPS 51.
  - In Care of or %, should be voided or sent to better address of taxpayer with no %. If notice is voided, input CC STAUPS 51.

3.14.1.6.10.1  
(01-01-2021)  
**Researching  
Undeliverables**

- (1) Research Undeliverables using IAT address tool, CC ENMOD, and CC IMFOLE, as the Primary command codes. As needed for verification, use CC NAMES, CC NAMEI, CC IRPTR, CC TPIIP, AMS History notes, and RTR (submitted checks often contain a more current address) for additional research. Check ENMOD or IMFOLE for recently-posted or pending address changes. Some are made by the National Change of Address (NCOA) Program and are indicated by the presence of TC 014 and the unique DLN of xx26399599999Y, with “xx” representing each campus. Update the notice using the more current address or the pending change-of-address on IDRS/AMS.

**Note:** Any change created by National Change of Address (NCOA) will update the taxpayer's entity information.

**Note:** CC TPIIP researches for taxpayer account information using components/ fields other than the full SSN.



- (2) If a yellow USPS forwarding label is attached, verify the address on the label using CC ENMOD and CC NAMES, if available on IDRS. Use the address on the yellow label to update the notice if it differs from the notice address, and nothing more current was found.

**Exception: If the USPS label states that the forward time is expired AND the cycle date on ENMOD is one year or more PRIOR to the date on the USPS yellow label date, update the address.**

- a. If the taxpayer's name printed in the letter and what is shown on the "yellow label" are exactly the same, update the taxpayer address to the "yellow label" address.
  - b. If the taxpayer's mailing address differs from the "yellow label" and the name printed on the "yellow label" is an exact match to the correspondence, update the taxpayer's mailing address to the "yellow label" address. Reissue the correspondence to the taxpayer's updated mailing address.
  - c. If the taxpayer's first name is like that on the "yellow label", but the last name is an exact match, confirm whether IRS records show any other taxpayers with similar first names and the exact same last name at the same address. If not, update the taxpayer address. Otherwise, do not update the taxpayer address.
  - d. In all other cases do not update the taxpayer address.
- (3) If neither of the above are good choices, consider using the address on the attached 3x5 card from Files.

**Caution:** This information is often outdated, especially on prior year returns. Do not use an address from a previous year unless it is clear that any difference (for example, "1224 Main Street" vs. "124 Main Street") may resolve the problem.

- (4) If a better address is found, update the notice, but do not change the taxpayer's entity information on CC ENMOD based on information provided by the Files function 3X5 card or any other research.
- (5) Attempt to perfect any new address by entering into USPS.COM - Zip Code Finder. *Look Up a ZIP Code*

3.14.1.6.10.2  
(01-01-2023)  
**Resolving  
Undeliverables**

- (1) **If no better address is found:**
  - a. E-filed notices: void ("X" through with pencil) the notice.
  - b. Paper returns: attach Form 9856, **Attachment Alert**, to send the notice (along with envelope and any stuffers) back to Files to be associated with the return.
  - c. Input CC STAUPS 51, with no cycle entry, to suspend Collection procedures and notices (series 500 on CC TXMOD).

**Note:** CC STAUPS do not input if the account status (see SC STATUS on TXMOD) is 22, 23, 24, 26, 48, 53, 60, 61, 62, 63, 64, 71, or 72. CC STAUPS must be input before using CC RECON.
  - d. Use CC ACTON to input a history item on CC TXMOD, if present on IDRS.
  - e. Input history item on AMS (UD-Undelivered Mail) to include the following information:

CP#

Undeliverable notice

Address of Undelivered notice

Document no better address found

(2) **If a better address is found:**

- a. Update the address on the notice. Do not change the address on CC ENMOD.
- b. Include Form 8822, **Change of Address**, with the notice. Completion of this form by the taxpayer authorizes an address change.
- c. If the total accrual change is less than \$5.00 (after using CC INTSTD), send the notice as is and use Label #10 and #19.
- d. Input CC STAUPS for eight cycles in the appropriate status.

**Note:** CC STAUPS do not input if the account status (see SC STATUS on TXMOD) is 22, 23, 24, 26, 60, 61, 62, 63, 64, 71, or 72. CC STAUPS must be input before using CC RECON.

- e. Assume any Collection notice (series 500) issued after an undeliverable notice was also undeliverable. However, if CC TXMOD indicates a payment was received because of a Collection notice, add Label 13 and any others that apply.
- f. Mark or insert the appropriate label. See IRM 3.14.1.7.8.5, **Labeling Notices**.

If a payment or credit...	Then...
Posted since the notice cycle or is pending on the module	Add Labels 3, 19, and 10. Use CC INTSTD to determine the new account balance
Has not posted since the notice cycle	Add Label 9 to the notice. Use CC INTSTD to determine the new account balance, which will be computed using the current 23C date, plus: <ul style="list-style-type: none"> <li>• 21 calendar days, on balances less than \$100,000 (21 calendar days from the current 23C date)</li> <li>• 10 work days (10 work days from the current 23C date) for a balance of \$100,000 or more</li> </ul>

**Note:** If using CC INTSTD, it may be necessary to change the date on the initial response screen to the current 23C date and re-transmit to get the exact pay by dates on page 2 of CC INTSTD

- g. Use CC ACTON to input a history item on CC TXMOD, if present on IDRS.
- h. Input history item on AMS (UD-Undelivered Mail) to include the following information:

CP#



Undeliverable notice

Address of Undelivered notice

New address of resent notice

**(3) For refund, overpaid, fully paid, even balance, and adjustment notices.**

Resolve undeliverable refund and overpaid notices by correcting the address (if possible) and inserting the appropriate label using the chart below. Input a history item on IDRS and AMS.

If...	Then...
A TC 846 posted in the notice cycle and the refund was direct deposit	Add Label 19 to the notice
A TC 846 posted in the notice cycle and the refund was issued on paper	Add Labels 19 and 12 to the notice
A TC 740 posted to the module with 99999 in the DLN, setting an S-freeze (Refund Check Returned Undeliverable)	Add Labels 19 and 12 to the notice
A TC 740 posted to the module between two TC 846s for the same amount <b>Example:</b> The original refund check was returned as undeliverable, then subsequently reissued	Add Labels 19 and 12 to the notice, and mail to the address shown on CC ENMOD
No TC 846 is present on the module	Add Label 19 to the notice

**(4) Resolve fully-paid CP 14I, 14H, 23, and 60:**

- b. If the module balance was satisfied by an offset and is not in Status 60-64, 71-72 update address and insert Label 3 and 19. It is likely that any offset notice also went undeliverable, and the taxpayer must be apprised of changes to the account.
- c. Use CC ACTON to input a history item on CC TXMOD, if present on IDRS
- d. Input the history item on AMS (UD-Undelivered Mail) to include the following information:

CP#

Undeliverable notice

Address of Undelivered notice

New address of resent notice

(5) Resolve Even Balance and Information notices:

- a. Insert Label 19
- b. Use CC ACTON to input a history item on CC TXMOD, if present on IDRS
- c. Input the history item on AMS (UD-Undelivered Mail) to include the following information:

CP#

Undeliverable notice

Address of Undelivered notice

New address of resent notice

**Note:** Use CC IMFOL if the account is not available on IDRS.

(6) Resolve Adjustment notices:

- a. Insert Label 9/9H or any other applicable label into the notice. See IRM 3.14.1.7.8.5 , Labeling Notices
- b. Use CC ACTON to input a history item on CC TXMOD, if present on IDRS
- c. Input the history item on AMS (UD-Undelivered Mail) to include the following information:

CP#

Undeliverable notice

Address of Undelivered notice

New address of resent notice

(7) Assume that any subsequent notice that was mailed is also undeliverable. Update the original notice using the above instructions.

**Note:** On a CP 14H notice only insert labels 9H and/or 10H, update interest only on the account. No additional penalties can be assessed on a CP14H notice.

**Exception:** If module conditions indicate that the entity was corrected before the subsequent notice generated, assume the notice was deliverable. Take no action other than to correct the address on the original undelivered notice.

- a. If the subsequent notice is going out in the current cycle, See IRM 3.14.1.7.8.5, Labeling Notices and input CC STAUP for eight cycles.
- b. Use CC ACTON to input a history item on CC TXMOD, if present on IDRS.

- c. Input the history item on AMS (UD-Undelivered Mail) to include the following information:

CP#

Undeliverable notice

Address of Undelivered notice

New address of resent notice

3.14.1.6.11  
(01-01-2015)  
**Reviewing Notices with  
Freeze Codes**

- (1) Consider all existing freeze codes before taking any action on a tax module. Before routing, referring, or closing the case, notate any action that may be required to correct the account.
- (2) Document 6209, IRS Processing Codes and Information, contains a complete listing of Master File Freeze Codes with explanations of the codes, conditions on the account, and freeze release instructions.

3.14.1.6.11.1  
(01-01-2024)  
**Duplicate Return Freeze  
(-A)**

- (1) This freeze causes a Submission Processing Campus Notice CP 36 to generate to Accounts Management.
- (2) It is set by the posting of:
  - A duplicate return (TC 976).
  - An amended return (TC 977).
  - TC971 AC 010
  - TC 971 AC 120
- (3) Accounts Management must resolve this freeze:

If the -A Freeze case	Then
Is not controlled (Category Code DUPF) to an individual Tax Examiner	Recharge the return using (CC ESTABDT for a paper return) and route to Accounts Management. Print the notice
Is controlled to a Tax Examiner	Contact the Tax Examiner on instructions for notice disposition, return routing, and case resolution

- (4) Do not insert a label unless there is an adjustment without a Hold Code "2", "3", or "4" pending on the account. The case will normally be closed in this situation.

3.14.1.6.11.2  
(01-01-2016)  
**STEX Freeze (-B)**

- (1) This freeze prevents credits from refunding or offsetting (including credit elect) from the module.
- (2) It is set when the refund statute expiration date (RSED date on TXMOD) expires.

- (3) Contact the Statute Function before making any adjustments to the account when the ASSED is within 90 days **AND**:
- The adjustment is a tax increase, or
  - There is Recapture of Advanced Earned Income Credit, Earned Income Credit, First-time Home buyer Credit, Make Work Pay Credit, American Opportunity Tax Credit, Additional Child Tax Credit, or any other prepaid credits, or
  - There is Recapture of Withholding

**Caution:** Do not abate tax on statute period accounts with the intent of reprocessing a return without first contacting the Statute Function. You may create a barred assessment by abating the tax.

- (4) Follow any special instructions given by the Statute Function when making an adjustment to the tax module. Assessments of the above items must be made by the Statute Team.
- (5) You **DO NOT NEED** to contact the Statute Function if the adjustment:
- Is a timely claim for a tax decrease or a TC 290 for .00, or
  - If the return has been statute cleared within 90 days

**Note:** If adjusting the tax, input a Hold Code "4" to hold any remaining credit.

- (6) If transferring a credit, input a TC 570 on the notice module to hold any remaining credit.

3.14.1.6.11.3  
(01-01-2024)  
**Offset Overflow Freeze  
(C-)**

- (1) This freeze delays a TC 846 for one or two cycles.
- (2) It is set when an offset overflow (computer capacity exceeded) exists.
- (3) Follow normal review procedures for the Offset Overflow Freeze.

3.14.1.6.11.4  
(01-01-2024)  
**Combat Zone Freeze (-C)**

- (1) This freeze indicates a taxpayer who is or was serving in a designated combat zone area.
- (2) This freeze suspends the following:
- Accrual of interest and FTP Penalty
  - Assessment of Failure to File and Estimated Tax Penalties
  - Assessment Statute Expiration Date (ASED)
  - Refund Statute Expiration Date (RSED)
  - Collection Statute Expiration Date (CSED)
- Note:** The CSED is systemically updated when the exit date posts.
- Collection actions, including levy, lien, seizure, balance due notices
  - Postpones examination and audits of returns
- (3) Refer to IRM 3.14.1.6.9.11, Combat Zone for more information.

3.14.1.6.11.5  
(01-01-2015)

**Refund Statute**

**Expiration Date (RSED)  
Freeze (-D)**

- (1) This freeze prevents credits from refunding or offsetting (including credit elect) from the module.
- (2) It is set when a TC 29X or TC 30X (Doc Code 54 or 47) creates a credit balance comprised of timely credits on the account after the RSED expires.
- (3) The following conditions will release the freeze:
  - A TC 29X with a Priority Code posts to the module.
  - The module balance becomes zero or a debit.

**Caution:** Contact the Statutes Function before making any adjustment.

3.14.1.6.11.6  
(03-01-2023)

**ES Spousal Validation  
Freeze (D-)**

- (1) Either of the following conditions will set this freeze:
    - A TC 150 claiming more ES credits than are available on the tax module results in a TC 667 resequencing to a spouse's account.
- Note:** A computer-generated TC 666 will release the freeze in this circumstance.
- An overpayment offsets to a joint balance due account.
- Note:** A TC 826 posting to the spouse's account (usually in three cycles) releases this type of D- freeze.
- Systemic spousal payment transfers can occur daily if the account (or accounts) qualify for daily processing. If not, the transfers take place during weekly processing, normally on DD 05 (Thursday). There is no ongoing sweep of the e-payments for systemic transfers. Therefore, if the payment did not move systemically at the time the payment posted, then manually move it to the joint account.
  - **Manual Transfers** - prior to manually transferring a spousal payment research the primary account for the presence of a D- freeze:
    - a. If a D- freeze is present on the primary account, do not manually transfer the spousal payment(s).
    - b. If a D- freeze is not present on the primary account, the spousal payment(s) will not move systemically and must be manually transferred to the joint account.
    - c. Transfer the credit manually per existing procedures if a TC 670 posts to the spouse's SSN **before** the TC 594 cc 84 has posted to the module.

3.14.1.6.11.7  
(01-01-2017)

**LB&I Freeze of 1042-S  
credits (-E)**

- (1) Beginning January 1, 2015, all Form 1040-NR claiming a Form 1042-S (CRN 330) credit will be reviewed for validity. All credit balances will have that portion of the refund systemically frozen and the initial Freeze is set for 168 days and may be extended by LB&I.
  - The refund is frozen systemically by TC 810.
  - **DO NOT release** the amount frozen.
  - **DO NOT perform** any adjustments on the TC 766 CRN 330 credit (i.e. Credit Transfer)

- 3.14.1.6.11.8  
(01-01-2015)  
**Amended Return Freeze (E-)**
- (1) This freeze prevents overpayments from refunding or offsetting into or out of the frozen module.
  - (2) The following conditions will set this freeze:
    - A TC 977 posts to a module without a posted TC 150

**Note:** This condition generates a CP 29.

    - A TC 976 posts as the result of a TC 971 with an Action Code 10, 12, 13, 14, or 15
  - (3) Any of the following actions will release the freeze:
    - TC 150
    - TC 971 with Action Code "AC 002"
  - (4) Route the case to Accounts Management.
- Note:** If the case is controlled to a Tax Examiner, route it directly to that Tax Examiner.
- 
- 3.14.1.6.11.9  
(01-01-2024)  
**Frivolous Filer Freeze (F-)**
- (1) This freeze indicates a frivolous claim.
  - (2) Adjustments should not be made to accounts showing an F- freeze.
  - (3) Refer to IRM 3.14.1.6.9.4, Frivolous Claims for more information.
- 
- 3.14.1.6.11.10  
(01-01-2015)  
**Math Error Freeze (-G)**
- (1) One of the most common freeze codes seen in Notice Review, this freeze grants Appeal Rights to the taxpayer, and prevents the tax module from updating to Tax Delinquent Account (TDA) status. One of the following conditions *usually* sets this freeze:
    - An original return with a Taxpayer Notice Code (TPNC) Math Error Notice Code posts to the module.
    - An adjustment in Blocking Series 770–789 posts to the module.
  - (2) The freeze automatically releases in 12 weeks. Any of the following actions will release it earlier:
    - TC 472 with closing code 94
    - TC 290 with priority code 6
- 
- 3.14.1.6.11.11  
(01-01-2015)  
**Restricted Failure to Pay Penalty Freeze (G-)**
- (1) This freeze is most commonly encountered when reviewing TDA (CP 500 series) notices.
  - (2) A TC 150 with CCC "Z" sets this freeze and generates a TC 270, TC 271, TC 320 (RDD is prior to 01/08/87), TC 534 and TC 780.
  - (3) A TC 272, TC 321, TC 535 (if TC 534 amount is completely released, TC 781 and TC 782) will release the freeze.
  - (4) Manually compute the penalty and retype the notice, if necessary.

- 3.14.1.6.11.12  
(01-01-2015)  
**Business Master File  
(BMF) Offset Freeze (H–)**
- (1) A resequencing module TC 796 sets this freeze. This indicates that Master File is searching Business Master File (BMF) for a possible offset from the IMF account.
  - (2) The freeze automatically releases in two cycles.
  - (3) If the credit offsets to a BMF account:
    - a. A corresponding TC 896 debit posts to the Individual Master File (IMF) module for each credit offset.
    - b. A CP 138 generates from the BMF module one cycle after the CP 12 or CP 24 generates from the IMF module.
    - c. If it is necessary to input a TC 570 or CC NOREFP as outlined in IRM 3.14.1.7.1.1, Refund Intercepts, hold the CP 12 or CP 24 for one cycle and disposition in the next cycle when the CP 138 generates.
- 3.14.1.6.11.13  
(01-01-2015)  
**Restricted Credit  
Interest Freeze (I–)**
- (1) This freeze restricts credit interest.
  - (2) One of the following conditions will set the freeze:
    - A TC 150 posts with CCC “U”.
    - A TC 150 posts to an invalid SSN or temporary SSN (first digit is a 9).

**Note:** A TC 29X with a Return Processable Date will release the freeze in either of the above situations.

    - A TC 150 posts with CCC “Z”. A TC 770 for .00 will also generate. This freeze is released when the net module balance becomes zero or a debit.
  - (3) Follow normal review procedures.
- 3.14.1.6.11.14  
(11-05-2021)  
**Restricted Debit Interest  
Freeze (–I)**
- (1) This freeze is most commonly encountered when reviewing TDA (CP 500 series) notices.
  - (2) This freeze prevents the computer from generating underpayment interest. It also prevents credits from refunding or offsetting into or out of the module for eight weeks.
  - (3) A TC 340/341, a TC 780 posting or a module containing a TC 150 with CCC “Z” sets this freeze.
  - (4) TC 342 or TC 781/782 will release this freeze.
  - (5) Manually compute the interest and retype the notice, if necessary.
- 3.14.1.6.11.15  
(01-01-2015)  
**Excess Estimated Tax  
Credit Freeze (J–)**
- (1) The presence of both of the following conditions will set this freeze:
    - Available ES credits exceed those claimed on the return.
    - The Filing Status Code is other than Married Filing Jointly (FS2).
  - (2) Any of the following actions will release the freeze:
    - TC 29X with Priority Code 8
    - TC 662 (even for a zero amount)
    - TC 667
    - TC 712

- (3) Follow normal review procedures.
- 3.14.1.6.11.16  
(01-01-2021)  
**Credit Balance Freeze (-K)**
- (1) This freeze prevents the credit balance from refunding or offsetting from the module.
- (2) Any of the following transactions will set the freeze:
- TC 30X with Hold Code "1", "2", "4" or posting of Form 1120 (MFT 02) with CCC "N".
  - TC 29X with Hold Code "1", "2", or "4".
- Note:** A TC 290 for .00 with Hold Code "4" sets this freeze and prevents the refund from generating. A transcript generates to Accounts Management sixteen (16) cycles later. If a TC 29X or TC 30X posts with a Hold Code "2" or "4", an adjustment notice will not generate.
- Caution:** Do not set a -K freeze unless it is necessary for case resolution. Be aware of the conditions for the release of the freeze. Do not release a refund erroneously.
- (3) If a case is returned to Notice Review requesting to work the -K freeze and the credit should not be released, reject it back to the originator explaining the reason.
- (4) Any of the following actions will release the freeze:
- TC 150 posts to the module
  - TC 29X (without Priority Code "6" or "7") posts to the module
  - TC 30X posts to the module
  - TC 820 posts to the module
  - TC 830 posts to the module.
  - A Doc Code 24 or 34 credit transfer.
  - The module balance becomes zero or debit.
- 3.14.1.6.11.17  
(01-01-2016)  
**Innocent Spouse Claim Freeze (L-)**
- (1) A TC 971 AC 065 sets this freeze.
- (2) This freeze prohibits offsets and prevents notices from being issued.
- Note:** CP 521 (Monthly Installment Agreement Reminder) and CP 71C, issued semi-annually for all TDAs in the queue in Status 24 for at least one year, are not held by the L- freeze.
- (3) TC 972 AC 065 releases the freeze. Before releasing this freeze, contact the originator.
- 3.14.1.6.11.18  
(01-01-2019)  
**Audit Information Management System (AIMS)- Exam Indicator Freeze (-L)**
- (1) A TC 420 or TC 424 sets this freeze.
- Caution:** This freeze will not prevent a refund from generating. Follow normal review procedures.
- Note:** If a CC REQ54 adjustment is needed, use Priority Code "1".



3.14.1.6.11.19  
(01-01-2016)  
**Disaster Processing  
Freeze (–O)**

- (1) This freeze represents an account in which disaster processing has taken place.
- (2) For returns processed 12/31/2006 and prior, this freeze is identified by a TC 971 AC 086 or AC 087 appearing on CC ENMOD.
- (3) For information on how to handle these cases, refer to IRM 3.14.1.6.9.10, Natural Disaster Procedures.

3.14.1.6.11.20  
(01-01-2015)  
**Refund Deletion Freeze  
(P–)**

- (1) This freeze prevents overpaid balances from refunding or offsetting from the module.
- (2) A TC 841 or TC 720 sets the freeze.
- (3) Any of the following actions will release the freeze:
  - TC 29X posts to the module
  - TC 30X posts to the module
  - TC 820 posts to the module
  - TC 830 posts to the module
  - A Doc Code 24 or 34 credit transfer
  - The module balance becomes zero or a debit

**Caution:** If an open control base is on the module, do not release the freeze without contacting the controlling employee.

3.14.1.6.11.21  
(03-07-2024)  
**Additional Liability  
Freeze (–R)**

- (1) A manual or systemic TC 570 sets this freeze.
- (2) Any of the following conditions will generate a TC 570:
  - A TC 150 with CCC “3” posting to the module (unless the return has an Audit Code “L” or there is an unreversed TC 424 or TC 940 on the module).
  - A TC 150 posting in Blocking Series 920–929.
  - A TC 680 posting and creating a credit balance of \$5 or more after interest accruals are assessed.
  - A 29X posting in Blocking Series 740–769.
  - A Taxpayer Delinquency Investigation (TDI) refund hold with Julian date 999.
  - If the return meets the criteria for review by SB/SE, a TC 971 AC 831 with MISC EPE or CVC posts to the tax module. A TC 570 generates a -R freeze and will hold the overpayment. **Do not release the refund if these conditions are on the account.**

- (3) This freeze is usually released by a TC 571, 572, or 29X.

**Exception:** If the freeze was set by the TDI refund hold, the refund may only be released by a TC 290 with Priority Code “8”.

3.14.1.6.11.22  
(01-01-2018)  
**Remittance Processing  
System (RPS) Multiple  
610 Freeze (R–)**

- (1) This freeze prevents any overpayment from refunding.
- (2) RPS multiple 610 freeze sets when multiple TC 610s are present on the module when the TC 150 posted, or if RPS TC 610 does not match the DLN of a posted TC 150.

**Note:** The mismatched DLN condition described above is becoming increasingly common, because electronically filed balance due returns, if paid by paper check with a Form 1040–V Voucher, will never carry the same DLN as the return.

- (3) Common reasons why the TC 610 creates a credit balance are because the taxpayer anticipates penalty and/or interest, and attempts to satisfy it along with the unpaid tax, or a balance due is paid, and a math error causes the account to become overpaid.
- (4) Research the payment and take all necessary corrective actions.
- (5) Input a TC 290 for .00 to release the freeze and allow the module to refund, as appropriate. A credit transfer will also release the freeze.

3.14.1.6.11.23  
(01-01-2015)  
**Undelivered Refund  
Check Freeze (S–)**

- (1) This freeze prevents any overpayment from refunding. It also causes a CP 31 to be issued to the taxpayer.
- (2) Either of the following actions sets this freeze:
  - A TC 740.
  - A refund attempting to generate from an account having a Submission Processing Campus Zip Code.
- (3) A TC 018 releases this freeze.
- (4) Refer to IRM 3.14.1.6.10.1, Researching Undeliverables.

3.14.1.6.11.24  
(01-01-2017)  
**Disaster Processing  
Freeze (–S)**

- (1) This freeze represents an account in which disaster processing has taken place.
- (2) For returns processed 01/01/2007 and later, this freeze is identified by a TC 971 AC 688 appearing on CC ENMOD.
- (3) For information on how to handle these cases, refer to IRM 3.14.1.6.9.10 , Natural Disaster Procedures.

3.14.1.6.11.25  
(01-01-2024)  
**Outstanding Liability  
Freeze (V–)**

- (1) This freeze indicates an outstanding liability on another tax account.
- (2) A TC 130 sets this freeze.
- (3) A TC 131, TC 132, or TC 824 releases the freeze.
- (4) If the account has a credit balance and the TC 130 DLN indicates a Debtor Master File (DMF) liability, research the account to determine if there is a DMF liability. If there is no indication of a DMF liability, contact Collections before taking any action.
- (5) Follow normal review procedures.

- 3.14.1.6.11.26  
(03-07-2024)  
**Bankruptcy Freeze (-V)**
- (1) This freeze causes the Submission Processing Campus status to become SC 72.
  - (2) A TC 520 with Closing Code 83, 85–89 sets the freeze.
  - (3) A TC 521/522 with Closing Code 83, 85-89 releases the freeze.
  - (4) Follow normal review procedures.
- Caution:** Contact the appropriate Insolvency Function before taking any action on the account that is not specified here. Refer to Servicewide Electronic Research Project (SERP) for *Insolvency* contacts and tools.
- 3.14.1.6.11.27  
(01-01-2015)  
**Claim Pending Freeze (W-)**
- (1) This freeze indicates that a claim is pending.
  - (2) A TC 470 or TC 976 posting to a balance due module sets the freeze.
- Note:** A TC 470 without a Closing Code or with a Closing Code “90” will prevent offsets into the account.
- (3) Follow normal review procedures.
- 3.14.1.6.11.28  
(01-01-2015)  
**Litigation Pending Freeze (-W)**
- (1) A TC 520 with various closing codes sets this freeze.
  - (2) Follow normal review procedures.
- Caution:** Contact the Insolvency Function or the Appeals Function indicated before taking action on the account that is not specified here. Refer to SERP for *Insolvency* contacts.
- 3.14.1.6.11.29  
(01-01-2017)  
**Accounting Manual Refund Freeze (X-)**
- (1) A refund amount of \$10,000,000 (Ten Million) or greater sets this freeze. These cases require a manual refund and are worked by the Accounting Function.
  - (2) If working a case with a refund of less than \$10,000,000 without an X- freeze, and the case requires an action that will create a refund **over** \$100,000,000 Million, the case must be routed to the Accounting Function. Refer to IRM 3.14.1.6.9.3, \$100,000,000 Million Refunds for more information.
- 3.14.1.6.11.30  
(01-01-2017)  
**Offer In Compromise Freeze (-Y)**
- (1) A -Y Freeze indicates an Offer in Compromise is pending.
  - (2) A TC 480 or TC 780 sets this freeze.
  - (3) Void the notice.

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3.14.1.6.12  
(01-01-2024)  
**Reviewing Math Error  
Notices – CP 10, CP 11,  
CP 12, CP 13, CP 16, CP  
23, CP 24, and CP 25**

- (1) Tax returns with math errors must receive the appropriate notice and math error explanations (TPNCs), even if the refund or balance due is what the taxpayer expected.
- (2) Notices that contain Math Error information are:
  - CP 10 —Math error on an overpaid module, which causes a reduction of credit elect.
  - CP 11 — Math error on a module with a balance due of \$5 or more.
  - CP 12 — Math error on a module with an overpayment of \$1 or more.
  - CP 13 — Math error on a module with an even balance, a balance due of less than \$5 or an overpayment of less than \$1.
  - CP 16 — Math error on an overpaid module, and part or all of the overpayment is offsetting to satisfy another tax module liability.
- (3) Estimated Tax (ES) Discrepancy notices are not considered true Math Error notices, but they may also contain math errors.
  - CP 23 — ES discrepancy with a possible math error on a balance due module of \$5 or more.
  - CP 24 — ES discrepancy with a possible math error on an overpaid module of \$1 or more.
  - CP 25 — ES discrepancy with a possible math error on a module with an even balance, a balance due of less than \$5, or an overpayment of less than \$1.
- (4) Review each TPNC assigned by ERS **starting with the point of error through the remainder of the return.** Although a complete review of the entire return is not required, a review of all lines, forms, and schedules affected by the error is necessary.
- (5) Ensure that each TPNC matches the math error involved. The TPNC must clearly state the taxpayer’s error.
  - When assigning TPNCs, only one TPNC should be assigned to cover the point of error. Assigning two TPNCs that cover the same situation is not appropriate.
- (6) If the ERS (computer) figures are incorrect, adjust the module using CC REQ54.

- (7) Prevent the refund from generating when increasing the tax (including Self-Employment (SE) Tax) or when decreasing refundable credits.

**Note:** Do not prevent the refund from generating unless decreasing the overpayment.

- (8) A CP 12 will have a systemic refund hold applied (TC 570 with blocking series "55555") and there will not be a TC 846 on the account. These notices must be worked by Thursday 10 P.M. Eastern time to prevent the refund from going out to the taxpayer. When a refund needs to be prevented from generating, follow guidelines in IRM 3.14.1.7.1.1, Refund Intercepts.
- (9) See the following for additional guidance on Math Errors:
- Key 060 - Tax Period More Than Two Years Prior To Current Tax Year. See IRM 3.14.1.6.17.7
  - Key 061 - Multiple Math Error Explanations. See IRM 3.14.1.6.17.8
  - Key 100 - Non-Standard TPNC Explanations Not Computer Generated. See IRM 3.14.1.6.17.12
- (10) Correct all associated notices in the NRPS package if their accuracy is affected by a change to the primary notice or to the notice module.

3.14.1.6.12.1  
(01-01-2020)

**Social Security Number (SSN), Adoption Taxpayer Identification Number (ATIN), and Taxpayer Identification Number (TIN) Assignment Date**

- (1) The Protecting Americans from Tax Hikes Act (Path Act) was enacted December 18, 2015. The Path Act prohibits taxpayers from retroactively claiming certain TIN related credits for any tax year in which the taxpayer, spouse or qualifying child did not have a valid SSN assigned or ITIN/ATIN application received by the return due date as extended. The PATH Act applies to:
- Child Tax Credit (CTC)
  - Additional Child Tax Credit (ACTC)
  - American Opportunity Credit (AOTC)- both refundable and non-refundable
  - Earned Income Credit (EIC)
- (2) The PATH Act prohibits current year refunds of EIC or ACTC before February 15, all amended returns, without a C freeze, EIC or ACTC must be held until then.
- (3) The PATH act does not allow the removal of PATH credits previously allowed due to a filing status change to Married Filing Joint unless initiated by the taxpayer.
- (4) Research is required on all TINS on the return to determine whether the retroactive PATH Act credits are allowable on an original tax return filing use CC-INOLETS-TIN ASGMT to research:
- a. SSN- if the field is populated with all zeros, the assignment date is prior to January 1, 2012. If the credit(s) is associated to an SSN, the SSN must have been assigned earlier than the due date or approved due date as extended of the return being processed.

- b. ITIN- if the field is populated with all zeros, the ITIN assignment date is prior to January 1, 2012. If the credit(s) is associated to an ITIN, the ITIN application must have been received earlier than the due date or approved due date as extended of the return being processed.

**Note:** For prior year returns, if the ITIN assignment date is 90 days or less after the return due date, the Real Time System (RTS) in EUP can be used to verify the received date of the application. If received prior to the due date, allow the credit.

- c. ATIN- if the credit(s) is associated to an ATIN, the ATIN application must have been received earlier than the due date or approved due date as extended of the return processed.

- (5) After researching the TIN Assignment Date for all TINs, use the table below to determine necessary actions.

(6)

If	Then
The TIN the credit is associated to <b>and</b> the primary and secondary (if joint return) have a TIN ASGMT DATE prior to the due date of the original return or approved due date as extended of the original return.	Allow the credits. If the notice has TPNCs 495/711/810, Retype the notice. Input adjustment to allow the credits that were disallowed.
The TIN the credit is associated to <b>and</b> the primary <b>or</b> secondary (if joint return) have a TIN ASGMT DATE <b>after</b> the due date of the return or the approved due date as extended of the original return.	<p>The credits are not allowable.</p> <ul style="list-style-type: none"> <li>• If TPNCs 495/711/810 are on the notice, verify the correct TPNC has been selected and print the notice.</li> <li>• If TPNCs 495/711/810 are on the notice, and the correct TPNC has not been selected, retype the notice.</li> <li>• If TPNCs 495/808/809/810 are not on the notice, retype the notice to include the correct TPNC and input adjustment to disallow the credit(s).</li> </ul>

If	Then
The TIN-ASGMT field on INOLES shows all zeros and your return is tax year 2012 or prior	<p>The credits are not allowable.</p> <ul style="list-style-type: none"> <li>• If TPNCs 495/711/810 are on the notice, verify the correct TPNC has been selected and print the notice.</li> <li>• If TPNCs 495/711/810 are on the notice, and the correct TPNC has not been selected, retype the notice.</li> <li>• If TPNCs 495/711/810 are not on the notice, retype the notice to include the correct TPNC and input adjustment to disallow the credit(s).</li> </ul>

3.14.1.6.12.2  
(11-12-2019)

#### Items to Review on All Math Error Notices

- (1) The following items need to be reviewed on every math error notice when impacted by the point of error:
  - Adjusted Gross Income (AGI)
  - Taxable Income (TXI)
  - Tax
  - Self-Employment (SE) Tax, if present
  - For TY 2017 and prior, if the TPNC involves an invalid SSN or ITIN the standard deduction/exemption
  - TY 2009, if Form 1099-G attached \$2,400 deduction of Unemployment Compensation (Line 19 Form 1040, Line 13 Form 1040A, Line 3 Form 1040EZ, and Line 20 Form 1040NR)
  - Accuracy of TPNCs assigned to the notice

**Note:** TPNC verbiage shown on OLNK will always be that of the default (general) TPNC. The literal TPNC has line specifics which vary by tax form and tax year. These will appear on the actual notice.

- (2) Also review the tax period, entity and signature(s) on math error notices. These items are covered in IRM 3.14.1.6.1.1 , Verifying Return Information.

3.14.1.6.12.2.1  
(01-01-2024)

#### Verifying Adjusted Gross Income (AGI), Taxable Income (TXI), and Tax Changes

- (1) Compare Adjusted Gross Income (AGI), Taxable Income (TXI), and tax including Self-Employment (SE) Tax to the notice as described below:
  - a. Verify any change made by ERS to the AGI, TXI, and tax amounts on the tax return filed by the taxpayer.
  - b. If filing status is the point of error, compare the filing status on the return to the tax account. If ERS changed the filing status, verify that the filing status was changed correctly.
  - c. Perfect the AGI and TXI if adjusting the tax on the tax module. However, do not adjust AGI and TXI if no changes to the tax are needed.

**Reminder:** AGI can be adjusted below zero, but TXI cannot. The adjustment will unpost.

- d. When claimed, the Qualified dividends are more than the claimed Ordinary dividends, research IRP data to verify dividend amounts on Form 1040/SR, Form 1040A for (TY 2017 and prior), the Tax Examiner needs to add both amounts and enter the total as Ordinary dividends while still using the originally reported qualified dividends to figure tax.

**Note:** See Miscellaneous Quick Reference Chart in Job Aid 2534-002.

- e. If Lump Sum Election (LSE) is notated on the return, follow taxpayer intent.
- f. Compare overpayment, balance due, and credit elect amounts to the notice.
- g. If the ERS (computer) figures are incorrect, adjust the module using CC REQ54.

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- h. Prevent the refund from generating when increasing the tax (including SE Tax) or when decreasing refundable credits.

**Note:** Do not prevent the refund from generating unless decreasing the overpayment.

- (2) Take appropriate action to correct the taxpayer’s account and incorrect or incomplete TPNCs to adequately explain math errors.

3.14.1.6.12.2.2  
(01-01-2024)  
**Verifying  
Self-Employment Tax  
Changes**

- (1) If the math error is related to self-employment income (Schedule C, E, or F), and/or the line marked “Other Income” on Form 1040, then verify:
  - Schedule SE
  - Deductible part of self-employment tax
  - Self-employment tax

- (2) Use the following table as a guide for determining how to handle various SE Tax scenarios:

**Reminder:** Adjust the Social Security and Medicare incomes and taxes when adjusting total SE Tax.

**Caution:** For tax year 2013 and subsequent, the SE Social Security tax rate is to 12.4 percent.



If...	Then...
The Schedule C, Schedule F, or Schedule E Self-Employed income amount has changed	Verify that the tax on Schedule SE was also changed
The taxpayer has Social Security wages greater than <i>the current year limitation</i>	<p>The entire self-employment amount may not be subject to Social Security tax since self-employment (SE) tax is now divided between Social Security and Medicare taxes.</p> <p><b>Reminder:</b> There is no longer a maximum Medicare income limit for 199412 and subsequent returns</p>
The taxpayer has self-employment income of less than \$434 ( <b>Exception: For church employee income, less than \$108.28</b> ).	<p>Do not assess SE tax.</p> <p><b>Note:</b> If the taxpayer enters SE income of \$433.00 to \$433.99, round up the entry to \$434 and assess the tax.</p>
The taxpayer used either of the optional SE Tax methods	Verify that the SE Tax method was not changed by ERS to the normal method. Adjust the SE Tax if necessary.
The taxpayer computed SE Tax, but did not attach Schedule SE to the return	Check for Schedules C, E, or F. Follow the taxpayer's intent to assess SE Tax. If taxpayer is Married Filing Jointly (FS2) and there is no indication which taxpayer is liable for SE Tax:
If...	Then...
<b>If primary taxpayer's Social Security wages were...</b>	<b>Then assign the SE Tax to...</b>
At least <b>the current year limitation</b>	The secondary taxpayer
Less than <b>the current year limitation</b>	The primary taxpayer
Self-Employment income is shown on the line marked "Other Income" on the front of the Form 1040 and no SE Tax is computed	The return should have an RPC "N" (coded at the bottom front of Form 1040). If it was not transcribed, recharge the return and route the case to the Examination Function.

If...	Then...
No SE Tax is self-assessed and Schedules C, E, or F is attached	<p>Do not assess the SE Tax unless EIC is claimed.</p> <p><b>Exception:</b> If the taxpayer qualifies for EIC, additional instructions may apply. Refer to IRM 3.14.1.6.12.5.3, SE Tax Computation — TPNC 580</p>

3.14.1.6.12.2.3  
(01-01-2024)

**Verifying Accuracy of  
Assigned Taxpayer  
Notice Codes**

- (1) When reviewing notices containing TPNCs, it is important to allow only TPNCs that reflect actual errors made by the taxpayer. A ripple is a TPNC assigned in error by ERS to a computer calculation resulting from a previous math error. Each TPNC must be reviewed on its own to be considered a valid math error.
- (2) If a subsequent taxpayer error is found after the point of error, add the correct TPNC.
- (3) Remove incorrect TPNCs.
- (4) Custom TPNC 100s are no longer valid in OLNLR.
- (5) For 2017 and prior, TPNC 111 will be assigned by ERS whenever a return is converted, during processing, from a Form 1040EZ or Form 1040A to a Form 1040. TPNC 111 notifies the taxpayer that their return was converted, and also causes the default TPNC literals to generate during printing. If TPNC 111 is not present on a notice for a converted return, retype the notice and add TPNC 111 as the first TPNC.

3.14.1.6.12.2.4  
(01-01-2025)

**Verifying Information  
from Form W-2, Form  
W-2G, and Form 1099**

- (1) Verify Form W-2, Form W-2G, and/or Form 1099 and other types of income using IRP data and attached documents when the point of error is one of the following:
  - Additional Child Tax Credit (Schedule 8812)
  - Adjusted Gross Income (AGI)
  - Child and Dependent Care (Schedule 2 or Form 2441)
  - Credit for Elderly or Disabled (Schedule 3 or Schedule R)
  - Earned Income Credit (EIC)
  - Estimated Tax Payment Discrepancy (CP 23, CP 24, or CP 25)
  - Excess Federal Insurance Contribution Act (FICA)
  - Gambling Winnings
  - Individual Retirement Account (IRA)
  - Lump Sum Distribution
  - Non-Compute Returns (CP 51A, CP 51B, or 51C)
  - Pensions
  - Self-Employment Income (Schedule C, Schedule E, or Schedule F)
  - Self-Employment Tax (Schedule SE)
  - Social Security Benefits
  - Total Income

- TPNC 297 or 299
- Wages
- Withholding

**Note:** If the taxpayer places a line entry for Additional Child Tax Credit, Schedule 8812 must be attached to the return to receive the credit for 3 or more children. For dependents with an ITIN, Schedule 8812 must be attached to the return to verify substantial presence test.

- (2) **Tax Period** — The individual income tax period usually runs from January 1 through December 31 of a given year. Compare the year of Form W-2 with the tax form year. Wages may only be claimed for the tax period in which the wages were paid. If Form W-2 indicates the tax return was processed to the incorrect year, reprocess the return as appropriate. See IRM 3.14.1.6.21, Reprocessing Returns. If the module is overpaid, and the refund transaction has not generated, prevent the refund from generating using procedures in IRM 3.14.1.7.1.1 and void any notices associated with a return needing to be reprocessed to a different tax period. If the refund transaction has already generated, follow Erroneous Refund procedures.
- (3) **Name Mismatch** — If the name shown on Form W-2 does not match the return **and**:

If the taxpayer...	Then...
Did not use the money amount on Form W-2 for computing Wages or Withholding	Remove and process as loose Form W-2
Did use the Form W-2 wages or withholding	Accept all attached W-2 wages and withholding per taxpayer intent
Claimed children's income with no Form 8814	Remove child/children's income and send TPNC 134.
Claimed child/children's income with Form 8814	Allow child/children's income from interest and/or dividends

**Note:** A parent can only claim interest and/or dividend income from a child when there is no federal income tax withheld from the child's income until the age of 19 or age 24 if the child is a full-time student.

- (4) **Wages, Allocated Tips, and Other Compensation** — The sum of all entries for wages and other compensation shown on Form W-2, box 1, should equal the amount claimed on Form 1040, or Form 1040SR, TY 2017 and prior, Form 1040, line 7 or on Form 1040EZ, line 1.

If the amount on the return...	And the taxpayer...	Then...
Includes compensation from other than Form W-2 wages	Included this compensation to compute EIC	Accept the income as earned unless it can be identified as unearned income (unemployment compensation or pension income, for example) <b>Caution:</b> If unearned income is from Temporary Assistance for Needy Family (TANF), FS4 or FS5 may need to be changed to FS1
Is greater than the total wages on Form W-2	Included this compensation to compute EIC	Do not decrease the entry. Accept the larger wage amount unless you determine that the taxpayer made a double entry, a transposition error, or used Social Security wages from Form W-2, Exception: Form W-2, box 12 or 14 includes deferred compensation such as Thrift Savings Plan (TSP) or 401(k) contributions
Is less than the total wages on Form W-2	Included this compensation to compute EIC	Change the amount entered as wages on the return to match the total Form W-2 wages.
Is less than the total wages on Form W-2	Included a statement indicating that the Form(s) W-2 are incorrect	Do not process as a math error
Is less than the total wages on Form W-2	Has Schedule C income	Review the Schedule C to determine if the taxpayer included Form W-2 income on Schedule C. If so, do not increase wages on (Statutory Employees) or Form 1040-SR
Is less than the total wages on Form W-2	Reported a gross income amount on line 7, Form 1040 or Form 1040-SR, and also on Schedule C	Deduct the amount reported from Form 1040, Line 7 if it is determined to be a duplicate of Schedule C income reported elsewhere on the return

- (5) **Federal Income Tax Withheld** — Federal Income Tax withheld by the employer is reported on Form W-2, box 2. It is a refundable credit that is

applied against the total tax due on the tax return. Federal income tax withheld may also be reported on Form W-2G, Form 8959, and All Form 1099s. Combine all of the federal income tax withheld from all sources. Compare amount to the taxpayer's entry on the line marked "Federal income tax withheld from Form(s) W-2 and 1099" on Form 1040 and Form 1040-SR, For prior years, Form 1040A, and Form 1040EZ.

If...	Then...
The withholding amount claimed is more than the total from all attached documents.	<ol style="list-style-type: none"> <li>1. Determine if any attached Form 1099 includes withholding</li> <li>2. Allow any withholding shown on Form 1099.</li> <li>3. If no withholding is shown, follow guide-</li> </ol> <p><b>Note:</b> The taxpayer is required to attach Form 1099-R if any federal income tax was withheld from a distribution from pensions, annuities, retirement or profit-sharing plans, IRAs, insurance contracts, etc.</p> <p><b>Caution:</b> If withholding is overstated and the tax module is refunding, follow Category B Erroneous Refund Procedures, even if the refund can be prevented from generating. Refer to IRM 3.14.1.6.7.2, Category B ERRF Resolution</p>
The taxpayer claims more withholding than is substantiated by Form W-2 and has no earned income on Form 1040, wages line	<ol style="list-style-type: none"> <li>1. Suspect a double credit situation which occurs when the taxpayer includes ES payments on the withholding line, either alone or with the withholding. Refer to IRM 3.14.1.6.13 , Reviewing Estimated Tax (ES) Discrepancy Notices</li> <li>2. Adjust the withholding</li> <li>3. Assign TPNC 283 or 582 if appropriate. <b>See Category B Caution Above</b></li> </ol>
The taxpayer used Social Security Tax withheld (Form W-2 , box 4) instead of Federal Income Tax withheld (Form W-2, box 2)	<ol style="list-style-type: none"> <li>1. Adjust withholding to match the Form W-2, box 2 amount</li> <li>2. Assign TPNC 283 <b>See Category B Caution Above</b></li> </ol>

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If...	Then...
Withholding is claimed on a <i>secured return</i> (identified by a TC 599 in the left hand margin of page 1 of the tax return) and Form W-2(s) is not attached	<ol style="list-style-type: none"> <li>1. Determine if other information (CC TDINQ print or a TDI Supplement) is attached</li> <li>2. If no attachments, check CC TDINQ or CC IRPTR</li> <li>3. Attach the printout to the return</li> <li>4. Adjust withholding accordingly</li> </ol>
Form W-2 is missing and withholding is claimed	<ol style="list-style-type: none"> <li>1. Use CC IRPTR for verification of the taxpayer's withholding amount</li> <li>2. Allow the amount claimed if CC IRPTR agrees with the amount</li> <li>3. If unable to verify withholding using CC IRPTR or using Withholding tolerance table, remove withholding, allow wages, and assign appropriate TPNC</li> </ol> <p>IRM 3.14.1.6.19.2 #</p>
The withholding amount claimed is less than the total from Form W-2 and/or W-2G	<ol style="list-style-type: none"> <li>1. Check the W-2 for transposition and/or transcription errors</li> <li>2. See IRM 3.14.1.6.9.8, Community Property</li> </ol>

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(6) **Excess Social Security and Railroad Retirement Tax Amount (RRTA) Tax Withheld.**

- a. If a taxpayer has more than one employer for the current tax year and the total Social Security Wages is over *the current year limitation*, the employers may have withheld too much social security tax. If so, a credit can be taken for the excess on the "Excess Social Security tax and Tier 1 RRTA tax withheld" line of the Form 1040.
- b. Effective on returns processed after January 1, 2007, Excess FICA is separated from Federal Withholding at the Master File level, and posts to the tax module as a TC 766 with Credit Reference Number (CRN) 252.
- c. Any necessary adjustments to Excess FICA should be made based on how it originally posted (either by TC 806 or TC 766).
- d. Use Form W-2 documents or CC IRPTR to **verify** excess credit.

If the taxpayer...	Then...
Filed a joint return	Each spouse must figure excess Social Security withholding separately. <b>Do not</b> combine the social security withholding of the primary taxpayer with the secondary taxpayer
<ol style="list-style-type: none"> <li>Has ONLY ONE employer and the employer withheld more than the annual maximum, OR</li> <li>Has two or more employers, but ONLY ONE employer caused the excess by withholding more than the entire annual maximum</li> </ol> <p><b>Note:</b> Different EINs should be treated as separate employers even if business names are the same.</p>	Disallow the credit. The taxpayer must seek reimbursement from the employer
Has multiple Form W-2 documents from only one employer, and Box C of those Form W-2 documents state "Agent For"	Allow the credit. Input adjustment using override code <b>N</b> and Reason Code <b>055</b>
Did contribute excess Social Security tax through the deductions of two or more employers (two or more W-2s required.)	Allow the credit. See Publication 17 or Notice Review Job Aid for the appropriate worksheet to figure the excess credit amount

- (7) **Pension Plan** — Employers report participation in a pension plan on Form W-2, box 13. If the taxpayer has an IRA deduction, use Publication 590 to determine any limitations and for the IRA worksheet.

3.14.1.6.12.3  
(01-01-2015)  
**Standard Deduction,  
Age-Blind Indicator  
(ABI), Exemption and  
Schedule A Errors**

- (1) Taxpayer errors and IRS processing errors often relate to Standard Deduction, Age-Blind Indicator (ABI), Schedule A deductions, and/or Exemptions. Consult the following for guidance in reviewing and resolving these errors.

3.14.1.6.12.3.1  
(01-01-2025)

**Standard Deduction  
Limits**

- (1) The Standard Deduction for taxpayers who don't itemize their deductions on Schedule A, Form 1040. See Pub 501 for more information on Standard Deductions.

Year	Single or Married Filing Separately	Married Filing Joint or Qualifying Surviving Spouse	Head of Household
2024	\$14,600	\$29,200	\$21,900
2023	\$13,850	\$27,700	\$20,800
2022	\$12,950	\$25,900	\$19,400
2021	\$12,550	\$25,100	\$18,800
2020	\$12,400	\$24,800	\$18,650
2019	\$12,200	\$24,400	\$18,350
2018	\$12,000	\$24,000	\$18,000

- (2) Taxpayers frequently claim incorrect amounts for Standard Deduction. Many errors are caused by claiming the Standard Deduction for a different filing status, or by claiming an amount from a different tax year.
- (3) Verify the taxpayer's filing status, and verify that the taxpayer is not claiming Age-Blind Indicators (ABI). If intent to claim an ABI is present on the return, refer to IRM 3.14.1.6.12.3.2

3.14.1.6.12.3.2  
(01-01-2024)

**Multi-Year Standard  
Deduction, ABI, and AGI  
Limitation Chart**

- (1) For 2017 and prior, use the chart below to determine the correct tax year's standard deduction, based on filing status, and AGI Limitation.

Year	Standard Deduction	Age/Blind Indicator (each box checked)	AGI Limitation for Schedule A
2017	FS1 – \$6,350 FS2/5 – \$12,700 FS3/6 – \$6,350 FS4/7 – \$9,350 Minimum – \$1,050	FS1 – \$1,550 FS2/5 – \$1,250 FS3/6 – \$1,250 FS4/7 – \$1,550	FS1 – \$261,500 FS2/5 – \$313,800 FS3/6 – \$156,900 FS4/7 – \$287,350
2016	FS1 – \$6,300 FS2/5 – \$12,600 FS3/6 – \$6,300 FS4/7 – \$9,300 Minimum – \$1,050	FS1 – \$1,550 FS2/5 – \$1,250 FS3/6 – \$1,250 FS4/7 – \$1,550	FS1 – \$259,400 FS2/5 – \$311,300 FS3/6 – \$155,650 FS4/7 – \$285,350



Year	Standard Deduction	Age/Blind Indicator (each box checked)	AGI Limitation for Schedule A
2015	FS1 – \$6,300 FS2/5 – \$12,600 FS3/6 – \$6,300 FS4/7 – \$9,250 Minimum – \$1,050	FS1 – (\$1,550) FS2/5 – \$1,250 FS3/6 – \$1,250 FS4/7 – \$1,550	FS1 – \$258,250 FS2/5 – \$309,900 FS3/6 – \$154,950 FS4/7 – \$284,050

3.14.1.6.12.3.3  
(01-01-2021)

**Age-Blind Indicator (ABI)  
Errors**

- (1) The Age-Blind Indicator (ABI) increases the standard deduction amount if a taxpayer is 65 or older, and/or blind, at the end of the tax year. Separate check-boxes appear for age and for blindness on the Form 1040/SR for 2019 and later, Form 1040 for 2018, and Form 1040/A for 2017 and prior years, with one set of check-boxes available for each spouse. A married couple filing a joint return can have as many as four ABIs on a given return.
- (2) Review each TPNC assigned by ERS from the point of error. Review all lines, forms, and schedules affected by the error. The error must lead you to the standard deduction amount:
  - a. Verify if the taxpayer(s) are 65 and/or older, and/or blind at the end of the year
  - b. Correct if taxpayer(s) are eligible, take appropriate action to correct the taxpayers account to allow deduction
  - c. Send appropriate TPNC
- (3) Common ABI errors may result from the taxpayer:
  - Claiming the incorrect number of indicators or multiplying incorrectly
  - Using the incorrect standard deduction amount for the filing status
- (4) Use the Multi-Year chart to apply the appropriate year's amounts.

3.14.1.6.12.3.4  
(01-01-2020)

**Exemption Errors**

- (1) For tax years 2018 and later, you can't claim a personal exemption deduction for yourself, your spouse, or your dependents.
- (2) For tax years 2017 and prior, common exemption errors may result from the taxpayer:
  - Claiming the incorrect number of exemptions
  - Multiplying the total number of exemptions by the exemption amount incorrectly
  - Using the exemption amount from an incorrect tax year
  - Neglecting to apply, or incorrectly applying, the exemption limitation based on AGI (except for 2010, 2011, and 2012 returns)
  - Failure to include Form 8332, Form 2120, or a copy of a divorce decree for child not living with the Taxpayer
- (3) Use the chart below to determine the correct tax year's amounts have been used to calculate exemption totals. With AGI thresholds, verify exemption limitations.

Year	Exemption Amount	AGI Limitation Amounts for Exemptions
2017	\$4,050 each	FS1 – \$261,500 FS2/5 – \$313,800 FS3/6 – \$156,900 FS4/7 – \$287,650
2016	\$4,050 each	FS1 – \$259,400 FS2/5 – \$311,300 FS3/6 – \$155,650 FS4/7 – \$285,350
2015	\$4,000 each	FS1 – \$258,250 FS2/5 – \$309,900 FS3/6 – \$154,950 FS4/7 – \$284,050

**Figure 3.14.1-6 Multi-Year Chart Exemption amount and AGI Limitation**

3.14.1.6.12.3.5  
(01-01-2025)

**Charitable Contribution  
in Adjustments to  
Income**

- (1) For Tax Year 2022 and after, the election to claim a charitable contribution for taxpayers who do not itemize their deductions expired December 31, 2021.
- (2) For Tax Year 2021, if the amount on Form 1040, line 12b, is greater than \$600 for FS 2 (greater than \$300 for all other filing statuses) determine if Schedule A is attached and itemized deductions are claimed on Form 1040, line 12a.
- (3) For Tax Year 2020, if the amount on Form 1040, line 10b, is greater than \$300 (FSC 3/6, greater than \$150), determine if Schedule A is attached and itemized deductions are claimed on Form 1040, line 12. If greater than \$300 and Schedule A is not attached or Schedule A is not being used ERS will assign a TPNC 168, review the return accordingly.
- (4) For FSC 3 or 6, if the amount on Form 1040, line 10b is greater than \$150 and Schedule A is not attached, you must itemize deductions to claim more than \$150 in charitable contributions.

3.14.1.6.12.3.6  
(11-05-2021)

**Schedule A Errors**

- (1) For TY 2018 and later, changes include limiting the deduction for state and local taxes and eliminating both the deduction for miscellaneous expenses and overall limit on itemized deductions.
- (2) Schedule A errors are most often attributed to a taxpayer doing one or more of the following:
  - a. Totaling the Itemized Deductions incorrectly
  - b. Incorrectly applying AGI figures from Form 1040 to the Medical and Dental and/or Miscellaneous Deductions sections
  - c. Incorrectly multiplying the AGI by percentages shown in the Medical and Dental and/or Miscellaneous Deductions sections

**Note:** For TY 2018 and later, you can no longer deduct job related expenses or other miscellaneous itemized deductions that were subject to the 2 percent limitation.

- d. Omitting any other forms which are required to substantiate certain Itemized Deductions
  - e. Applying the Schedule A limitation incorrectly (all return years except 2010, 2011, and 2012)
  - f. Using an incorrect year Schedule A, which would contain incorrect AGI limitation thresholds
  - g. Forgetting to check the "Itemized Election" box, or checking it in error
- (3) If changes are made to AGI, Schedule A may need to be adjusted.
  - (4) If a FS 3 taxpayer uses Schedule A figures that are below the Standard Deduction, but does not check the "Itemized Election" box, follow TP intent that their spouse also itemizes, and allow the Schedule A amount to stand, despite it being less than the Standard Deduction.
  - (5) More detailed information can be found as to how ERS handles these determinations in IRM 3.12.3.23.10, Individual Income Tax Returns – Error Resolution System-Error Code 250 and 550, Taxable Income.

3.14.1.6.12.4  
(01-01-2023)

**Earned Income Credit  
(EIC) and Prior Year  
Earned Income**

- (1) For tax year 2021 only, the age restriction for taxpayers with no qualified children has been modified. There is no maximum age limit, and the minimum age limit is at least age 19 as of December 31, 2021. The minimum age is 24 for specified students. Qualified former foster youth or qualified homeless youth, can check the box on line 27a of Form 1040 and qualify for self EIC at 18 years old.
- (2) Earned Income Credit (EIC) is a refundable credit that is allowed for eligible taxpayers.
- (3) For prior year EIC rules and regulations, and worksheets, refer to EIC online or paper publications, forms, for the appropriate tax year.
- (4) When EIC has been disallowed during processing, but taxpayer(s) and dependents appear to meet all qualifications, refer to IRM 3.14.1.6.12.6.9 for recertification requirements.
- (5) Verify Form(s) W-2, 1099, and any other forms of Earned Income. The determined Earned Income amount will be used to calculate EIC and any eligible credits.
  - a. Disability income is considered earned income for EIC purposes if the taxpayer is under age 65. Qualified disability income is shown on Form 1099-R in Box 2a, with a Distribution Code 3 in Box 7.
  - b. Advanced Earned Income Credit, (2010 and prior), is a payment made by employers to employees throughout the year. This amount appears on Form W-2, Box 9, and must be reported on the tax return.
- (6) Taxpayers assigned an Individual Taxpayer Identification Number (ITIN) cannot receive EIC. To be eligible for the credit, all relevant parties (primary and secondary taxpayers, and children) must have valid SSNs issued by the Social Security Administration.
- (7) If a taxpayer is eligible to claim EIC, compute the EIC based on any qualifying children that the taxpayer is allowed to claim. Keep the following in mind when reviewing and correcting EIC:

- a. Schedule EIC must be filed with return for qualifying children to receive Earned Income Credit. If the schedule is not included, disallow the credit.
  - b. A Married Filing Separate (FS3) taxpayer cannot receive EIC. All other filing statuses with no qualifying children may receive EIC if both AGI and Earned Income are less than the current year limitation. IRM 3.14.1.6.12.4.2
  - c. A taxpayer claimed as a dependent on another return cannot receive EIC.
  - d. Include SE Tax deduction when computing earned income. See Pub 596 or Notice Review Job Aid 2534-002 for figuring earned income and examples of earned and investment income.
  - e. For tax year 2010 only, include "Self-employed health insurance deduction" when computing earned income.
  - f. Adjust EIC cases, when necessary, using guidelines in IRM 3.14.1.7.6, Tax Adjustments.
  - g. Prevent the refund from generating when decreasing EIC. See IRM 3.14.1.7.1.1, Refund Intercepts.
  - h. For EIC claims of Married Filing Jointly (FS2) with no qualifying child, allow EIC if either taxpayer's age is within age guidelines and other qualifications are met.
- (8) Review all EIC cases according to the following:
- IRM 3.14.1.6.1, General Review Procedures
  - IRM 3.14.1.6.12.2, Items to Review on All Math Error Notices
  - IRM 3.14.1.7.8, Notice Disposition
- (9) Path Act may apply to this credit See IRM 3.14.1.6.1.1.1, Protecting Americans from Tax Hikes
- (10) TY 20, PYEI (Prior Year Income) is notated with the taxpayer's earnings next to Form 1040, line 28. TY 20, taxpayers may elect to use their 2019 earned income to compute EIC **and/or** ACTC.
- (11) TY 19 - TY 17, PYEI (Prior Year Income) is notated with the taxpayer's earnings next to Form 1040, line 18b (TY 18, line 17; TY 17, line 66a and line 67; Form 1040A, line 42a and line 43). Taxpayers are instructed to also use their PYEI amount on Schedule 8812, line 6a (TY 17, Schedule 8812, line 4.)

**Note:** Taxpayers who elect to use their prior year earned income to figure their EIC must use the same earned income calculation for ACTC on their TY 2019 - TY 2017 tax return.

3.14.1.6.12.4.1  
(11-05-2021)

**EIC- Use of Prior Year  
Earned Income (PYEI) to  
Compute EIC for  
Disaster zones**

- (1) Qualified individuals may use their Prior Year Earned Income (PYEI), instead of their earned income for the taxable year.
- (2) The primary stipulation in this legislative allowance for disaster zone relief requires the qualified individual use the prior year earned income to figure EIC. The qualified individual **must** use the same calculation to compute the ACTC credit (presuming the eligibility to claim both exists). This stipulation only applies to individuals whose main home was in:
  - the Hurricane Harvey disaster area on August 23, 2017
  - the Hurricane Irma disaster area on September 4, 2017
  - the Hurricane Maria disaster area on September 16, 2017

- the California wildfire disaster area on October 8, 2017
- a Presidentially declared disaster that occurred in 2018 or 2019, but before December 21, 2019 issue or request.

**Exception: The Taxpayer Certainty and Disaster Tax Relief Act of 2020 (TY 2020) allows the use of prior year income for EITC and/or ACTC. Taxpayers are not required to use the same calculation for each credit. Caution: If the taxpayer is using PYEI to compute current year EIC, do not include current year wages, Schedule C, Schedule F (partnership or small corporation) or line 21 earned income in computation.**

- (3) Verify that the EIC credit was correctly figured using the Prior Year Earned Income. If the credit is incorrect, adjust the account accordingly using CC REQ54 with:
  - a. The appropriate Blocking Series, Source Code, Reason Code, Hold Code and Item Reference Codes for an EIC adjustment.
  - b. Activity: "EIC-PYEI"
  - c. Remarks: "TP error figuring EIC using Prior Year Earned Income" (PYEI).
- (4) TY 20, PYEI (Prior Year Income) is notated with the taxpayer's earnings next to Form 1040, line 28. TY 20, taxpayers may elect to use their 2019 earned income to compute EIC **and/or** ACTC.
- (5) TY 19 - TY 17, PYEI (Prior Year Income) is notated with the taxpayer's earnings next to Form 1040, line 18b (TY 18, line 17; TY 17, line 66a and line 67; Form 1040A, line 42a, and line 43). Taxpayers are instructed to also use their PYEI amount on Schedule 8812, line 6a (TY 17, Schedule 8812, line 4).

**Note:** Taxpayers who elect to use their prior year earned income to figure their EIC must use the same earned income calculation for ACTC on their TY 2019 - TY 2017 tax return.

3.14.1.6.12.4.2  
(01-01-2025)

**EIC – Eligible Individuals**

- (1) To determine if an individual is eligible to claim EIC, follow the chart below:

If the taxpayer...	Then...
Have a valid SSN (For EIC purposes, an SSN obtained by an alien so that they can receive a federally funded benefit for which they are eligible is not a valid SSN)	Both taxpayers must have a valid SSN on a joint return. <b>Caution: An ITIN is not an SSN. A Social Security Card issued solely so that the taxpayer (or spouse) could receive a federally funded benefit will state "Not Valid for Employment Purposes."</b>
Have a filing status other than Married Filing Separately (FS3 or FS6)	Both taxpayers must have a valid SSN on a joint return. Beginning in TY 21, MFS taxpayers who meet certain requirements (which they indicate by checking a box on Schedule EIC) are EITC eligible. <b>Caution: An ITIN is not an SSN. A Social Security Card issued solely so that the taxpayer (or spouse) could receive a federally funded benefit will state "Not Valid for Employment Purposes."</b>
Have investment income less than current year limita- tions	Investment income includes: <ul style="list-style-type: none"> <li>• The sum of all positive entries on lines for taxable and non-taxable interest, ordinary dividends, and all capital gains.</li> <li>• Income from rental of personal property on Form 1040, other income, minus SE tax deduction 1040, reported on adjustments to income.</li> <li>• Royalty income on Schedule E, minus the related Schedule E expenses.</li> <li>• Passive Income minus Passive Losses Schedule E, lines 29a(h), 34a(d), and 39 minus 29b(g), 34b(c), and 40. Caution: If NPA is noted or if both royalty and rental income are included in the amount on line 26 the computer cannot accurately compute investment income</li> <li>• If present, when figuring investment income amount, the amount on Form 1040/SR, line 6 will be reduced by any positive amount from Form 1040/SR, line 6 will be reduced by any positive amount from Form 4797, line 7. If no amount is present on Form 4797, line 7 then the amount on Form 1040, line 6 will be reduced by any positive amount on Form 4797, line 9.</li> <li>• See Publication 596 or the Notice Review Job Aid 2534-002 for examples of investment income.</li> </ul>

If the taxpayer...	Then...
Have earned income of at least one dollar	See Publication 596 or Notice Review Job Aid 2534-002 for examples of earned income and investment income.
Not be a qualifying child of another person	See Publication 596 or Notice Review Job Aid 2534-002.
Has no qualifying children	<ul style="list-style-type: none"> <li>Both the Earned Income and AGI must be less than the <b>return year</b> limitation</li> <li>The taxpayer (either primary or secondary spouse if married filing jointly) must be at least age 25 and under age 65 as of December 31st of the tax year</li> <li>The taxpayer (and either primary or secondary spouse if married filing jointly) cannot be claimed as a dependent on someone else's tax return</li> <li>The taxpayer must have lived in the United States for more than half of the tax year</li> </ul> <p><b>Exception:</b> U.S. military personnel stationed outside the U.S. on extended active duty are considered to live in the U.S. during that duty period.</p> <p><b>Note:</b> Taxpayers whose qualifying children do not have valid SSNs are considered to have qualifying children for purposes of determining eligibility for the EIC. For example, a taxpayer whose qualifying children have ITINs would not need to meet the age requirements applicable to taxpayers without qualifying children</p>
Has one or more qualifying children	The Earned Income and AGI must be less than the <b>return year</b> limitations. Schedule EIC must be attached.



3.14.1.6.12.4.3

(11-12-2019)

**EIC – Non-Qualifying Conditions**

(1) The following conditions result in a taxpayer not qualifying for EIC:

<i><b>Non-Qualifying Conditions</b></i>	
<b>Do not allow EIC if any of the following conditions exist on a tax return:</b>	
•	If Schedule EIC is not included when children or dependents are claimed for EIC
•	Earned Income or AGI equal to or more than the current limitations
•	The taxpayer lived outside of the U.S. for half the year or more
•	Amish, Mennonite, or “Exempt due to Form 4029” is on or near the EIC line
•	Form 2555 or Form 2555–EZ, Foreign Income, is included with the tax return
•	A “No”, a dash (“–”), or a zero (“0”) appear on the EIC line
•	The taxpayer (or spouse if married filing jointly) does not have a valid SSN
•	The taxpayer (or spouse, if married filing jointly) has a valid SSN, but that SSN was issued solely so that the taxpayer (or spouse) could receive a federally funded benefit (social security card says “Not valid for employment.”)
•	Does not have at least \$1.00 of earned income. Self-Employment non-passive income is considered “earned” income if the taxpayer pays Self-Employment Tax, or the Self-Employment income is under \$434.
<b>Exception: For church employee income, less than \$108.28.</b> See IRM 3.14.1.6.12.5.3 for assessing Self-Employment tax due to EIC claims.	

3.14.1.6.12.4.4

(01-01-2018)

**EIC – Qualifying Child Eligibility**

(1) Use the following table to help determine a child’s eligibility:

**Note:** The child cannot be a qualifying child of the taxpayer if the child is a resident of Canada (CAN), Mexico (MEX), or another foreign country (F), or if there is an indication that the child did not live in the U.S.

**Exception:** The taxpayer is in the U.S. military on extended active duty abroad.



<p><b>One or More Qualifying Children Beginning in 2005, to qualify, the child:</b></p>	<p><b>and must be:</b></p>
<p><i>Must be related to the taxpayer in one of these manners:</i></p>	<p>The taxpayer's:</p> <ul style="list-style-type: none"> <li>• child</li> <li>• adopted child</li> <li>• stepchild</li> <li>• brother, stepbrother, half-brother</li> <li>• sister, stepsister, half-sister</li> <li>• or a descendent of any of these relatives</li> <li>• or be an eligible foster child</li> </ul> <p>An eligible foster child is defined as:</p> <ul style="list-style-type: none"> <li>• Any child placed with the taxpayer by an authorized placement agency; or by judgment, decree, or any court of competent jurisdiction and lived with the taxpayer for more than half the year</li> </ul> <p><b>Note:</b> Parents, grandparents, aunts, uncles, cousins, boy/girlfriends or their children, or any other persons not defined above, are <b>NOT</b> qualifying dependents for EIC eligibility.</p> <p><b>Note:</b> A married child cannot be a qualifying child unless the taxpayer is entitled to claim a dependency exemption for the child or would be entitled were it not for IRC Section 152(e)(2) or IRC Section 152(e)(4), which provides for the assignment of a dependent to an ex-spouse.</p>

<p><b>One or More Qualifying Children Beginning in 2005, to qualify, the child:</b></p>	<p><b>and must be:</b></p>
<p><i>Must meet certain age criteria:</i></p>	<ul style="list-style-type: none"> <li>• 18 or younger</li> <li>• Must be younger than the taxpayer claiming the credit (TY 09 and later. Note: For TY 09 and later except in the case of permanently and totally disabled children, EIC will be allowed only for a child who is younger than the taxpayer. The child must have been born in a year after the taxpayer's year of birth. Children born in the same year as the taxpayer are not considered younger than the taxpayer. If the filing status is joint, the EIC will be allowed as long as one taxpayer is older than the child.</li> <li>• 23 or younger and a full-time student (at least five months) at an accredited institution of higher learning, or taking an on-farm training program through a school or a state, county, or local government agency  <b>Example:</b> High school, junior college, college, university, or a technical, trade, or mechanical school. Correspondence schools and on-the-job training courses do not count.</li> <li>• Any age, if totally and permanently disabled at any time during the tax year  <b>Note:</b> The disability must be a physical or mental condition that prevents the person from engaging in any substantial gainful activity.</li> </ul>

<p><b>One or More Qualifying Children Beginning in 2005, to qualify, the child:</b></p>	<p><b>and must be:</b></p>
<p><i>Must have the same place of residence as the taxpayer for more than half of the relevant year</i></p>	<ul style="list-style-type: none"> <li>• An eligible foster child must have lived with the taxpayer for more than half the year. Check the “Number of Months” line on Schedule EIC</li> <li>• A child who was born or died during the year, is considered to have lived in the home the entire year</li> <li>• Temporary absences because of school, vacation, or medical care count as time living with the taxpayer</li> <li>• The taxpayer and child must live in the United States</li> </ul> <p><b>Exception:</b> U.S. military personnel stationed outside the U.S. on extended active duty are considered to live in the U.S. during that duty period.</p> <p><b>Note:</b> Exceptions apply to certain cases, such as children of divorced parents, or for kidnapped children. See Publication 501 for more information.</p>

3.14.1.6.12.4.5  
(01-01-2025)

**EIC – Non-Qualifying  
Conditions for Children**

- (1) Qualifying children must have a valid SSN and Schedule EIC must be attached. Do not allow EIC if the child:
  - a. Does not have a valid SSN (For EIC purposes, an SSN obtained by an alien so that they can receive a federally funded benefit for which they are eligible is not a valid SSN)
  - b. Has no SSN, and “applied for”, “SSA 205(c)”, or “NRA” is entered in lieu of an SSN
  - c. Has an Adoption Taxpayer Identification Number (ATIN) or ITIN in lieu of an SSN
  - d. The qualifying child/dependent must live with the taxpayers for more than half of the relevant year.  
**Exception: A child who was born and died in the same year is considered to have lived in the home the entire year. Taxpayers must provide documentation in the form of birth certificate, or hospital records that includes all information. Proof of live birth is required to receive the credit.**
- (2) Qualifying children who do not have valid SSNs are not considered qualifying children for purposes of computing the amount of the EIC. However, a taxpayer whose qualifying children do not have SSNs is treated as having qualifying children for purposes of determining eligibility for the EIC. For

example, a taxpayer whose qualifying children have ITINs would not need to meet the age requirements applicable to taxpayers without qualifying children.

3.14.1.6.12.4.6

(01-01-2021)

#### TIN Requirements for Exemptions and Credits

(1) The table below provides TIN requirements for exemptions and certain credits.

**Note:** EITC, CTC, and AOTC require all TINs be issued before the due date, or extended due date of the return.

Exemptions and Credits	Allow with Valid SSN	Allow with Valid ITIN	Allow with Valid ATIN
Primary TIN (exemption)	Yes	Yes	N/A
Secondary TIN (exemption)	Yes	Yes	N/A
Dependent TIN (exemption)	Yes	Yes	Yes
EITC TIN <b>Note:</b> The SSNs for the primary, secondary (if a joint return), and the EITC qualifying child(ren), All must be valid before EITC can be allowed	Yes	No	No
Child care provider TIN Form 2441	Yes	Yes	Yes
Child's TIN Form 2441	Yes	Yes	Yes
Child Tax Credit 2017 and prior	Yes	Yes	Yes
Child Tax Credit 2018 and later	Yes	No	No
Other Dependent Credit	Yes	Yes	No
Lifetime Learning Credit	Yes	Yes	Yes
American Opportunity Credit 2017 and prior	Yes	Yes	Yes
American Opportunity Credit 2018 and later	Yes	Yes	No
Adoption Credit	Yes	Yes	Yes

3.14.1.6.12.5

(11-12-2019)

#### Dependent TIN-Related Errors

(1) Beginning in tax year 199612, legislation allowed certain issues that were formerly Examination issues to be treated as Math Errors and assigned TPNCS instead of Unallowable Codes.

**Caution:** These TPNCs are valid ONLY for tax periods 199612 and later. They should never appear on a notice for a tax period prior to 199612. Follow procedures if one or more of these are assigned to a notice for a tax period prior to 199612. Refer to the IRM 3.14.1.6.17.6, Key 010 – Dependent TIN TPNC Assigned to Pre 199612 Return.

(2) The most common areas of the return affected by dependent TIN errors are:

- Filing Status
- Exemptions
- Credit for other dependents
- Child Care Credit
- Child Tax Credit and Additional Child Tax Credit
- Earned Income Credit (EIC)
- Education Credits

(3) If a TIN is missing or invalid, search the return and attachments for the missing TIN, or a correct TIN, before denying the exemptions and any corresponding credits.

3.14.1.6.12.5.1  
(01-01-2021)

**Dependent Exemption  
Validation – TPNC 605,  
TPNC 644, and TPNC  
705**

(1) Dependent Exemption Validation - TPNCs 605, 644, and 705:

TPNC	Description
605	Dependent SSN/ITIN Invalid - Exemption Denied (TY 17 and Prior)
644	Dependent Expired ITIN - Exemption Denied
705	Dependent SSN/ITIN missing or invalid

(2) On CC RTVUE, each dependent TIN is listed with the name control and a NAP EIF Response Indicator (NRI):

An Indicator of...	Indicates the TIN...
NRI = "S"	is valid
NRI = "L"	is invalid

(3) On CC INOLES each dependent ITIN will have a Status Value"

A Status Value of...	Indicates the ITIN is
Status Value "I"	Inactive (expired)
Status Value "A"	Active (not expired)
Status Value "U"	Unvalidated

(4) Use the following chart as a guide to review TPNC 604, 605, and 644 (TY 17 and prior), TPNC 605, TPNC 644, and TPNC 705:

If...	And...	Then...
TPNC 604, 605, and 644 (TY 17 and prior) was assigned, and CC RTVUE shows that not all dependents listed on the return were transcribed	The additional dependent TIN is <i>valid</i>	<ol style="list-style-type: none"> <li>1. Adjust the account to allow the dependent</li> <li>2. Void, retype or label the notice as appropriate</li> </ol>
TPNC 604, 605, and 644 (TY 17 and prior) was assigned, and CC RTVUE shows that not all dependents listed on the return were transcribed	The additional dependent TIN is <i>invalid</i>	<ol style="list-style-type: none"> <li>1. Retype the notice to change TPNC 604 to TPNC 605</li> <li>2. Prevent the refund from generating if applicable, using guidelines outlined in IRM 3.14.1.7.1.1, Refund Intercepts</li> </ol>
TPNC 604, 605, and 644 (TY 17 and prior) was assigned and taxpayer did not provide the dependent information		<ol style="list-style-type: none"> <li>1. Retype the notice to change TPNC 604 to TPNC 605.</li> <li>2. Prevent the refund from generating if applicable, using guidelines outlined in IRM 3.14.1.7.1.1, Refund Intercepts</li> </ol>
TPNC 605 (TY 17 and prior) or TPNC 705 was assigned	The return shows one dependent with a TIN	<ol style="list-style-type: none"> <li>1. Use CC INOLE to verify the correct TIN and name control</li> <li>2. Adjust the account if the TIN and a name control are valid</li> <li>3. Void, retype or label the notice as appropriate</li> </ol>
TPNC 605 (TY 17 and prior) or TPNC 705 was assigned	The return shows more than one dependent with a TIN	<ol style="list-style-type: none"> <li>1. Use CC RTVUE to identify the invalid TIN(s)</li> <li>2. Follow the instructions in the box above</li> </ol>

If...	And...	Then...
TPNC 644 (TY 17 and prior) was assigned, check CC INOLES to see if ITIN is active or inactive	If ITIN is inactive	<ol style="list-style-type: none"> <li>1. Print the notice if dependent exemption was disallowed</li> <li>2. If dependent exemption was allowed adjust account to remove exemption and retype the notice</li> <li>3. Prevent the refund from generating if applicable using guidelines outlined in IRM 3.14.1.7.1.1, Refund Intercepts</li> </ol>
TPNC 644 (TY 17 and prior) was assigned, check CC INOLES to see if ITIN is active or inactive	If ITIN was inactive but, is now active	<ol style="list-style-type: none"> <li>1. Adjust the account to allow the exemption</li> <li>2. Retype the notice to remove TPNC 644 or Label the notice</li> </ol>
TPNC 705 was assigned, and CC RTVUE shows that not all dependents listed on the return were transcribed	The additional dependent TIN is valid	<ol style="list-style-type: none"> <li>1. Adjust the account to allow the dependent.</li> <li>2. Void, retype, or label the notice as appropriate</li> </ol>
TPNC 705 was assigned, and CC RTVUE shows that not all dependents listed on the return were transcribed	The additional dependent TIN is invalid	<ol style="list-style-type: none"> <li>1. Print the notice</li> <li>2. Prevent the refund from generating if applicable, using guidelines outlined in IRM 3.14.1.7.1.1, Refund Intercepts</li> </ol>
TPNC 710 was assigned, check CC INOLES to see if ITIN is active or inactive	If ITIN is inactive	<ol style="list-style-type: none"> <li>1. Print the notice</li> <li>2. Disallow any credits incorrectly allowed for the invalid dependent</li> <li>3. Prevent the refund from generating if applicable using guidelines outlined in IRM 3.14.1.7.1.1, Refund Intercepts</li> </ol>

3.14.1.6.12.5.2  
(03-01-2023)

**Child Care Credit  
Validation – TPNCs 234,  
235, 239, 245, 705, and  
710, For TY 2017 and  
Prior TPNCs 604, 605,  
and 644**

- (1) The following table describes TPNCs 234, 235, 239, 245, 604, 605, 644, 705 and 710:

TPNC	Description
234	Child Care Provider SSN, ITIN, EIN Missing
235	Did not allow part or all of the amount claimed as credit for Child and Dependent Care expenses.
239	FS3 is not eligible for Child Care Credit (2018 and later FS3 Exemption box not checked)
245	We didn't allow part or all of the credit claimed on Form 2441, Child and Dependent Care Expenses. We show one or more of the qualifying persons was over age 12, but you didn't mark the box on Form 2441, line 2(c), to indicate they were disabled.
604 (TY 2017 and Prior)	Child Care Credit Disallowed (Dependent SSN/ITIN/ATIN missing)
605 (TY 2017 and Prior)	Child Care Credit Disallowed (Dependent SSN/ITIN/ATIN Invalid and 2018 and later includes missing)
644 (TY 2017 and Prior)	Child Care Credit Disallowed (Dependent ITIN is expired)
705	Child or Dependent Care SSN missing/invalid
710	Child Care Credit Disallowed (Dependent ITIN is expired)

Use the following table as a guide for reviewing these TPNCs.

If...	And...	Then...
TPNC 234, 235, or 604 was assigned, and the missing TIN was on Form 2441/ Schedule 2, but not transcribed	CC INOLE indicates the missed TIN is valid	<ol style="list-style-type: none"> <li>1. Correct the account to allow the credit</li> <li>2. Void, label, or retype the notice</li> </ol>
TPNC 234, 235, 604, or 644 was assigned, and the missing TIN was on Form 2441/ Schedule 2, but not transcribed	CC INOLE indicates the missed TIN is invalid	Retype the notice to reflect the correct TPNC



If...	And...	Then...
TPNC 235 or 605 was assigned	The invalid TIN and/or name control was transcribed incorrectly	Use CC INOLE to verify the TIN and name. If they are valid, correct the account to allow the credit. Void, label or retype the notice
TPNC 644 was assigned and the ITIN was on Form 2441 Schedule 2	CC INOLE(S) indicates ITIN is inactive	<ol style="list-style-type: none"> <li>1. If ITIN for child is inactive Print the notice</li> <li>2. If ITIN, is inactive and credit was allowed, adjust account and Retype or Label the notice</li> <li>3. Prevent the refund from generating if applicable using guidelines outlined in IRM 3.14.1.7.1.1, Refund Intercepts</li> </ol> <p><b>Note:</b> Child Care Credit and Lifetime Learning Credit are the only credit that are based on the validity of ITIN for a child. Assignment Date is not considered when allowing or disallowing the credit.</p>
If TPNC 705 was assigned, and the missing TIN was on Form 2441/ Schedule 2, but not transcribed	CC INOLE indicates the missed TIN is valid	<ol style="list-style-type: none"> <li>1. Correct the account to allow the credit</li> <li>2. Void, label, or retype the notice</li> </ol>
If TPNC 705 was assigned, and the missing TIN was on Form 2441/ Schedule 2, but not transcribed	CC INOLE indicates the missed TIN is invalid	Print the notice
TPNC 710 was assigned and the ITIN was on Form 2441/ Schedule 2	CC INOLE indicates ITIN is inactive	<ol style="list-style-type: none"> <li>1. Print the notice</li> <li>2. If credit was allowed, adjust the account</li> <li>3. Prevent the refund from generating if applicable using guidelines outlined in IRM 3.14.1.7.1.1, Refund Intercepts</li> </ol>

If...	And...	Then...
TPNC 710 was assigned and the ITIN was on Form 2441/ Schedule 2	CC INOLE indicates ITIN is now active	<ol style="list-style-type: none"> <li>1. Adjust to allow the credit</li> <li>2. Void, retype, or label the notice as appropriate</li> </ol>

3.14.1.6.12.5.2.1  
(01-01-2025)

#### Child and Dependent Care Credit

- (1) For tax year 2022 and after, See Pub 17 Federal Income Tax for Individuals and/or Pub 503, Child and Dependent Care Expenses, for detailed information. The maximum credit amount for one qualifying person is \$3,000 (\$6,000 for two or more qualifying people).
- (2) Check EUP (if available) or CC TRDBV to find the Form 2441 to verify Box B is checked or not checked to indicate the qualifying person is a student or disabled (box is located on line 2).
  - a. Review the Form 2441, Box B and Part 1, Box 1-D are both checked.
  - b. To verify dependents (age, disability and/or student) refer to CC RTVUE, IRPTRL, INOLES, DDBKD, DDBCK, and DUPOL.

If	Then
Dependent is Disabled	Allow credit if: <ul style="list-style-type: none"> <li>• Person was the taxpayer's dependent who physically or mentally able to care for himself or herself and lived with TP for more than half of the year or Person could have been claimed as the taxpayer's dependent except that the person:</li> <li>• Had an AGI in excess of the limit for a qualifying relative (\$5,050 for TY 24).</li> <li>• Has filed a joint return and/or the primary or secondary taxpayer on the return could be claimed as a dependent on someone else's return. .</li> </ul>
Dependent is under 13 when care was provided	Allow the credit. <b>Note:</b> For tax year 2022 and after, dependent year of birth 2009 and after. Use command codes above to verify child's date of birth.

If	Then
Dependent is 13 an over (year of birth is 2009 or prior)	Allow credit if: <ul style="list-style-type: none"> <li>Disabled and/or student has been verified that the dependent lived with taxpayer for more than 6 months in tax year 2022 and after.</li> </ul> <b>Note:</b> If the Box B is checked and taxpayer marked in error. Manually compute the credit (including that person's qualified expenses). Refer to Pub 503 for more explanation.
Spouse as qualifying person	Allow credit if: <ul style="list-style-type: none"> <li>The qualifying person is the primary or secondary taxpayer and the disability check box on Line 2c is checked</li> </ul>
Box B, Part I and Box 1-D is unchecked	Print the notice. <b>Note:</b> All command codes listed above have been checked and cannot be verified.

3.14.1.6.12.5.2.2  
(03-01-2023)

#### Refundable Child and Dependent Care Credit

- (1) For tax year 2021 **only**, the Child and Dependent Care Credit is refundable. The maximum credit amount for one qualifying person is \$4,000 (\$8,000 for two or more qualifying people).
- (2) To qualify for the refundable credit, the taxpayer must live in the US for more than half the year. For joint filers, at least one spouse must meet this requirement. Taxpayers who do not meet this requirement are eligible for the nonrefundable credit.
- (3) The following taxpayer notice codes are associated with the refundable credit:

TPNC	Description
564	We changed the amount claimed as Refundable Child and Dependent Care Benefits because Form <b>2441</b> , Child and Dependent Care Expenses, was required but incomplete or not attached to your tax return.
630	We can't allow your Refundable Child Dependent Care Benefits. According to information on Form <b>2441</b> , Child and Dependent Care Expenses, you did not maintain a home in the United States for 6 months or more. We have changed your return accordingly.

TPNC	Description
631	We changed the amount claimed as Refundable Child Dependent Care Benefits on your tax return because there was an error on Form <b>2441</b> , Child and Dependent Care Expenses. The error was in one of the following: <ul style="list-style-type: none"> <li>• Computation of the credit on Form <b>2441</b>.</li> <li>• Transfer of the amount to your tax return.</li> </ul>

3.14.1.6.12.5.3  
(01-01-2018)

**Self- Employment (SE)  
Tax Computation –  
TPNC 580**

- (1) The following table describes the TPNC 580:

TPNC	Description
580	SE Tax Assessed up to EIC amount

- (2) ERS assigns TPNC 580 if the taxpayer receives EIC and has income subject to self-employment (SE) tax, but does not include the SE Tax on the tax return. ERS computes the SE Tax and assesses it (up to, but not exceeding, the amount of the EIC).
- (3) If the SE Tax exceeds the EIC, ERS instructions are to assign an Unallowable Code instead of assigning TPNC 580 and assessing the SE Tax.

If the SE Tax assessed by ERS...	And...	Then...
Is incorrect	The correct SE Tax does not exceed the EIC amount	Correct the SE Tax <b>Note:</b> See IRM 3.14.1.7.6.1, Blocking Series
Is incorrect	The correct SE Tax exceeds the EIC amount	Refer the case to the Examination Function, if the SE income is greater than \$10,000

- (4) If routing is not appropriate or if the Examination Function does not accept the case, assess the SE Tax up to, but not exceeding, the EIC amount. Follow the list below, and refer to the example if necessary.
- Do NOT factor in the SE Tax deduction
  - Do not change the AGI or TXI
  - Address the Item Reference Codes 878/895 or (879/896), by backing into them from the EIC/SE Tax amount (see example below)
  - On the CC REQ54 screen, use "SE-TAX/EIC" in the Activity field to identify the adjustment as an EIC-limited SE Tax assessment.
  - In the Remarks field, include the statement, "Assess EIC-limited SE Tax, equivalent to \$x,xxx in wages. -SE-Tax-Deduction not applied"

**Example:** If the EIC received by the taxpayer is \$1,500, the TC 889 for SE Tax will also be \$1,500. By dividing that amount by .153, it will establish an amount of \$ 9,804 as the wages for Item Reference Codes 878/879 (Social Security earnings) and 895/896 (Medicare earnings), upon which the SE Tax is being assessed.

- (5) If ERS assessed SE Tax on a return for a tax period prior to 199612, Refer to IRM 3.14.1.6.17.6 , Key 010 – Dependent TIN TPNC Assigned to Pre 199612 Return.

#### 3.14.1.6.12.5.4

(01-01-2025)

#### **EIC Validation – TPNCs 291, 701, 702, 704, 705, 711, 743, 745, and 748**

- (1) The following table describes EIC-related TPNCs:

TPNC	Description
291	Investment Income exceeds allowed amount
701	Secondary Missing/Invalid-last name
702	ITIN Primary/Secondary
704	Primary/Secondary SSN Missing/Invalid
705	EIC Qualifying Child SSN Missing/Invalid
711	No SSN by due date of return (Primary/Secondary and/or Qualifying Child)
743 (TY 2017 and prior)	EIC Qualifying Child SSN Missing/Invalid
745	EIC Qualifying Child ATIN/ITIN present
748 (TY 2017 and prior)	Primary SSN Invalid (exemption and EIC denied)

- (2) TPNC 291: EIC Disallowed because investment income exceeds the maximum allowable amount

**Note:** If Schedule E is present, look for a missed Non-Passive Activity (NPA) indicator with an amount on page 1 of Schedule E. The NPA income should not be disqualified as investment income for EIC purposes and these types of cases may require an adjustment.

If ERS assigned...	Then ...
TPNC 291	Verify the Investment income amount. Refer to the IRM 3.14.1.6.12.4.2, EIC – Eligible Individuals

- (3) TPNCs 705, 711, 743 (TY 17 and prior), 745, and 748 (TY 2017 and prior): EIC Reduced or Disallowed based on taxpayer or dependent not having a valid SSN, or having an ITIN/ATIN.

If ERS assigned...	And CC INOLE research indicates...	Then...
TPNC 705, and the Primary/Secondary SSN was invalid	CC INOLE research indicates the SSN is a valid work SSN, or the SSN is invalid	1. Print the notice
TPNC 711	CC INOLE research indicates, Verify TIN assignment date on CC INOLES	1. Research will determine if you allow or disallow the credit 2. For Form 1040, TIN assigned after RDD, Print the notice 3. For TY 17 and prior, Form 1040/A/EZ, If you disallow the credit.
TPNC 743 (TY 17 and prior), and the missing SSN was on Schedule EIC, but not transcribed	The SSN is a valid SSN	1. Correct the account to allow the proper amount of EIC 2. Void, label, or retype the notice
TPNC 743 (TY 17 and prior), and the missing SSN was on Schedule EIC, but not transcribed	The SSN is invalid, or it is not a SSN	Print the notice or retype (if necessary) to reflect the correct TPNC
TPNC 745, and the Qualifying Child's SSN on Schedule EIC was not an ATIN or an ITIN See IRM 3.14.1.6.1.1.3 , Individual Taxpayer Identification Numbers (ITIN)	The SSN is valid	1. Correct the account to allow the proper amount of EIC 2. Void, label, or retype the notice
TPNC 745, and the Qualifying Child's SSN on Schedule EIC was not an ATIN or an ITIN See IRM 3.14.1.6.1.1.3, Individual Taxpayer Identification Numbers (ITIN)	The SSN is invalid, or is not a SSN	Retype the notice to replace TPNC 745 with TPNC 743

If ERS assigned...	And CC INOLE research indicates...	Then...
TPNC 748 (TY 17 and prior), and the Primary SSN was invalid	The SSN is a valid work SSN	<ol style="list-style-type: none"> <li>1. Correct the account to allow the personal exemption, but not EIC</li> <li>2. Void or retype the notice</li> </ol>
TPNC 748 (TY 17 and prior), and the Primary SSN was invalid	The SSN is <i>invalid</i> , or is not a work SSN	Print the notice

3.14.1.6.12.6  
(01-01-2025)

#### Other Tax Credit Errors

(1) Several other tax credits create a high trend of taxpayer errors. They are:

- Health Coverage Tax Credit (HCTC) - Form 8885
- Child Tax Credit (CTC)
- Credit for other dependents
- Additional Child Tax Credit (ACTC) - Schedule 8812
- Hope and Lifetime Learning Credits, prior to 2009 Form 8863
- American Opportunity Credit Form 8863, after 2009
- First-Time Home buyer Credit Form 5405
- Refundable Adoption Credit Form 8839
- Expired ITIN math errors
- Credit Recertification

3.14.1.6.12.6.1  
(11-12-2019)

#### Health Coverage Tax Credit (HCTC)

(1) To qualify for the Health Coverage Tax Credit (HCTC), the taxpayer must be under 66 years of age at the end of the tax year, and be an eligible recipient of either the Trade Adjustment Assistance (TAA), alternative (ATAA), or Pension Benefit Guarantee Corporation (PBGC), and must have paid premiums to a qualified Health Care plan. See IRM 3.12.3.30.11.6, Health Coverage Tax Credit (HCTC) - Form 8885 or IRM 21.6.3.4.2.9.1, Eligibility Requirements/Claim Processing, for additional information.

(2) If taxpayers are claiming the HCTC, they should check the appropriate box in the Payments section on Form 1040, enter the amount claimed, and attach Form 8885.

(3) Determine if the taxpayer is entitled to HCTC based on the following:

If there is no Unallowable Code 89 on the account and the original amount of HCTC claimed is below tolerance, correct the return using the following procedure:

- Add TC 971/172
- Post the HCTC with TC 766 CRN 250
- Reverse the eligibility indicator with a TC 972/172

If there is an Unallowable Code 89 on the account do not adjust the return.

If there is no Unallowable Code 89 on the account, the HCTC did not post and the HCTC claimed was above tolerance. See your work leader.

3.14.1.6.12.6.2  
(01-01-2024)

**Child Tax Credit (CTC)**

- (1) For tax year 2022 and after, the Child Tax Credit for under 17 years of age, is \$2,000 per child:
  - the qualifying child **must have an SSN issued on or before the due date of the return** (including extensions)
  - the taxpayer and spouse, if filing jointly, must have a valid TIN issued on or before the due date of the return (including extensions)
- (2) The American Rescue Plan is only for tax year 2021, increased the Child Tax Credit from \$2,000 per child to \$3,000 per child for children over the age of six and from \$2,000 to \$3,600 for children under age of six, and raised the age limit from 16 to 17 years of age. Taxpayers may receive the full credit if Married Filing Joint AGI is (\$150,000) and Head of Household (\$112,000).
- (3) Advance Child tax Credit payments are early payments from the IRS of 50 percent of the estimated amount of the Child Tax Credit that you may properly claim on your 2021 tax return during the 2022 filing season. For tax year 2021, a qualifying child is an individual who does not turn 18 years of age before January 1, 2022.
- (4) For 2018, the maximum Child Tax Credit has increased to \$2,000 per qualifying child, of which \$1,400 can be claimed for the Additional Child Tax Credit. In addition, the Modified Adjusted Gross Income threshold at which the credit begins to phase out has increased to \$200,000 (\$400,000 if Married Filing Jointly). For years 2017 thru 1998 the credit was \$1,000 per qualifying child.
- (5) Child Tax Credit (CTC) was instituted in 1998. It is applied against tax (TC 150 or TC 290) for taxpayers with a qualifying child(ren). Primary and Secondary (if joint return), and the child must have a valid ITIN (2017 and prior) or SSN, and must be under 17 years old for the relevant tax year. For tax years 2018 and later, Child Tax Credit is only allowed with a valid SSN. The credit is phased out as AGI reaches a certain level. See Pub 17

**Note:** Taxpayers must complete Part I of Schedule 8812 for each dependent who has an ITIN and for whom they are claiming the Child Tax Credit.

- (6) If ERS has disallowed the Child Tax Credit, review the dependent's TIN-validity and age, as well as the taxpayer's AGI. Adjust to allow the credit if:
  - a. A dependent TIN was overlooked or incorrectly transcribed TPNC 705 or TPNC 605 (TY 17 and prior), and it is valid, AND
  - b. The child is under age 17 for the tax year of the return, AND
  - c. The taxpayer's AGI allows them to receive some or all of the requested credit

**Exception: For TY 2017 and prior, allow the Child Tax Credit if the SSN is missing, because of religious beliefs (Amish, Mennonite, or Form 4029 filers) Allow the Child Tax Credit when the child's SSN is missing and the child was born and died in the same tax period if taxpayers provide documentary support in the form of a copy of the birth certificate, death certificate, or hospital record. For TY 2018 and future, do not allow the**



**Child Tax Credit if the SSN is missing, because of religious beliefs  
(Amish, Mennonite, or Form 4029 filers)**

- (7) If the amount of CTC allowed is more than tax on the return, the taxpayer may be able to claim the difference as Additional Child Tax Credit.

**Example:** The tax is \$750, but the taxpayer is eligible for \$2,000 in CTC. Only \$750 in CTC can be taken, because tax cannot be reduced below zero. However, the taxpayer may claim the remaining \$1,250 as ACTC.

- (8) Child Tax Credit and (if claimed) Additional Child Tax Credit will often change with increases to tax. If tax will increase from zero, and the taxpayer has requested CTC for qualifying children, be sure to credit the correct amount of CTC against the new tax. If the taxpayer has claimed Additional Child Tax Credit, either by entering an amount on the tax return or by submitting Schedule 8812, ACTC will also change. A Schedule 8812 is not required for fewer than 3 children, allow ACTC without attached form if two or less children.
- (9) Path Act may apply to this credit See IRM 3.14.1.6.1.1.1, Protecting Americans from Tax Hikes

3.14.1.6.12.6.3  
(06-28-2021)  
**Advance Child Tax  
Credit (CTC)**

- (1) Advance Child Tax Credit is an advanced payment of the Child Tax Credit for tax year 2021. Eligibility for the payment is based on the CTC shown on the tax year 2020 return (2019 if a 2020 return has not posted). Advance payments are not subject to reduction or offset. Individuals who have not filed a 2020 or 2019 return, and do have a filing requirement, can use the Non-Filer Sign up Tool to file a 2020 tax return.
- (2) To qualify for advance CTC payments, you and your spouse, if you filed a joint return must have:
- a. A main home in the United States for more than half the year (the 50 states and the District of Columbia) or file a joint return with a spouse who has a main home in the United States for more than half the year; and
  - b. A qualifying child who is under age 18 at the end of 2021 and who has a valid Social Security Number; and
  - c. Made less than certain income limits. (The CTC begins to be reduced to \$2,000 per child if your modified AGI in 2021 exceeds):
    - \$150,000 if married and filing a joint return or if filing as a qualifying widow or widower;
    - \$112,500 if filing as head of household; or
    - \$75,000 if you are a single filer or are married filing a separate return.
- Note:** The first phaseout reduces the CTC by \$50 for each \$1,000 by which your modified AGI exceeds the income threshold described above.
- (3) Advance payments are made monthly from July through December to eligible taxpayers. Payments are issued via direct deposit or paper check.
- (4) For tax year 2021, the CTC is increased from \$2,000 per qualifying child to:
- \$3,600 for children ages 5 and under at the end of 2021; and
  - \$3,000 for children ages 6 through 17 at the end of 2021.

**Note:** The \$500 nonrefundable Credit for Other Dependents amount has not changed.

- (5) Payments can be identified by a TC 290.00 with Credit Reference Number (CRN) 272 on the tax year 2021 module. Reason Codes and positions identify the following:

- Reason Code position 1- The number of qualifying children
- Reason Code position 2- The month of the advance payment (Example 007= July, 008= August, etc.)
- Reason Code position 3- The table below identifies the Reason Codes associated with the payments:

Reason Code (RC)	Explanation
200	No advance CTC due to MAGI phase-out
202	Invalid primary or secondary SSN (includes invalid due to assignment date and SSN not valid for work)
205	All CTC children deceased, advance payment under \$1, etc.
206	Advance CTC reduced due to MAGI phase-out
207	Taxpayer is deceased
209	Advance CTC not reduced by MAGI

Each payment's DLN will contain a unique serial number to identify the month for which the payment was issued.

DLN Serial Numbers:

- a. 31= July
- b. 32= August
- c. 33= September
- d. 34= October
- e. 35= November
- f. 36= December

- (6) The total dollar amount of the advance payment is up to 50 percent of the CTC reported on the 2020 return (2019 if a 2020 return was not filed),
- (7) Eligible taxpayers who do not want to receive advance payment of the 2021 CTC can decline the advance payments.
- (8) The total amount of the advance payments is up to 50 percent of the CTC reported on the 2020 return (2019 if a 2020 return was not filed).

3.14.1.6.12.6.4  
(02-24-2022)

#### Reconciling Advance Child Tax Credit Payments

- (1) Taxpayers who received Child Tax Credit (AdvCTC) payments complete Schedule 8812, Credit for Qualifying Children and Other Dependents, to reconcile the advance payments with the amount of Child Tax Credit (CTC) they can properly claim on their 2021 return.
- (2) Beginning in December 2021, the IRS mailed Letter 6419, for 2021 Total Advance Child Tax Credit payments, to each taxpayer who received (AdvCTC)

payments. This letter should be referenced when completing Schedule 8812. If taxpayers filed as married filing jointly on their prior return then both spouses will receive a Letter 6419, indicating the amount each individual taxpayer received. Both letters are necessary to complete the Schedule 8812.

- (3) The taxpayer has to check the principal place of abode box indicating they lived in the United States for more than half of 2021 in order to receive full credit.
- (4) To compute the credit use Share Point worksheets which requires data from CC IMFOLE.
- (5) After reconciling the advance payments to the eligible credit, the taxpayer may:
  - be eligible for additional CTC. This amount should be listed on line 28 of Form 1040;
  - have received all of the credit they are eligible for in advance payments; or
  - owe additional tax because they received more advance payments than the amount of CTC they can properly claim on their 2021 return. This amount should be entered on line 19 of Schedule 2 of Form 1040.
- (6) Taxpayers who owe additional tax may be eligible for full or partial repayment protection when the number of qualifying children used for (AdvCTC) is more than the number of qualifying children allowed on the 2021 tax return. The repayment protection is \$2,000 multiplied by the difference in the number of children (excess qualifying children). The repayment protection decreases as the taxpayer's modified adjusted gross income (MAGI) increases. Full repayment protection is available to taxpayers at or below the following MAGI thresholds:
  - \$60,000 if married filing jointly or qualifying widow(er)
  - \$50,000 if head of household
  - \$40,000 if single or married filing separatelyThe amount of repayment protection will be reduced or phased out based on the taxpayers MAGI and is not available at or above the amounts listed below:
  - \$120,000 if married filing jointly or qualifying widow(er)
  - \$100,000 if head of household
  - \$80,000 if single or married filing separately

**Example:** A taxpayer filed her 2020 return claiming one qualifying child age 10. She receives Letter 6419 which lists payments totaling \$1500 based on one qualifying child. The taxpayer is not claiming any children on her 2021 return and therefore has one excess qualifying child. The taxpayer will file as single and has a MAGI of \$37,500; therefore she is eligible for full repayment protection and will not owe any additional tax.

**Example:** The same taxpayer in the example above has a MAGI of \$75,000. She is eligible for partial repayment protection and will owe \$1250 of additional tax.

- (7) If taxpayers filed as married filing jointly on their prior tax return, each spouse is treated as having received half the AdvCTC payment that was issued unless one spouse unenrolled. This can be identified by a TC 971 AC 856 with a

MISC field of "UNENROLL" in the Entity. Each spouse is treated as having taken the same number of children into account for AdvCTC. They will add together the AdvCTC amounts on the Letter 6419 each spouse received. If they owe additional tax because they received more advance payments than the amount of CTC they can properly claim on their 2021 return, they will add together the number of qualified child(ren) reported on the Letter 6419 each spouse received. Spouses who file a joint 2021 return with the same spouse from their 2020 must divide the total qualified children used for their AdvCTC by 2.

**Example:** Roger filed as single for 2020 with two qualifying children. In 2021, the taxpayer received AdvCTC of \$3,000 based on two qualifying children. Tiffany filed as head of household for 2020 with 1 qualifying child. In 2021, Tiffany received AdvCTC of \$1,500 based on one qualifying child. Roger and Tiffany were married in 2021 and file as married filing joint on their 2021 tax return. Roger and Tiffany will add the amounts from the Letter 6419 that each received and enter \$4500 (\$3,000 + \$1500) for their AdvCTC amounts on Schedule 8812, line 14f or 15e as applicable. If \$4,500 is more than the amount of CTC they can properly claim on their 2021 return, they will figure their repayment protection based on 3 (2 +1) qualifying children and enter 3 on Schedule 8812, line 30.

- (8) Taxpayers who incorrectly calculate Schedule 8812, or who fail to reconcile advance payments, when filing their original return may be issued a math error during original processing. ERS assigns the following TPNC 276 for AdvCTC reconciliation errors identified during processing.
- (9) Prior to making any adjustments on the account based on AdvCTC, verify the information on Schedule 8812 is correct. In addition to verifying the total amount of payments listed on CC TXMOD or CC IMFOLT, you can find the information sent to the taxpayer on Letter 6419 on the entity CC IMFOLE as follows:

- TC 971 AC 804 MISC field: L6419 DDDDDCC QC
- DDDDDCC- 5 digits for (4) and 2 digits for cents

**Example:** Taxpayer received a total of \$3,300 in AdvCTC in 2021 for two qualifying children.  
TC 971 AC 804 MISC: L6419 0330000 02

**Example:** Joint filers received a total of \$3,300 in joint AdvCTC in 2021 for two qualifying children.  
Spouse 1: TC 971 AC 804 MISC: L6419 0165000 02  
Spouse 2: TC 971 AC 804 MISC: L6419 0165000 02

**Reminder:** Make sure to verify IDRS for any changes to the account since the Letter 6419 was issued.

- (10) When adjusting the 2021 Child Tax Credit:
  - Use TC 29X as appropriate for non-refundable credits and Reason Code 036 to allow or increase the credit.
  - When adjusting refundable or additional Child Tax Credit, use TC 290 .00 and CRN 336 and Reason Code 061.

- When adjusting Advance Child Tax Credit repayment increase tax, use TC 290.00 and Reason Code 036.

(11) Follow notice disposition guidelines.

3.14.1.6.12.6.5  
(11-12-2019)  
**Credit for Other  
Dependents (ODC)**

- (1) Beginning in tax year 2018, the Credit for Other Dependents (ODC) is a \$500 nonrefundable credit for those dependents that do not qualify for Child Tax Credit. The credit is for tax years 2018-2025. Taxpayers will indicate eligibility for the credit by checking the "Credit for Other Dependents " box on page 1 of Form 1040.
- (2) The following must be met to claim ODC:
  - a. The taxpayer and spouse, if filing jointly, must **not** be claimed as a dependent on another tax return
  - b. A qualifying individual must
    - No age limits
    - Qualifying dependent listed on the return must have a valid SSN or ITIN issued before the due date of the return (including extensions), and must be claimed as a dependent on the return
    - A taxpayer cannot claim the CTC/ACTC and ODC for the same dependent. Credit amount: \$500 per qualifying dependent.
    - Non-refundable credit
- (3) The total of Child Tax Credit and the Credit for other dependents is limited if AGI is greater than:
  - a. \$400,000 for Married Filing Joint (FS 2)
  - b. \$200,000 for other filers, other than FS2

**Note:** The total of Child Tax Credit and ODC is phased out by \$50 for each \$1,000 or part of \$ 1,000 over the AGI threshold.
- (4) For TY 2018 and future, taxpayers claiming ODC who identify Religious (including the Amish, Mennonite, or file Form 4029 filers) do not allow ODC for qualifying child/relative without a TIN (SSN, ITIN, ATIN)
- (5) If CTC and/or ACTC was denied in a previous year due to deficiency procedures, taxpayers must recertify for ODC.
- (6) To adjust the account:
  - Use RC 173 and the appropriate source code and blocking series.

3.14.1.6.12.6.6  
(01-01-2025)  
**Additional Child Tax  
Credit (ACTC) and Prior  
Year Earned Income  
(PYEI)**

- (1) The Additional Child Tax Credit (ACTC) "converts" any leftover Child Tax Credit (after reducing tax to zero) into a refundable credit. **Schedule 8812 MUST be attached to the return to claim ACTC if the taxpayer has requested it for 3 or more children.**

**Note:** Taxpayers must complete Part I of Schedule 8812 for each dependent who has an ITIN and for whom they are claiming the Additional Child Tax Credit. ACTC posts to the tax module (CC TXMOD) as a TC 766. Use Credit Reference Number 336 to adjust the credit.

- (2) If the taxpayer is eligible for the ACTC, but does not claim it on the return, a CP 08 should generate to the taxpayer, informing them to complete the enclosed worksheet, and return it to the IRS along with Schedule 8812.
- (3) Path Act may apply to this credit See IRM 3.14.1.6.1.1.1, Protecting Americans from Tax Hikes
- (4) Individuals may use their Prior Year Earned Income (PYEI) for (2019) earned income. You can elect to use your 2019 earned income to figure your 2021 earned income credit if your 2019 earned income is more than your 2021 earned income.  
**Caution: If the taxpayer is using PYEI to compute current year ACTC, do not include current year wages, Schedule C, Schedule F (partnership or small corporation) or line 21 earned income in computation.**
- (5) The primary stipulation in this legislative allowance for disaster zone relief requires the qualified individual use the prior year earned income to figure Additional Child Tax Credit. The qualified individual **must** use the same calculation to compute the EIC credit (presuming the eligibility to claim both exists). This stipulation only applies to individuals whose main home was in:
  - the Hurricane Harvey disaster area on August 23, 2017
  - the Hurricane Irma disaster area on September 4, 2017
  - the Hurricane Maria disaster area on September 16, 2017
  - the California wildfire disaster area on October 8, 2017
  - a Presidentially declared disaster that occurred in 2018 or 2019, but before December 21, 2019 issue or request.

**Exception: The Taxpayer Certainty and Disaster Tax Relief Act of 2020 (TY 2020) allows the use of prior year income for EITC and/or ACTC. Taxpayers are not required to use the same calculation for each credit.**

- (6) Verify that the ACTC was correctly figured using the Prior Year Earned Income. If the credit is incorrect, adjust the account accordingly using CC REQ54 with:
  - a. The appropriate Blocking Series, Source Code, Reason Code, Hold Code, and Item Reference Codes for an ACTC adjustment.
  - b. Activity: "ACTC-PYEI"
  - c. Remarks: "TP error figuring ACTC using Prior Year Earned Income" (PYEI).

3.14.1.6.12.6.7  
(01-01-2025)

**Education Credits  
(American Opportunity,  
Hope, and Lifetime  
Learning Credits)**

- (1) Taxpayers and their dependents are eligible to claim a credit for education expenses. You cannot take the American Opportunity Credit or the Hope Credit and the Lifetime Learning Credit for the same student in the same year.

**Note:** Taxpayers have the right to pay only the amount of tax legally due. Thus, taxpayers should receive the credits and deductions for which they are eligible that reduce the tax the most or provide the greatest refund. If the taxpayer claims the American Opportunity Credit (or Hope Credit for TY 09 and prior) and the Lifetime Learning Credit for the same student on Form 8863, allow only one of the credits based on which one reduces the tax more if there is a balance due or provides the taxpayer with the greater refund. If the taxpayer claims both the Tuition and Fees Deduction from Form 8917 (2017 and prior) and an Education Credit from Form 8863, allow only the Education Credit from Form 8863.



- (2) To qualify for the credit, the student must have a valid SSN/ITIN and be claimed as an dependent on the return. See #5 below)
- (3) This credit is disallowed if the taxpayer is Married Filing Separately or has an AGI exceeding the threshold. For instructions on the American Opportunity Credit, Hope, and Lifetime Learning Credit, refer to the Form 8863 instructions, Publication 970, Tax Benefits for Education
- (4) Path Act may apply to this credit See IRM 3.14.1.6.1.1.1, Protecting Americans from Tax Hikes
- (5) The American Opportunity Credit must have a valid TIN assigned by the return due date or due date as extended. If ERS assigned TPNC 711 or TPNC 810 (Form 1040A TY 17 or prior year), verify TIN assignment date on CC INOLES. For current year processing, if dependent TIN assignment date is after the return due date send TPNC 711. If you disallow the credit, TPNC 809 is present, change to TPNC 810 (for TY 17 1040A or prior year returns) and TPNC 711 for current year returns.

3.14.1.6.12.6.8  
(01-01-2025)

#### Expired ITIN Math Errors

- (1) When reviewing a math error notice with an expired ITIN TPNC:
  - a. The expired ITIN may be present as a primary taxpayer, secondary taxpayer, dependent, education credit student, and/or child and dependent care credit qualifying individual, and Credit for other Dependents. All of these positions will need to be researched per the TPNC assigned to determine the disallowed claim on the math error. CAUTION: Other math errors not involving an expired ITIN may also be present.
  - b. Exemptions, Child Tax/Additional Child Tax Credit, Credit for other Dependents, and Education Credit will not be allowed on a return when claimed for an expired ITIN.
 

**Note:** Child and Dependent Care expenses will be allowed if the qualifying child has a valid and active ITIN. **(Exception: this is the only credit that will be allowed and does not need to be assigned by the due date of the return).**
  - c. Expired ITIN indications: Research Command Code INOLES and/or IMFOLE
    - INOLES ITIN Status- Value “I” means Inactive (expired)
    - INOLES ITIN Status-Value “A” means Active (not expired)
    - INOLES ITIN Status-Value “U” means unvalidated
    - INOLES ITIN Status-Value “Blank” means the TIN input is NOT an ITIN (it is an SSN, IRSN, or ATIN)
    - IMFOLE: Posted TC 971 AC 193 the ITIN has expired
    - IMFOLE: Posted TC 972 AC 193 means the ITIN has renewed and is now active.
    - Review the ITINs on the return applicable to the TPNC to verify the ITIN Status is still Inactive (INOLES field ITIN Status with the value of “I”; IMFOLE un-reversed TC 971 AC 193). If the ITIN status for the ITIN credit was disallowed and has changed to Active (INOLES), or there is a posted TC 972 AC 193 (IMFOLE) on the module.
    - Adjust the account to allow the exemption(s) credit(s) and retype the notice.

**Note:** Care must be taken to only adjust the exemption(s) and credit(s) to allow the claims **ONLY** for ITINs that have become Active between ERS assignment of the TPNC and review of the notice.

**For example, if two dependent exemptions and child tax/additional child tax credit were disallowed, but only one has since renewed, only adjust the account to allow the claim for ONE of the ITINs.**

3.14.1.6.12.6.9  
(03-01-2023)

#### Credit Recertification

- (1) If the EITC, CTC, ACTC, AOTC, and Other Dependent Care is disallowed due to deficiency procedures, a CP **79** is sent to the taxpayer explaining the disallowance of the credits. The taxpayer may be required to file Form 8862 to recertify the next time they claim the credit. A recertification indicator will remain on the account until the taxpayer recertifies. IDRS CC ENMOD/IMFOLE will display the recertification indicator and if the credits were disallowed through deficiency procedures by EXAM, they determine if the recertification is no longer required.
- (2) The taxpayer's ban can be for 2 or 10 years. The taxpayer is required to recertify after the ban period expires. The taxpayer is not required to complete or attach Form 8862 if claiming AOTC for self. The recertification indicator is not removed from the account. Each credit is disallowed individually and displayed on IDRS CC ENMOD and CC IMFOLE. The ODC is part of the child tax credit. If a taxpayer is required to recertify for, or is subject to a 2 or 10 year ban on claiming, the CTC/ACTC, the recertification requirement or ban applies to the ODC.
- (3) If the taxpayer files a subsequent year's return claiming the EITC with no qualifying child, the taxpayer should not attach Form 8862, if the only reason the EITC was reduced or disallowed in the earlier year was because it was determined that a child listed on Schedule EIC was not the taxpayer's qualifying child. The EITC will be allowed and the recertification indicator **is not removed**. The taxpayer will be required to recertify for the next year that the taxpayer claims the EITC with a qualifying child. Check the year of the recertification indicator. The indicator may not be removed if the tax year falls within the years of a ban.
- (4) Research using IDRS CC ENMOD and CC IMFOLE to locate the EITC, AOTC, and ACTC Recertification Indicators. When the Recertification Indicators are located, use the following instructions:

If the recertification indicator is...	And the....	Then....
Blank	Recertification is not required	Allow credit
RI1 or R9 and the document is TY 2017 and earlier	Taxpayer has a Schedule EIC with qualifying dependents Schedule EIC with no qualifying dependents or no EIC and Form 8862 not attached.	TPNC 653 to disallow EIC.



If the recertification indicator is...	And the....	Then....
R1 or R9 and the document is TY 2017 and earlier	Taxpayer is claiming EIC and Form 8862 is present,	Allow EIC
R1 or R9 and the document is TY 2017 and later	Taxpayer is claiming EIC for self and Form 8862 is not present	Allow EIC
R1 or R9 and the document is TY 2015 and later	Taxpayer is claiming CTC/ACTC with Schedule 8812 and Form 8862 is attached	Allow CTC/ACTC
R1 or R9 and the document is TY 2015 and later	Taxpayer is claiming CTC/ACTC with Schedule 8812 and Form 8862 is not attached	Assign TPNC 653 disallow CTC/ACTC
R1 or R9 and the document is TY 2015 and later	Taxpayer is claiming American Opportunity Tax Credit (AOTC) for spouse and/or qualifying dependents with Form 8863 and Form 8862 is not attached	Assign TPNC 653 disallow AOTC
R1 or R9 and the document is TY 2015 and later	Taxpayer is claiming AOTC for self with Form 8863 and Form 8862 is not attached	Allow AOTC for primary
R1 or R9 and the document is TY 2015 and later	Taxpayer is claiming AOTC with Form 8863 and Form 8862 is attached	Allow AOTC
RI2	Tax year is less than EITC-EL TXPD field and the taxpayer is claiming EIC with qualifying children regardless if Schedule EIC and Form 8862 are present or not	Assign TPNC 814 and disallow EIC
RI2	Tax year is less than EITC-EL-TXPD field and the taxpayer is claiming EIC for self, regardless if Form 8862 is attached	Assign TPNC 814 and disallow EIC

If the recertification indicator is...	And the....	Then....
RI2	Tax year is greater than EITC-EL-TXPD field, Schedule EIC and Form 8862 are present	Allow EIC
RI2	Tax year is greater than EITC-EL-TXPD field, either Schedule EIC and/or Form 8862 is not attached	Assign TPNC 653 and TPNC 815 to disallow EIC
RI2	Tax year is greater than EITC-EL-TXPD field, taxpayer is claiming EIC for self and Form 8862 is attached	Allow EIC
RI2	Tax year is less than ACTC-ELG-TXPD field and the taxpayer is claiming CTC/ACTC with qualifying dependents regardless if Schedule 8812 and Form 8862 are attached	Assign TPNC 820 to disallow CTC/ACTC claimed
RI2	Tax year is greater than ACTC-ELG-TXPD field and the taxpayer is claiming CTC/ACTC with qualifying dependents and/or Schedule 8812 Form 8862 is attached	Allow CTC/ACTC
RI2	Tax year is greater than ACTC-ELG-TXPD field and the taxpayer is claiming CTC/ACTC with qualifying dependents and Schedule 8812 and Form 8862 is not attached	Assign TPNC 819 or TPNC 653 verbiage to disallow CTC/ACTC.
RI2	Tax year is less than AOTC-ELG-TXPD field and the taxpayer is claiming AOTC for self or dependents and Form 8863 and Form 8862 is attached	Assign TPNC 823 and disallow AOTC

If the recertification indicator is...	And the....	Then....
RI 2	Tax year is greater than AOTC-ELG-TXPD field, Form 8863 and Form 8862 are present	Allow the AOTC credit
RI2	Tax year is greater than AOTC-ELG-TXPD field and the taxpayer is claiming AOTC for self/ and or dependents and Form 8863 and Form 8862 are attached	Assign TPNC 822 with TPNC 653 verbiage to disallow the AOTC
RI3	Tax year is greater than EITC-ELG-TXPD-field and Schedule EIC is attached if claimed with qualifying dependents and/or EIC is claimed for self	Allow EIC
RI3	Tax year is less than any of the following fields: <ul style="list-style-type: none"> <li>• EITC-ELG-TXPD</li> <li>• ACTC-ELG-TXPD</li> <li>• AOTC-ELG-TXPD</li> </ul>	<ol style="list-style-type: none"> <li>1. Assign TPNC 815 and disallow EIC <b>current tax year.</b></li> <li>2. Assign TPNC 820 to disallow CTC/ACTC <b>2 year ban</b> period.</li> <li>3. Assign TPNC 824 to disallow AOTC <b>10 year ban</b> period.</li> </ol>
RI 3	Tax year is greater than ACTC-ELG -TXPD field and Form 8863 is attached for AOTC claim for self	Allow ACTC
RI 4	Tax year is less than EITC-ELG-TXPD field and the taxpayer is claiming EIC with qualifying dependents Sch EIC and Form 8862 is or/is not present	Assign TPNC 816 and disallow EIC

If the recertification indicator is...	And the....	Then....
RI 4	Tax year is greater than or equal to the EITC-EL-TXPD field (Recertification is required)	Schedule EIC and Form 8862 is not attached: Assign TPNC 653 to disallow EIC
RI 4	Tax year is less than ACTC-ELG-TXPD field and the taxpayer is claiming CTC/ACTC with qualifying dependents and Schedule 8812 and Form 8862 is attached	Assign TPNC 821 to disallow CTC/ACTC
RI 4	Tax year is greater than or equal to the ACTC-ELG-TXPD field (Recertification is required)	1. Allow credit if Schedule 8812 and Form <b>8862</b> is attached 2. Schedule 8812 and Form <b>8862</b> is not attached: Assign TPNC 653
RI 4	Tax year is less than AOTC-ELG-TXPD field and are also greater than the TXPD field and the taxpayer is claiming AOTC with qualifying dependents regardless if Form 8863 or Form 8862 is attached	Assign TPNC 824 and disallow AOTC
RI 4	Tax year is greater than or equal to the AOTC-ELG-TXPD field (Recertification is required)	1. Allow the credit if Form 8862 is attached 2. If Form 8863 is NOT attached and/or Form 8862 is not attached. 3. Assign TPNC 653 and disallow the credit.

- (5) The verbiage for **TPNC 653**: We didn't allow the amount claimed as Earned Income Credit, Child Tax Credit/Additional Child Tax Credit, Credit for other Dependents, and/or American Opportunity Tax Credit on your tax return. We have

no record of receiving Form 8862, Information to Claim certain Refundable Credits after Disallowance. You must submit a completed Form 8862 to recertify your eligibility.

3.14.1.6.12.6.10  
(01-01-2025)  
**Economic Impact  
Payment (EIP)**

- (1) The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), created IRC 6428, which provides for a Recovery Rebate Credit for eligible individuals. The CARES Act allows for advance payment of the recovery rebate credit (referred to as Economic Impact Payments (EIP)). EIP 1 is based on the tax year 2019 return if filed. If a tax year 2019 has not been processed, tax year 2018 return information is used.
- (2) The first (EIP 1) amount is computed as \$1,200 (\$2,400 for married filing jointly), plus an additional \$500 for each qualifying child if the AGI is below the threshold for the filing status minus the economic impact payment received. If the AGI exceeds the following threshold for the filing status, the credit is reduced by 5 percent of the excess prior to subtracting the EIP 1:
  - a. Filing Status Code- 1/3/5/6- \$75,000
  - b. Filing Status Code- 4/7-\$112,000
  - c. Filing Status Code- 2-\$150,000

**Note:** The credit is subject to limitations.

- (3) On January 4, 2021, A second Economic Impact Payment (EIP) was included as part of H.R. 133, Consolidated Appropriations Act, 2021. EIP 2 is based on the tax year 2019 return if filed. Taxpayers who have not filed a tax return for either 2019 or 2018 will not receive EIP 1, and taxpayers who have not filed a tax return for 2019 will not receive and an EIP 2, unless an exception applies: Of those who are required to file returns for 2019 or 2018, individuals who received Social Security retirement benefits, Social Security Disability Income (SSDI), Social Security survivor benefits, Railroad Retirement Benefits (RRB), Railroad Retirement survivor benefits, Veterans Administration (VA), Compensation and Pension (C&P) benefits in 2019 received their EIPs based on Federal benefit payment information for 2019. Individuals who don't normally file a return can use the Non-Filers Tool on [irs.gov](https://irs.gov) to register for an EIP. The deadline for using the Non-Filers Tool was on November 21, 2020. These cases are identified by:
  - \$1 of taxable interest income
  - \$1 of total income
  - \$ AGI

If account is in overpaid status on Non-Filers, stop the refund and close your control base. Do not release payments.

**Note:** Do not stop refund if 1040X has been processed.

- (4) The credit amount is computed as \$600 (\$1,200 for married filing joint), for each qualifying taxpayer plus \$600 for each qualifying dependent. If the AGI exceeds the following threshold for the filing status, the credit is reduced by 5 percent of the excess prior to subtracting the EIP 2:
  - a. Married filing joint- \$150,000 (FSC 2)
  - b. Qualifying widow(er)- \$150,000 (FSC 5) only on EIP 2
  - c. Head of household- \$112,500 (FSC 4 or 7)

d. Single and all other filers- \$75,000 (FSC 1,3, and 6)

(5) The third Economic Impact Payment (EIP 3) was authorized by the American Rescue Plan Act (ARPA) of 2021 which was enacted on March 11, 2021 the amount was:

- \$1,400 for an eligible individual with a valid Social Security number (\$2,800 for married couples filing a joint return if both spouses have a valid Social Security number or if one spouse has a valid Social Security number and one spouse was an active member of the U.S. Armed Forces at any time during the taxable year)
- \$1,400 for each qualifying dependent with a valid Social Security number or Adoption Taxpayer Identification Number issued by the IRS.
- Income phaseout amounts changed for EIP 3 payments were reduced for individuals with AGI of more than \$75,000 for all other filers \$150,000 if married filing jointly, qualifying widow(er), and \$112,500 for head of household. The reduced payments ended at \$80,000 for individuals and \$160,00 for married filing jointly.

Total phaseout of EIP 3 occurs when the taxpayer's AGI meets or exceeds the applicable amount for their filing status:

- \$160,000 for married filing jointly or qualifying widow(FS 2)(FS 5)
- \$120,000 for head of household (FS 4 or 7)
- \$80,000 for all other filers
- Unlike the first two payments, the third EIP was not restricted to children under 17. Eligible individuals received a payment based on all of their qualifying dependents claimed on their return,

(6) The credits and refunds of Economic Impact Payments (EIP) can be seen on the applicable tax module:

- EIP1/EIP2: Tax year 2020 module
- EIP 3: Tax year 2021 module

(7) When determining the taxpayer's eligibility for EIP 3, consider the valid tax year 2020 return first. If a valid 2020 return has not been received, determine eligibility based on the valid 2019 return, if present. If there is no valid return for tax year 2020 or 2019, a determination of eligibility cannot be made.

**Note:** EIP payments do not accrue overpayment interest or advance payments. EIP 1 will not be allowed after December 31, 2020. EIP 1 was subject to offset for child support obligations only. EIP 2 was not subject to offset.

(8) An **eligible individual** is any individual other than:

- A nonresident alien (including any filer of Form 1040-NR or Form 1040-NR-EZ).
- An individual who can be claimed as a dependent on another individual's tax return.
- An estate or trust
- A deceased individual (Date of death prior to 01/01/2020)

**Note:** Individuals who died in 2020 or 2021 may not have received Economic Impact Payments. If you file a 2020 return for an individual who died in 2020 or 2021, you should complete the Recovery Rebate Credit Worksheet in the Instructions for Form

1040 and Form 1040-SR to determine whether the Recovery Rebate Credit is allowable for the decedent.

- A taxpayer must provide their valid TIN and a valid TIN for any qualifying child claimed.

**Note:** If a joint return is filed and one of the spouses has an ITIN, the spouse with ITIN will be excluded from computation.

**EXCEPTION:** For purposes of EIP 1, EIP 2, and Recovery Rebate Credit, if at least one spouse is a member of the Armed Forces at any time during the taxable year, only one spouse needs to have a **valid TIN**. Members of the Armed Forces can be identified with a TC 971 AC 162 on the entity on (IDRS CC ENMOD/IMFOLE).

- (9) A valid TIN is a Social Security Number (SSN) valid for employment in the United States that is issued before the due date (including any extension) of the return. In the case of a qualifying child legally placed for adoption, an Adoption Taxpayer Identification Number (ATIN) constitutes a valid TIN.
- a. To receive EIP 1 in 2020, or claim a recovery rebate credit for 2020, a taxpayer must provide their valid TIN for the taxpayer and valid TIN for any qualifying child claimed. If the taxpayer files a joint return, both the primary and secondary taxpayers must have valid TINs to receive EIP 1.
- Note:** To receive EIP 1 based on the information from tax year 2019 or 2018, each taxpayer (and the spouse if filing a joint return) must have a proper SSN issued before July 15, 2020 (or before October 15, 2020, if an extension was filed ). A taxpayer claiming the recovery rebate credit on the 2020 tax return must have a proper SSN issued before April 15, 2021 (or before October 15, 2021, if an extension will be filed for 2020).
- b. To receive EIP 2 and/or EIP 3, if a joint return is filed and one of the spouses has an ITIN, the spouse with the ITIN will be excluded from the computation of the EIP 2 and/or EIP 3.
- (10) Qualifying children are those that have a proper SSN or ATIN and meet all criteria to qualify for the Child Tax Credit. For purposes of the RRC claimed on the TY 20 return qualifying children must:

- Be listed as a dependent on the return,
- Be under age 17 at the end of 2020, and
- Qualify for the CTC with the box checked on the return or have an ATIN

**Note:** A dependent with a valid ATIN qualifies for the credit if under age 17 regardless of TIN assignment date.

- (11) An EIP is systemically generated and can be identified on the tax year 2020 module as:
- TC 290.00
  - With one or more of the following Reason Codes 200, 201, 202, 203, 205, 206, 207, 209, 211, 213.
  - Hold Code 3
  - TC 766 Credit Reference Number (CRN) 338 for the amount attributable to the primary and secondary taxpayer, if applicable

- TC 766 CRN 257 for the amount attributable to the children

**Note:** For joint returns, these transactions are generated on both the primary and secondary SSN, research both the primary and secondary SSN for Economic Income Payments that may have already been received.

**Note:** The second EIP will post with the same credit reference numbers and reason codes as (EIP 1), but will have a different DLN for the TC 846. The TC 846 refund date will reflect a date in January 2021.

- (12) Taxpayers will report the tax year 2021 recovery rebate credit on their tax year 2021 return. The credit will be calculated based on the 2021 tax return information using the EIP 3 criteria for phase out and will be reduced by the total amount of the advanced payment(s) received. Any remaining credit will be allowed on the tax year 2021 return.
- (13) When reviewing accounts related to EIP, the Reason Codes (RCs) used in the first and second positions must both be 000. This leaves the third and fourth positions open for the RCs that best describe the reason for the adjustment.
- a. Use following reason codes when reviewing the amount of EIP:

Reason Code (RC)	Credit Reference Number (CRN)	Description
200	338	No payment due to AGI phase out
201	338	No payment due to the taxpayer being claimed on another return
202	338	No payment due to TIN issues (an invalid primary and/or secondary SSN, invalid due to assignment date, and ITIN)
203	338	No payment due to filing of Form 1040-NR Form 1040-PR, or Form 1040-SS
205	338	Systemic catch-all that identifies when a payment cannot be issued, such as a refund less than \$1 or SSA/RRB deceased individual
206	338/257	Payment reduced due to AGI phase out
207	338	Deceased taxpayer; payment issued to surviving spouse (systemic use only)
209	338	Taxpayer qualifies for \$1200/\$2400



Reason Code (RC)	Credit Reference Number (CRN)	Description
211	257	<ul style="list-style-type: none"> <li>Dependent 17 or over as of January 1, 2020</li> <li>Date of death prior to 2019</li> <li>Non-qualifying relationship present</li> <li>Dependent has an ITIN</li> </ul>
213	257	All claimed children qualify (Children who qualified for CTC plus any children with an ATIN shown in the first four dependents positions on the return)
214	338	EIP split 50/50 between both spouses (EIP 3)

- b. Use the following RCs when reviewing the amount of EIP for one spouse only:

**Note:** RCs 215 and 216 must be in the third position.

Reason Code (RC)	Credit Reference Number (CRN)	Description
215	338/257	EIP attributable to the primary taxpayer (EIP 1/EIP 3) <b>Note:</b> This RC will also be used for taxpayers with a filing status other than MFJ.
216	338/257	EIP attributable to the secondary taxpayer (EIP 1/EIP 3)
217	338	EIP 2 attributable to the primary taxpayer <b>Note:</b> This RC will also be used for taxpayers with a filing status other than MFJ.
218	338	EIP 2 attributable to the primary taxpayer <b>Note:</b> This RC will also be used for taxpayers with a filing status other than MFJ.
219	338	EIP 2 attributable to the secondary taxpayer

- (14) In some cases, taxpayers who received EIP payments based on either deceased or not eligible for the credit are returning the payment. A manual adjustment may be required when:

If	And	Then
The taxpayer is returning the payment (in whole or in part) issued based on a joint return with a deceased spouse	The returned payment is present on the 2020 module	<ul style="list-style-type: none"> <li>Reverse the EIP adjustment for the amount of the returned payment using the same Credit Reference Numbers (CRN) excluding the 4th position if populated shown on CC IMFOLA.</li> <li>Follow Notice Disposition procedures</li> </ul>
The taxpayer is returning the entire or partial payment (example includes, not eligible, religious objection, etc.)	The returned check full or partial payment had posted to the 2020 tax module	<ul style="list-style-type: none"> <li>Reverse the EIP adjustment using the same Credit Reference Numbers (CRN) and reason codes excluding the 4th position if populated shown on CC IMFOLA.</li> <li>Follow Notice Disposition procedures</li> </ul>

3.14.1.6.12.6.11  
(02-09-2022)

**Recovery Rebate Credit (RRC) Tax Year 2020 and 2021**

- (1) Taxpayers will claim the Recovery Rebate Credit (RRC) on line 30 of their 2020 tax return. The RRC is reduced by the amount of the EIP received, and this difference is the amount to be reported on the 2020 tax return. If the taxpayer was eligible for the EIP, but the credit based on their 2020 tax return is less than the EIP(s) they received, no repayment is required.
- (2) The first advance payment of the RRC was issued in calendar 2020 and is referred to as the first Economic Impact Payment (EIP). A second EIP was issued at the end of calendar year 2020 and the beginning of 2021. Taxpayers must reduce the amount of the RRC they claim on their Tax Year 2020 return by the amount of the total EIPs received.
- (3) Research to identify if EIP payments were posted to the 2020 tax module and entity. If research is necessary, payments may be found using command codes IMFOLT, IMFOLA, IMFOLE, and ENMOD.

**Note:** Utilize 2020 tax worksheets for Recovery Rebate Credit to verify the amount reported on the 2020 tax return.

- (4) When it is determined the valid taxpayer has received more tax year 2020 RRC than they are entitled to, the account must be adjusted to reflect the correct amount. If the amount of RRC posted to the module is based on an invalid return and is not included in the amount the taxpayer received erroneously, reduce the tax year 2020 RRC to zero. Adjust the credit using RRC (CRN 256).
- (5) Taxpayers will report the tax year 2021 recovery rebate credit on their tax year 2021 return. The credit will be calculated based on the 2021 tax return information using the EIP 3 criteria for phase out and will be reduced by the total amount of the advanced payment(s) received. Any remaining credit will be allowed on the tax year 2021 return.

3.14.1.6.12.6.12  
(06-28-2021)

**Unemployment  
Compensation from  
Income Tax Year 2020**

- (1) The American Rescue Plan Act of 2021 allows the taxpayer to exclude \$10,200 (MFJ - \$10,200 per spouse) of Unemployment Compensation from income for tax year 2020.
- (2) The following qualifications apply:
  - Unemployment Compensation must have been received during calendar year 2020
  - Modified Adjusted Gross Income (MAGI) for any filing status must be less than \$150,000 (does not double to \$300,000 for MFJ)
  - Taxpayer must have a valid SSN or ITN.
- (3) The MAGI is calculated by subtracting the total amount of all unemployment compensation from the Adjusted Gross Income (AGI). *Form 1040 Instructions All Years* for 2020 include an Unemployment Compensation Exclusion (UCE) Worksheet to assist in the calculation.
  - If the MAGI is less than \$150,000, the taxpayer(s) may exclude up to \$10,200 (\$10,200, per spouse, if MFJ) from their unemployment income.
  - If the MAGI is more than \$150,000, the taxpayer(s) does not qualify and may not include any part of their unemployment income.
- (4) For taxpayers that filed their TY 2020 returns prior to March 11, 2021, accounts are corrected systemically through our recovery efforts. In most cases, it is not necessary for the taxpayer to file an amended return. IRS will notify the taxpayer of the correction and refund or offset any overpayment. Accounts being reviewed for the exclusion may be identified on IMFOLT or TXMODA by a TC 971 AC 123 with MISC field UCERECOVERY03112021. If the taxpayer qualifies, a recovery adjustment will be input.

3.14.1.6.12.6.13  
(01-01-2025)

**Qualified Sick and  
Family Leave Credits**

- (1) TY 2023, The American Rescue Plan Act of 2021, for leave taken after March 31, 2021, and before October 1, 2021 have expired. However, employers that pay qualified sick and family leave wages in 2023 for leave taken after March 31, 2021 and before October 1, 2021 are eligible to claim a credit for qualified sick and family leave wages on Schedule H filed for 2023.
- (2) TY 2022, the Credit for Qualified Sick and Family Leave Wages is a Schedule H credit and can be found on Schedule 3. TPNC 579- We didn't allow the amount claimed on Schedule 3 for Qualified Sick and Family Leave Credits because Schedule H or Form 7202 was incomplete or not attached to your tax return.

- a. Line 8F- Refundable portion of credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021.
  - b. Refer to **Schedule H** (Household Employee Taxes, and/or Form 7202, Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals) when it is present, attached, or mentioned.
- (3) For TY 2020 -TY 2021, when an amount is claimed on Line 13b or line 13h, either Schedule H or Form 7202 must be attached.
- a. Taxpayers are instructed to enter an amount on Schedule 3, line 13b (TY 2020, line 12b), to indicate Qualified Sick Leave Credits are being claimed from Schedule H.
- (4) See IRM 21.6.3.4.2.15, Credits for Sick Leave and Family Leave, for eligibility and processing instructions.
- a. If Form 7202, Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals, is not attached or incomplete. Schedule 3, part II line 13b: Schedule Credit for Qualified Sick and Family Leave wages paid in 2022 from Schedule(s) H for leave taken before April 1, 2021.
  - b. Schedule 3, part II line 13h: Credit for Qualified Sick and Family Leave wages paid in 2022 from Schedule H for leave taken after March 31, 2021 and before October 1, 2021.
- (5) When adjusting the Form 7202 credit(s):and family:
- a. Use CRN 299 for wages paid 4/1/20 - 3/31/21
  - b. Use CRN 271 for wages paid 4/1/21 - 9/30/21
  - c. Reason Code 061,

**Note:** Use the applicable **source code** and **blocking series**. See **Form 7202 Job Aid** for additional information.

3.14.1.6.12.7  
(01-01-2018)

**Math Error Notice  
Disposition**

- (1) See the subsections within this section for instructions on the disposition of the following notices:
- CP 10 – Math Error/Reduced Credit Elect Notice
  - CP 11 – Balance Due Math Error Notice
  - CP 12 – Overpaid Math Error Notice
  - CP 13 – Even Balance Math Error Notice
  - CP 16 – Math Error Notice/Overpayment Offset to Another Account
  - CP 23, 24, and/or 25 – ES Discrepancy Notices
- (2) Also, review the IRM 3.14.1.7.8.1 , Notice Disposition Categories and Figure 3.14.1-14, Notice Disposition/CP Conversion Chart.

3.14.1.6.12.7.1  
(01-01-2024)

**CP 10 Notice Disposition**

- (1) The CP 10 — Math Error/Reduced Credit Elect contains the following notice elements:
- An overpayment
  - At least one math error
  - Reduced Credit Elect

**Note:** Prior year accounts may not automatically generate credit elects. See IRM 3.14.1.6.4.1, Credit Elect - TC 836/716 or TC 830/710

These Credit Elect requests require manual transfer of any overpayment to a subsequent year.

- (2) Use the following chart to determine CP 10 notice disposition:

If...	And the conditions after the adjustment will be...	Then IDRS transaction...
Decreasing the available credit	A math error, overpayment, and reduced credit elect	<ol style="list-style-type: none"> <li>1. Reverse the TC 836 to cover the debit</li> <li>2. Use a Hold Code "3"</li> <li>3. Retype the notice</li> </ol>
Decreasing the available credit	A math error with a balance due	<ol style="list-style-type: none"> <li>1. Reverse the TC 836 to cover the debit</li> <li>2. Use a Hold Code "3"</li> <li>3. If no TC 846 is present on the module and the notice module remains in balance due status after reversing the TC 836, retype the notice to a CP 11 .</li> <li>4. If a TC 846 is present on the module and the notice module remains in balance due status after reversing the TC 836, pursue Erroneous Refund Procedures IRM 3.14.1.6.7, Erroneous Refunds. If the case does not meet Category A Erroneous Refund Criteria: <ol style="list-style-type: none"> <li>a. Use Hold Code "0" on the adjustment.</li> <li>b. Insert Label 1 on the notice in the current cycle.</li> </ol> </li> <li>5. Edit the appropriate credit elect fields</li> </ol>
Decreasing the available credit	No math error with a balance due	<ol style="list-style-type: none"> <li>1. Reverse the TC 836 to cover the debit</li> <li>2. Use a Hold Code "3"</li> <li>3. Retype the notice to a CP 14</li> <li>4. Edit the appropriate credit elect fields</li> </ol>
Decreasing the available credit	No math error, but still overpaid, per taxpayer figures	<ol style="list-style-type: none"> <li>1. Use a Hold Code "3"</li> <li>2. Void the notice</li> </ol>

If...	And the conditions after the adjustment will be...	Then IDRS transaction...
Increasing the available credit	A math error with an over-payment and reduced credit elect	<ol style="list-style-type: none"> <li>1. Use a Hold Code "3"</li> <li>2. Use TC 830/710 to transfer the additional credit elect</li> <li>3. Retype the notice</li> </ol>
Increasing the available credit	A math error with an over-payment and a credit elect amount that matches the taxpayer's figures	<ol style="list-style-type: none"> <li>1. Use a Hold Code "3"</li> <li>2. Use TC 830/710 to transfer the additional credit elect</li> <li>3. Retype the notice to a CP 12</li> </ol>
Increasing the available credit	No math error with an over-payment and the credit elect amount matches the taxpayer's figures	<ol style="list-style-type: none"> <li>1. Use a Hold Code "3"</li> <li>2. Use TC 830/710 to transfer the additional credit elect</li> <li>3. Void the CP 10</li> </ol>

**Exception: Hold Code 3 or 4 should not be used when increasing tax above the amount shown of the taxpayer's return as originally filed. Select Label #1 for notice disposition.**

3.14.1.6.12.7.2  
(11-12-2019)

**CP 11 Notice Disposition**

- (1) The CP 11 —Balance Due Math Error contains the following notice elements:
  - A balance due of at least \$5
  - At least one math error
- (2) Use the following chart to determine CP 11 notice disposition if adjusting the module:

If the conditions after the adjustment will be...	Then IDRS transaction...
A math error with a balance due	<ol style="list-style-type: none"> <li>1. Use a Hold Code 3</li> <li>2. Retype the notice</li> </ol>
A math error with an overpayment	<ol style="list-style-type: none"> <li>1. If return is identified as a statute case, Route to Statutes for review before inputting adjustment.</li> <li>2. Use a Hold Code 3</li> <li>3. Retype the notice to a CP 12</li> </ol>
A math error with an overpayment and a reduced Credit Elect	<ol style="list-style-type: none"> <li>1. If return is identified as a statute case, use Hold Code 4</li> <li>2. If a current year return, use Hold Code 3 (Prior to November 1st)</li> <li>3. If return is less than 3 years old, use Hold Code 3 and credit elect overpayment using TC 830/710</li> <li>4. Retype the notice to CP 10</li> </ol>
A math error with an overpayment less than \$1, a balance due less than \$5, or an even balance	<ol style="list-style-type: none"> <li>1. Use a Hold Code 3</li> <li>2. Retype the notice to a CP 13</li> </ol>
No math error and a balance due of \$5 or more	<ol style="list-style-type: none"> <li>1. Use a Hold Code 3</li> <li>2. Retype the notice to a CP 14</li> </ol>
No math error, but with an overpayment that matches taxpayer figures, or a balance due of less than \$5	<ol style="list-style-type: none"> <li>1. Use a Hold Code 3</li> <li>2. Void the notice</li> </ol>
No math error and the overpayment was reduced by an ES Penalty (TC 176)	<ol style="list-style-type: none"> <li>1. Use a Hold Code 3</li> <li>2. Retype the notice to a CP 30</li> </ol>
No math error, but overpaid because of a reduced ES Penalty	<ol style="list-style-type: none"> <li>1. Use a Hold Code 3</li> <li>2. Retype the notice to a CP 30A</li> </ol>

**Exception: Hold Code 3 or 4 should not be used when increasing tax above the amount shown of the taxpayer's return as originally filed. Select Label #1 for notice disposition.**

3.14.1.6.12.7.3  
(11-12-2019)

**CP 12 Notice Disposition**

(1) The CP 12 — Overpaid Math Error, contains the following notice elements:

- An overpayment of \$1 or more
- At least one math error

**Note:** An adjustment to change the refund amount may require that the refund be prevented from generating. Refer to IRM 3.14.1.1.8, Customer Account Data Engine 2 (CADE 2) for more information.

(2) IMF systemically imposes a refund hold on all refund CP 12s with a change +/- \$1000 or more in tax, balance due or refund and the taxpayer has elected a paper check or direct deposit refund. These cases must be worked before Thursday 10 P.M. Eastern Time, following guidelines in IRM 3.14.1.7.1.1, Refund Intercepts.

**Note:** If the paper refund is part of a split request the refund will not be held.

(3) Use the following chart to determine CP 12 notice disposition:



If the conditions after the adjustment will be	Then IDRS transaction...
An increased refund (use CC TXMOD to confirm that the tax module shows a TC 570 and a credit balance)	<ol style="list-style-type: none"> <li>1. If the adjustment to increase the refund is input before 6 P.M. local time on Monday, retype the notice to reflect the change and use Hold Code "3"</li> <li>2. If the adjustment to increase the refund is done after 6 P.M. local time Monday, use a hold code 0 on the adjustment and Label 5 on the notice</li> </ol>
A math error with a decreased overpayment	<ol style="list-style-type: none"> <li>1. If the adjustment to decrease the refund is input before 6 P.M. local time on Monday, retype the notice to reflect the change and use Hold Code "3"</li> <li>2. If after 6 P.M. local time on Monday, prevent the refund from generating</li> <li>3. Use a Hold Code "3"</li> <li>4. Retype the notice</li> </ol>
A math error with an overpayment, and the Credit Elect Amount (if applicable) matches the taxpayer's figures	<ol style="list-style-type: none"> <li>1. Use a Hold Code "3"</li> <li>2. Retype the notice</li> </ol>
A math error with an overpayment less than \$1, and the Credit Elect amount (if requested) matches the taxpayer's figures	<ol style="list-style-type: none"> <li>1. Use a Hold Code "3"</li> <li>2. Retype the notice to a CP 13</li> </ol>
A math error with an overpayment, and the Credit Elect Amount (if applicable) is reduced	<ol style="list-style-type: none"> <li>1. Reverse the TC 836 by an amount sufficient to cover the amount of the adjustment</li> <li>2. Use a Hold Code "3"</li> <li>3. Retype the notice to a CP 10</li> </ol>
No math error, and a balance due of \$5 or more	<ol style="list-style-type: none"> <li>1. If the taxpayer requested a Credit Elect, reverse the TC 836</li> <li>2. Use a Hold Code "3"</li> <li>3. Retype the notice to a CP 14</li> <li>4. Edit the credit elect fields, if necessary</li> </ol>
A math error with a balance due	<ol style="list-style-type: none"> <li>1. If the taxpayer requested and received a Credit Elect, reverse the TC 836</li> <li>2. Use a Hold Code "3"</li> <li>3. Retype the notice to a CP 11</li> <li>4. Edit the credit elect fields, if necessary</li> </ol>

<b>If the conditions after the adjustment will be</b>	<b>Then IDRS transaction...</b>
No math error, with an overpayment that was reduced by an ES Penalty	<ol style="list-style-type: none"> <li>1. Use a Hold Code "3"</li> <li>2. Retype the notice to a CP 30</li> </ol>
No math error, with an overpayment caused by the reduction of the ES Penalty	<ol style="list-style-type: none"> <li>1. Use a Hold Code "3"</li> <li>2. Retype the notice to a CP 30A</li> </ol>

**Exception: Hold Code 3 or 4 should not be used when increasing tax above the amount shown of the taxpayer's return as originally filed. Select Label #1 for notice disposition.**

3.14.1.6.12.7.4  
(11-12-2019)

**CP 13 Notice Disposition**

(1) The CP 13 —Even Balance Math Error contains the following notice elements:

- An overpayment of less than \$1, a balance due of less than \$5, or an even balance
- At least one math error

**Reminder:** There will be no TC 846 on these tax modules because a refund check will not generate for an overpayment less than \$1.

(2) Use the following chart to determine CP 13 notice disposition:

If the conditions after the adjustment will be...	Then IDRS transaction...
A math error and a balance due of \$5 or more	<ol style="list-style-type: none"> <li>1. Reverse any TC 836 on the module if requested and received.</li> <li>2. Use Hold Code "3"</li> <li>3. Retype the notice to a CP 11 and edit the credit elect field, if applicable</li> </ol>
A math error with an overpayment	<ol style="list-style-type: none"> <li>1. Use a Hold Code "3"</li> <li>2. Retype the notice to a CP 12</li> </ol>
A math error with an overpayment of \$1 or more and the Credit Elect Amount (if applicable) does not match the taxpayer's figures	<ol style="list-style-type: none"> <li>1. Use Hold Code "3"</li> <li>2. Retype the notice to a CP 10</li> </ol>
A math error with an overpayment of \$1 or more and the Credit Elect amount matches the taxpayer's figures	<ol style="list-style-type: none"> <li>1. Use a Hold Code "3"</li> <li>2. Retype the notice to a CP 12</li> </ol>
No math error with an overpayment that was reduced by an ES Penalty	<ol style="list-style-type: none"> <li>1. Use a Hold Code "3"</li> <li>2. Retype the notice to a CP 30</li> </ol>
No math error with an overpayment due to the reduction of the ES Penalty	<ol style="list-style-type: none"> <li>1. Use a Hold Code "3"</li> <li>2. Retype the notice to a CP 30A</li> </ol>
No math error with a balance due of \$5 or more	<ol style="list-style-type: none"> <li>1. Use a Hold Code "3"</li> <li>2. Retype the notice to a CP 14</li> </ol>
No math error with an overpayment of less than \$1 or a balance due less than \$5	<ol style="list-style-type: none"> <li>1. Use a Hold Code "3"</li> <li>2. Void the notice</li> </ol>

**Exception: Hold Code 3 or 4 should not be used when increasing tax above the amount shown of the taxpayer's return as originally filed. Select Label #1 for notice disposition.**

3.14.1.6.12.7.5  
(01-01-2025)

**CP 16 Notice Disposition**

- (1) The CP 16 —Math Error Notice/Overpayment Offset to Another Account, contains the following notice elements:
  - An overpayment
  - At least one math error
  - An offset to satisfy other federal taxes
- (2) Offsets to other federal taxes take priority over any Credit Elect request on the return.
- (3) If debit transactions are necessary (or pending) on the notice module:
  - a. Reverse any current cycle credit elect (TC 836) — as much as needed to satisfy the debit balance. If the entire credit elect is reversed and a debit balance will remain, then reverse any current cycle offset (TC 826) — as much as needed to reduce or eliminate any anticipated debit balance. Use posting delays, as needed.  
  
***Reminder:*** Only reverse TC 836, TC 826, or TC 856 transactions if they are in the current cycle. Also, always try to satisfy an anticipated debit balance by first reversing a credit elect. Only reverse offset amounts if a debit balance remains.
  - b. Priority for offsetting is to **satisfy the oldest Collection Statute Expiration Date (CSED) modules first**. Therefore, if reversing multiple TC 826 offsets, reverse the most recent tax year's offset first, proceeding to the next most recent tax year, etc., until the debit balance is satisfied.
  - c. When reversing offsets (TC 826), review the tax module for the corresponding TC 706 dates. See IRM 20.2.4.6.7 , Master File and Systemic Offsets
    - To reverse TC 826, use the IAT Credit Transfer tool.
    - Debit the losing module with a TC 701 (using the TC 706 date)
    - Credit the receiving tax module with TC 821 (using the TC 826 date).
 Using correct transaction dates is also required for TC 856 interest offsets and their TC 851/731 Reversals. Refer to Notice Review Job Aid 2534-002, Credit Transfer Reference Table.
- (4) Since the CP 16 contains data normally found in both the CP 12 and CP 49, special care should be given to the CP 16 notice disposition. There are two circumstances which CPs 16 and 49 will show zero in the "Balance Remaining" field in the OLNLR application (when there actually remains a balance due amount).
  - The overpayment is being offset to a Civil Penalty (CVL PEN)
  - An overpayment is being offset to a period subsequent to the notice tax period

The OLNLR application will display this amount as zero.

- (5) Use the following chart to determine CP 16 notice disposition:

If the conditions after the adjustment will be...	Then IDRS transaction...
A math error and a balance due	<ol style="list-style-type: none"> <li>Reverse all or part of any TC 836 Credit Elect. IRM 3.14.1.6.4.1, Credit Elect - TC 836/716 or TC 830/710</li> <li>If there is no TC 836 or the notice module remains in debit status after reversing any credit elect, reverse all or part of any offset(s) (TC 826), as needed.</li> <li>If no TC 846 is present on the module and the notice module remains in balance due status after reversing all credit elect and offset amounts, retype the notice to a CP 11.</li> <li>If a TC 846 is present on the module and the notice module remains in balance due status after reversing all credit elect and offset amounts, pursue Erroneous Refund Procedures per IRM 3.14.1.6.7, Erroneous Refunds. If the case meet Category A Erroneous Refund/ Turnaround criteria: <ul style="list-style-type: none"> <li>Use Hold Code "0" on the adjustment</li> <li>Insert Label 1 on the notice in the current cycle</li> </ul> </li> <li>If, after reversing any credit elect and offset, there is a Math Error with a balance due of less than \$5, or an even balance, retype the notice to a CP 13.</li> </ol>
No math error and the overpayment offsets	<ol style="list-style-type: none"> <li>Use a Hold Code "3"</li> <li>If the adjustment creates a debit, reverse the offsets per the previous instructions. Retype notice to a CP 49</li> </ol>
No math error and a balance due	<ol style="list-style-type: none"> <li>Use a Hold Code "3"</li> <li>If the notice module remains in debit status after reversal of all offsets, retype the notice to a CP 14</li> </ol>
A math error and a reduced overpayment without a TC 846	<ol style="list-style-type: none"> <li>Use a Hold Code "3"</li> <li>Reverse needed offsets</li> <li>Retype the CP 16</li> </ol>
No math error even balance	<ol style="list-style-type: none"> <li>Use a Hold Code "3"</li> <li>No money offsets</li> <li>Void the CP 16</li> </ol>

If the conditions after the adjustment will be...	Then IDRS transaction...
When an adjustment will increase the overpayment	<ol style="list-style-type: none"> <li>1. Input the adjustment in cycle. Use Hold Code "0"</li> <li>2. Insert Label 1 to the original notice</li> </ol>

3.14.1.6.12.7.6  
(02-23-2021)

**CP 23, CP 24, and CP 25  
Notice Disposition (with  
Math Errors)**

- (1) ES Discrepancy notices occasionally contain math errors. When an ES Discrepancy notice also contains a math error, review the TPNC first.
- (2) IMF systemically imposes a refund hold on all refund CP 24s when a change +/- \$1000 or more of tax, balance due or refund, and the taxpayer has elected a paper check or direct deposit refund. These cases must be worked before Thursday 10 P.M. Eastern Time, following guidelines in IRM 3.14.1.7.1.1, Refund Intercepts.
- (3) If the math error is valid, review the ES discrepancy. Refer to IRM 3.14.1.6.13 , Reviewing Estimated Tax (ES) Discrepancy Notices.
  - a. If the ES discrepancy is resolved and only the math error remains, retype to the appropriate math error notice.
  - b. If the ES discrepancy stands, print the notice.
- (4) If the math error(s) is/are not valid, remove the TPNC(s), adjust the account accordingly, and proceed with the ES discrepancy review. Follow procedures in the IRM 3.14.1.6.13.2 , Estimated Tax (ES) Discrepancy Notice Disposition

3.14.1.6.13  
(01-01-2025)

**Reviewing Estimated  
Tax (ES) Discrepancy  
Notices – CP 23, CP 24,  
and CP 25**

- (1) An ES discrepancy notice generates when the amount of estimated tax (ES) payments claimed by the taxpayer differs by \$1 or more from the estimated tax total shown on the notice tax module (CC TXMOD).
  - Estimated Tax Payment
  - Credit applied from previous tax years or payments received with a filing extension
  - Credit Elect from a previous year is considered a timely filed Estimated Tax Payment

**Note:** An ES discrepancy notice may also contain a math error(s). An adjustment resulting in a change to the refund amount may require preventing the refund from generating. Refer to IRM 3.14.1.1.8, Customer Account Data Engine 2 (CADE 2) for more information.

- (2) ES Discrepancy notices can also generate when the only discrepancy is related to payments submitted with Form 4868, Application for Automatic Extension of Time to File. Void the notice if the only ES discrepancy is due to the input of a timely estimated tax (ES) payment with the wrong transaction code, or any other payment input by the taxpayer on the wrong line.

**Note:** The total payments and credits section of the quick print should equal the taxpayer's total payments.

- (3) Notices that contain an estimated tax payment discrepancy are:
- **CP 23** — Estimated tax discrepancy on a balance due account.
  - **CP 24** — Estimated tax discrepancy on an overpaid account.
  - **CP 25** — Estimated tax discrepancy and the account is overpaid by \$1 or less, underpaid \$5 or less, or has an even balance.
- (4) Review the notice using Control D and/or IDRS, and RTR or EFPTSE (to verify payments). Use CC IRPTR to review withholding on current-year returns. It is also useful to review the taxpayer's prior year withholding to establish a pattern if CC IRPTR is unavailable for verification of current year withholding. The Control D/NRPS selection key will explain why the notice was selected. It will also reveal the ES discrepancy, which will be one of the following:
- More credits than the taxpayer claimed
  - Fewer credits than the taxpayer claimed
  - A line entry duplicate credit. These occur if taxpayers incorrectly combine ES payments and withholding on the withholding line, or if a payment is input twice during processing, and is a true duplicate. See (5) below for more.
  - Key 004 discrepancies: These notices are often voided, because a true credit discrepancy does not exist. These notices usually generate in one of two situations:
    1. When a timely ES payment is given an incorrect transaction code (usually TC 610/670), because of voucher and DLN inconsistencies, or
    2. When the taxpayer includes bad check penalties in his payments, and the system adds the "Dishonored Check" to the payments table, but not the original payment.Refer to IRM 3.14.1.6.17.3 , Key 004 - ES Discrepancy Notice with Incomplete or Out of Balance Payment Data. Also refer to Clerical Support instructions in IRM 3.14.1.4.3.1.5 , ES Payment Balance Discrepancy - Code 06 and IRM 3.14.1.6.21.4.4, Quarterly Estimated Tax Payments.
- (5) Look for these common situations when reviewing Estimated Tax (ES) Discrepancy Notices:
- a. A potential "double credit" where the taxpayer incorrectly entered ES payments on the withholding line, or combined ES payments with withholding in the line entry. Both situations, if not corrected, may result in a "double credit."
- Watch for a blank ES payments line with a withholding amount greater than ES payments posted, and greater than what can be verified from the return's attached Form(s) W-2 and Form(s) 1099. Request the paper return if the ES Discrepancy appears to be a duplicate credit.
- Use CC IRPTR to verify withholding. If CC IRPTR data is unavailable for verification of current year withholding, review the taxpayer's prior year withholding. Current year withholding data may not appear in CC IRPTR until after the mid-year point.
- If a double credit situation exists, prevent the refund from generating (if possible) and adjust withholding. See IRM 3.14.1.6.7.2, Category B ERRF Resolution.



- b. Transcription errors. Processing erroneously transcribed ES payments as another payment, i.e. withholding or Additional Child Tax Credit, may result in the taxpayer receiving too much credit or not enough credit.
- c. Unclaimed payments that post to the wrong account. Use RTR or EFTPSE to verify payments for CP 23, CP 24, and CP 25. If payments have been erroneously credited, prevent the refund from generating (if possible), then transfer the money to the correct account. If the refund cannot be prevented from generating, follow Category D erroneous refund procedures and transfer the money. See IRM 3.14.1.6.7.3, Category D ERRF Resolution  
**Caution: Check for potential IRC 965 Payments.** Refer to IRM 3.14.1.6.9.16, IRC 965 Transition Tax.
- d. EFTPS ES payments for 201512 and subsequent years could be inadvertently designated as SRP payments to the MFT 35 account instead of the MFT 30. Review CC SUMRY/IMFOLI on accounts with Estimated Tax discrepancies. If the taxpayer has claimed estimated tax payments on their return, complete general research to identify those payments belonging to the MFT 30. If research indicates those were designated to the wrong MFT, credit transfer them from the MFT 35 account to the MFT 30 to satisfy the account.

(6) Excess credit should be allowed to refund in the following situations. See Figure 3.14.1-7a IMF Excess Credits Quick Reference

- a. Prior year credit elect (TC 716/710).
- b. Doc Code 24 or 34 credit transferred into the module.
- c. A TC 670 payment has the same DLN as a TC 460 extension. Verify the extension if it posted after the return or if the TC 670 is for an unreasonable amount.
- d. The credit is a timely estimated tax payment that is 1/4 (.25) of the current or prior year tax liability, or of the tax liability minus the withholding.
- e. The total estimated tax payments are 90 percent of current year liability or 100 percent of prior year tax liability. If prior year AGI is more than \$150,000 (\$75,000 married filing separately), use 110 percent.
- f. The taxpayer has a history of making ES payments of approximately the same amount as the current year's unclaimed payments.

**Note:** If the ES payments are not claimed refer to IRM 3.14.1.6.9.5, RIVO (Return Integrity and Verification Operation).

- g. Prior-year credit elect (TC 716/710) plus an ES amount smaller than other ES payments on the module equals each of the other estimated tax payments.

**Example:** The module shows three timely ES payments of \$500 plus one timely ES payment of \$200 and \$300 in credit elect.

- h. Two or more estimated tax payments combined equal the amount of another estimated tax payment.
- i. RTR or EFTPSE verifies that payments belong to the notice tax module but the taxpayer has not claimed them. If the ES payments are not claimed refer to IRM 3.14.1.6.9.5, RIVO (Return Integrity and Verification Operation).
- j. There is one timely unclaimed first-quarter payment with no other ES payments on account.



**Caution:** If the amount in question is not reasonable, verify the payment. Watch for conditions where the Farmers and Fisherman's rule may apply. Refer to IRM 3.14.1.6.20.4.3 , Special Computation for Farmers and Fisherman. Also, watch for money intended for estate-tax payments with Form 706 (identified by the presence of a "V" or "W" after the SSN).

Use as a guideline when reviewing CP 23, 24, 25, or Refund Transcripts.									
Situation	Credits Claimed by TP?		Research Payment?		Research Method	Verify Information	If Credits Refunding...		Action to be Taken
	Yes	No	Yes	No			Do not Delete...	Delete...	
(1) 2, 3, or 4 equal timely payments.		Any		X			X See * Caution.		
(2) 1 payment. Not timely 1st quarter payment.		X	X		RTR	<ul style="list-style-type: none"> <li>• Name</li> <li>• SSN</li> <li>• Tax Period</li> <li>• Dollar amounts</li> </ul>	If all information agrees. See * Caution.	If a discrepancy in TP, SSN, Tax Period, Dollar amounts, etc.	Transfer credit to the correct tax module or taxpayer.
(3) 1 timely 1st quarter payment.		X		X			X See * Caution.		
(4) 2 or more payments create money amount equal to one ES payment.		X		X			X See * Caution.		
(5) Smaller payment plus prior year credit equals one regular ES payment.		X		X			X See * Caution.		
(6) TC 670 - Check notice module for any prior balance due amount. If the amount matches -		X		X			If amount refunding is the TC 670.		
(7) TC 670 - Check tax module for any prior balance due amount. If money amounts do not match - (See Note.)		X	X		RTR	<ul style="list-style-type: none"> <li>• Name</li> <li>• SSN</li> <li>• Tax Period</li> <li>• Dollar amounts</li> </ul>	If no discrepancy and no other balance due tax modules found for the taxpayer.	If a discrepancy in TP, SSN, Tax Period, Dollar amounts, OR a balance due tax module is found for the amount.	Transfer credit(s) to the correct tax module or taxpayer.
(8) Prior year credit – TC 716 or TC 710		X		X			If credit is the refund amount. <b>Note:</b> Check for credit elect.  See * Caution.		
(9) TC 922 with a TC 670 and tax assessment has not posted.							If TC 290.00 has been input by Underreporter.	If pending assessment.	Input TC 290 .00 and use HC 1.
(10) Doc Code 18; questionable payments.		X	X		RTR	<ul style="list-style-type: none"> <li>• Name</li> <li>• SSN</li> <li>• Tax Period</li> <li>• Dollar amounts</li> </ul>	If backup information matches.	If backup information does not match.	Transfer credit(s) to the correct tax module or taxpayer.
<b>Note:</b> If an unclaimed TC 670 has the same DLN as an extension, review the date of the payment. If the payment posted <b>before</b> the return, allow the payment to refund, see 3.14.1.6.13(6c). If the TC 670 posted <b>after</b> the return or is for an unreasonable amount, see 3.14.1.6.9.5(7h) to follow possible identity theft procedures.									
<b>*Caution:</b> Watch for double credit situations if the taxpayer includes estimated tax payments with the withholding.									

Figure 3.14.1-7a IMF Excess Credits Quick Reference

Use as a guideline when reviewing CP 23, 24, 25, or Refund Transcripts.									
Situation	Credits Claimed by TP?		Research Payment?		Research Method	Verify Information	If Credits Refunding...		Action to be Taken
	Yes	No	Yes	No			Do not Delete...	Delete...	
(11) 2 Payments with the same date.		1 or both	Both		RTR	<ul style="list-style-type: none"> <li>Name</li> <li>SSN</li> <li>Tax Period</li> <li>Dollar amounts</li> </ul>	If no discrepancy.	If a discrepancy in TP, SSN, Tax Period, Dollar Amounts, etc.	Transfer credit(s) to the correct tax module or taxpayer.
(12) 5 payments with 1 or 2 in January.	4	1	Last or odd payment		RTR	<ul style="list-style-type: none"> <li>Name</li> <li>SSN</li> <li>Tax Period</li> <li>Dollar amounts</li> <li>May be 1st payment for next module.</li> </ul>	If no discrepancy.	If payment is for next module or any other discrepancy.	Transfer credit(s) to the correct tax module or taxpayer.
(13) Questionable ES payments - 3 or 4 equal and another payment for a different amount.	3 or 4	1	Odd payment		RTR	<ul style="list-style-type: none"> <li>Name</li> <li>SSN</li> <li>Tax Period</li> <li>Dollar amounts</li> </ul>	If all information agrees with Master File.  See * Caution.	If credit belongs to a different taxpayer.	Transfer credit(s) to the correct tax module or taxpayer.
(14) Questionable TC 610 or two TC 610's.		X	X		RTR	<ul style="list-style-type: none"> <li>Name</li> <li>SSN</li> <li>Tax Period</li> <li>Dollar amounts</li> </ul>		If credit (s) belongs to another taxpayer or to a different module.	Transfer credit(s) to the correct tax module or taxpayer.
(15) TC 640 amount with a TC 300 for .00 and no adjustment posted. <b>Note:</b> Disposal codes 01 and 02 indicate no assessment will be made.								If pending assessment.	Input TC 290 .00 and use HC 1.
(16) TC 291, 295, or 299 posted and refunding.		X		X			X		
(17) Combination of a questionable TC 610 plus credit elect equals one ES payment.		Any		X				If tax module contains a pending assessment.	Input TC 290 .00 and use HC 1.
(18) Each payment equals ¼ of the prior year tax; payments equal the prior year tax.		Any		X			X  See * Caution.		
<b>Note:</b> If an unclaimed TC 670 has the same DLN as an extension, review the date of the payment. If the payment posted <i>before</i> the return, allow the payment to refund, see 3.14.1.6.13 (6c). If the TC 670 posted <i>after</i> the return or is for an unreasonable amount, see 3.14.1.6.9.5 (7h) to follow possible identity theft procedures.									
<b>* Caution:</b> Watch for double credit situations if the taxpayer includes estimated tax payments with the withholding.									

Figure 3.14.1-7b IMF Excess Credits Quick Reference

- (7) Use the following table as guidance for research and procedure. If a refund hold has been applied (TC 570 with blocking series "55555"), prevent the refund from generating, when necessary, using guidelines in IRM 3.14.1.7.1.1 , Refund Intercepts and transfer the money to the correct account. If payments

credited to the notice tax module belong to another taxpayer and the refund cannot be prevented from generating because it is after 10 P.M. Eastern Time on Thursday, transfer the money and follow Category D erroneous refund procedures. Refer to IRM 3.14.1.6.7.3 , Category D ERRF Resolution.

If...	Then...
The excess credit is a TC 430, TC 660, TC 610, or TC 670 payment (usually dated after February 15)	Research older estimated payment vouchers and analyze the payment history and taxpayer intent. The payment may be intended for the subsequent tax period.
The payment was for the subsequent tax period	Transfer the payment
The payment was not for the tax period under review	Allow the payment to refund <b>Exception:</b> Taxpayers may mistakenly use a prior year voucher to make an ES payment intended for the subsequent tax year. If the payment is timely for the subsequent year (dated after Feb 15), is not claimed on the current year, but is for an amount conforming to their ES payment history, disregard the voucher year. Acknowledge taxpayer intent, and transfer the payment to the subsequent tax year.
A refunding TC 610 or TC 670, combined with the Credit Elect amount (TC 716 or TC 710), equals an estimated tax (ES) payment (e.g., an even amount that is 1/4 (.25) of the current year tax, payment history, etc.)	Transfer the payment to the subsequent tax period.
An unclaimed estimated tax payment does not fit the payment amounts, pattern, or history	Research the voucher to verify the payment. <b>Example:</b> Three payments for \$1,000 and one payment for \$3,000.
Two or more estimated tax payments posted for the same amount on the same day	Research <b>all</b> of these payments.

If...	Then...
The posted dollar amount does not match the dollar amount entered on the voucher by the taxpayer	<p>The taxpayer could be using one coupon to make multiple payments. Allow the refund if the amount posted is a multiple of the amount entered on the voucher</p> <p><b>Note:</b> Pay close attention to vouchers for minor children. The taxpayer may send a voucher for each child, but only one check, or one voucher with two SSNs and instructions on how to divide the one check. If the full amount has posted to one child's account, any refund must be prevented from generating and the money transferred to the correct account.</p> <p><b>Example:</b> 3 x \$150=\$450</p>
The refunding amount is a requested credit elect	<p>Refer to IRM 3.14.1.6.4.1 , Credit Elect – TC 830/716 or TC 830/710 for instructions on prior year credit elect. Prevent the refund from generating and credit elect the money per taxpayer intent. Erroneous refund procedures are not applied for a refund of the taxpayer's money.</p> <p><b>Note:</b> The TOP offset program will override a request for credit elect. Refer to IRM 3.14.1.6.4.3</p>

If...	Then...
<p>The account involves:</p> <ul style="list-style-type: none"> <li>• Married Filing Separate</li> <li>• Filing Status was FS2 in the prior year,</li> <li>• A community property split, or</li> <li>• A J– freeze on the notice module</li> </ul>	<ol style="list-style-type: none"> <li>1. The estimated credits and withholding may have posted to the wrong SSN, creating both an excess credit on the notice module and a missing credit situation for another taxpayer (former spouse/secondary)</li> <li>2. Before transferring any credits or payments, verify that the estimated tax credits were in both names or in the name of the taxpayer claiming the credits</li> <li>3. Use RTR or EFTPSE to research the ES vouchers. Also look for an attachment to the return showing the split of credits</li> <li>4. Follow taxpayer intent if it can be clearly determined <b>Example:</b> If the taxpayer claimed 50 percent of the credit and the spouse also claimed 50 percent on an attachment showing a split of credits, prevent the refund from generating, if possible, following guidelines in IRM 3.14.1.7.1.1, Refund Intercepts and transfer half the credits.</li> </ol>

- (8) For an excess credit (ES payment) condition, prevent the refund from generating ONLY after research makes clear that an unclaimed ES payment belongs in another tax year (i.e. a credit elect) or belongs to another taxpayer. If the ES payments are not claimed refer to IRM 3.14.1.6.9.5, RIVO (Return Integrity and Verification Operation).
- (9) For a missing credit (ES payment) condition on a paper return, look for checks/remittances and for attachments that would explain the discrepancy. Research the following conditions to establish cross-references that might indicate where to find missing (claimed) ES payments and/or where to transfer excess credits. Prevent refunds from generating as needed, then transfer money as required to correct all accounts affected by the payment discrepancy.

If...	Then...
The account has an <b>invalid SSN</b>	<ol style="list-style-type: none"> <li>1. Research the NRPS Package/Control D for a cross-reference</li> <li>2. Use CC NAMES to search for a different SSN</li> <li>3. Use CC INOLE to search for a different name and for a possible cross-reference</li> </ol>
The account is a joint account or with a <b>deceased spouse</b>	Use the NRPS Package/Control D and CC IMFOLT to research both the primary and secondary SSN for missing estimated tax credits or credit elects.

If...	Then...
The account involves: <ul style="list-style-type: none"> <li>• Married Filing Separate</li> <li>• Filing Status was FS2 in the prior year,</li> <li>• A community property split, or</li> <li>• A J- freeze on a related module</li> </ul>	<ol style="list-style-type: none"> <li>1. The estimated credits and withholding may have posted to the wrong SSN, creating both an excess credit on the notice module and a missing credit situation for another taxpayer.</li> <li>2. Verify that the estimated tax credits were in both names or in the name of the taxpayer claiming the credits before transferring any credits or payments.</li> <li>3. Research the ES vouchers using RTR or EFTPSE. Also, look for an attachment to the return showing the split of credits.</li> <li>4. Use CC INOLE, CC TXMOD, and CC IMFOLT to search for the spouse's account and to locate other Master File accounts that may have missing ES credits and/or tax information.</li> </ol>
The filing status is <b>Married Filing Joint</b>	Use CC IMFOLI to research the Secondary SSN for estimated tax payments. If found, transfer to the notice module to resolve the discrepancy.
The return is a <b>Short Period Return</b>	Review the return to verify that it is a short period return. If the estimated tax payments are posted to the calendar year module, transfer the credits.
The return is a <b>Fiscal Year Return</b>	The payments are often incorrectly applied to calendar year modules. If a taxpayer recently switched from fiscal filing to a calendar year tax period, payments may still be posted on the fiscal tax period. Transfer the credits.
Missing credit refunded (exactly) in the preceding year.	Print the notice; the computer will automatically insert Label 8.

- (10) Also follow IRM 3.14.1.6.1, General Review Procedures and IRM 3.14.1.6.12, Reviewing Math Error Notices CP 10, CP 11, CP 12, CP 13, and CP 16, See IRM 3.14.1.6.18.1.4 , Pending Doc 54/47 Transactions and IRM 3.14.1.6.18.1.5 , Pending Credit or Debit Transactions and in addition to the ES Discrepancy review.

3.14.1.6.13.1  
(06-26-2023)

### Researching Estimated Tax Payment Vouchers

- (1) Review the estimated tax payment voucher using RTR or EFTPSE using the following table as a guide:

If...	Then...
The name and SSN on the voucher does not match those on the entity of the notice module	Verify the SSN using RTR or EFTPSE. Transfer the payment to the correct SSN
The tax period on the voucher does not match the notice tax period	Transfer credit to the appropriate tax period. <b>Exception:</b> Taxpayers may use a prior year voucher to make their first quarter payment. If the payment is timely for the <b>subsequent</b> year (after Feb 15), is unclaimed on current year, and for an amount conforming to their history of estimated tax payments, disregard the tax period on the voucher. Transfer the payment to the subsequent tax period.
The dollar amount entered on the voucher does not match the dollar amount posted on the account	Research the posted data for a mismatch that is not a multiple: 1. Research the payment using RTR or EFTPSE. 2. Request a copy of the check from the taxpayer, if necessary
The money amount on a Lockbox voucher was altered with red ink	The payment needs further research. The marks mean that the check did not match the voucher amount. Verify the altered amount and research payment using RTR or EFTPSE.
All information on RTR or EFTPSE matches posted data	Allow the refund

**Note:** If the voucher was received prior to Aug. 2004 request through files.

3.14.1.6.13.2  
(01-01-2025)

### Estimated Tax Discrepancy Notice Disposition

- (1) For CP 23 notice disposition guidelines:
- When a Doc Code 54 adjustment is input on a notice module that has an estimated tax payment discrepancy:



If the adjustment results in...	Then...
An estimated tax payment discrepancy and a balance due	1. Use a Hold Code "3" 2. Retype the notice
An estimated tax payment discrepancy and an overpayment	1. Use a Hold Code "3" 2. Retype the notice to a CP 24
An estimated tax payment discrepancy with an overpayment less than \$1, a balance due less than \$5, or an even balance	1. Use a Hold Code "3" 2. Retype the notice to a CP 25

**Caution:** ES Penalty may need to be manually calculated or adjusted. Refer to IRM 3.14.1.6.20.4, Estimated Tax Penalty.

- b. If the taxpayer requested a credit elect, there will be a "pop-in" paragraph on the CP 23 to inform the taxpayer of a reduced credit elect. If the return was not coded for credit elect, edit the Unapplied Credit Elect Amount Field on the CP 23 when applicable.
- c. When the only action to the case will be the addition of a payment not reflected on the notice **and** the FTF or ES Penalty will recompute, insert Label 2 for accounts that will remain in balance due, or Label 18 if the account will become overpaid.

**Note:** Void the notice if the conditions in IRM 3.14.1.7.8.3, Voiding Notices are met.

- d. When the only adjustment to the notice module will be a payment not reflected on the notice and the FTF or ES Penalty will **not** recompute, retype the notice to reflect the credit, and any updated FTP Penalty and/or interest.

**Note:** If the notice module will have an overpayment, retype the notice to a CP 24 or CP 25, as appropriate, to reflect the credit and any updated FTP Penalty and/or interest.

- e. When the only adjustment to the notice module will be to allow withholding erroneously included on the estimated tax line of the return and the taxpayer's figures are correct (no ES discrepancy remains):

If...	Then...
An ES Penalty is not assessed or The assessed ES Penalty will completely abate or be paid in full, resulting in an overpayment or zero-balance condition	<ol style="list-style-type: none"> <li>1. Input the withholding using Credit Reference 806 with a TC 290 for .00 with a Hold Code "3"</li> <li>2. Void the notice</li> </ol>
An ES Penalty is or will be assessed	<ol style="list-style-type: none"> <li>1. Input the withholding using Credit Reference 806 with a TC 290 for .00 with a Hold Code <b>3</b></li> <li>2. Retype the notice</li> </ol>

(2) For CP 24/ CP 25 notice disposition guidelines:

- a. Prevent any refund from generating using guidelines in IRM 3.14.1.7.1.1, Refund Intercepts if decreasing the overpayment.
- b. Void CP 25 if the taxpayer indicated a balance owed on the return and the payment is posted as an ES payment that pays the account in full.
- c. Print CP 24 if TXMOD indicates a Return Integrity & Verification Operation (RIVO) case and any one of the following is on the tax module:
  - A P– freeze code
  - An open 148XX control base
  - A 4464C letter has been issued to the taxpayer
  - A TC 971 AC 134 on the account

**Note:** Use **Hold Code 4** to prevent both the notice and the refund when correcting a math error.

- d. Use the following chart when making an adjustment to an account with an Estimated Tax payment discrepancy:

If the adjustment results in an Estimated Discrepancy...	Then...
Balance due	<ol style="list-style-type: none"> <li>1. Use a Hold Code "3"</li> <li>2. Retype the notice to a CP 23</li> </ol>
Decreased overpayment	<ol style="list-style-type: none"> <li>1. If the adjustment to reduce the refund is input before 6 P.M. local time on Monday, retype the notice to reflect the change and use Hold Code "3".</li> <li>2. If the adjustment to reduce the refund is input after 6 P.M. local time Monday, prevent the refund from generating, use Hold Code "3" on the adjustment and retype the notice to a CP 24.</li> </ol>
Increased overpayment	<ol style="list-style-type: none"> <li>1. Route to Statutes for review before making an adjustment if the case qualifies as a statute case .</li> <li>2. If the adjustment to increase the refund is input before 6 P.M. local time on Monday, retype the notice to reflect the change and use Hold Code "3".</li> <li>3. If the adjustment to increase the refund is done after 6 P.M. local time Monday, use a Hold Code "0" on the adjustment and Label 5 on the notice.</li> </ol>
Refund less than \$1, a balance due less than \$5, or an even balance	<ol style="list-style-type: none"> <li>1. Use Hold Code "3"</li> <li>2. Retype the notice to CP 25</li> </ol>

- e. When the only action on the case will be the addition of a payment not reflected on the notice and:

If the Notice is a CP 24...	And...	Then...
And there are penalties on the module	The FTF (TC 166) or ES (TC 176) will recompute	Insert Label 18
And there are penalties on the module	The FTF (TC 166) or ES (TC 176) will not recompute	Insert Label 6
And there are no penalties on the module		Insert Label 6

**Note:** If the notice is a CP 25, retype the notice to reflect the payment. Only one check will go out.

3.14.1.6.14  
(01-01-2025)  
**Reviewing Priority  
Refund Transcripts in  
Account Management  
Services (AMS)**

- (1) Priority Refund Transcripts must be reviewed to determine whether the over-payment should be allowed to refund. The review should be completed within the four day time frame, as described below.
- (2) Priority Refund Transcript inventory is accessed through the Account Management Services (AMS) System.

Priority Transcript Type	Dollar Amount
Priority 1	Over \$10 million
Priority 2	Over \$1 million
Priority 3	\$100,000-\$999,999
Priority 4	\$5,000-\$99,999
Priority 5	\$0-\$4,999

- (3) The Priority Refund Transcripts are delivered on a daily basis. New inventory is scheduled to be loaded and available in AMS by the following time frames:
  - a. Monday through Thursday 6 am Eastern Time
  - b. Friday 9 am Eastern Time
- (4) IMF will systemically place a four day hold on the refunds with a TC 570 blocking series "55555". Refunds can be prevented from generating, if necessary, following guidelines in IRM 3.14.1.7.1.1, Refund Intercepts.
- (5) Each case in AMS will display the refund transcript type, followed by a 2 digit numeric extension to indicate the "key".

**Example:** Refund-S-53

- (6) AMS will systemically prioritize and assign the work by oldest day, highest dollar, and "key" numeric extension to ensure the higher priority cases are worked first.
- (7) Tax Examiners will receive new cases in AMS by selecting the Next Case button.
- (8) Cases should be worked to completion as much as possible before a new case is requested with the Next Case button.
- (9) The column headings reflected in the case inventory screen in AMS can be clicked on to sort in ascending/descending order.
- (10) Bold indicators will be present on cases that require attention before accessing a new case (with the exception of Bold N indicating a New Case). The bold indicators are:
  - N – New Case
  - R – Reassigned Case

**Note:** A link to a legend is available in AMS to define the bold indicator, if present, on a case.

- (11) The status column will provide guidance on whether the case is open, suspended, forwarded for assistance, etc.
- (12) AMS has a built-in “Forward to Manager/Lead” button to request assistance to resolve a Priority Refund Transcript. Due to the time-sensitivity of preventing a refund from going to the taxpayer, cases that are four days old cannot be forwarded to a manager or lead for assistance. The “Forward to Manager/Lead” button should not be present on a case that reflects Day 3 after 6 P.M. local time, or a Day 4 case. When working a case that is four days old and assistance is needed, verbally obtain assistance from the manager or lead.
- (13) AMS is designed to systemically execute command codes based on selection of the suspense or closing action when working a case.

Action Selected	When to Use	Systemically generated IDRS Action	Control Base/Activity Code/Status
Suspend for Additional Research	More time is needed to research case and refund needs to be prevented from going to the taxpayer	TC 570 or NOREFP (see NOTE)	Yes RESEARCH 846 S
Suspend for Return	Document is needed from Files to resolve case and refund needs to be prevented from going to the taxpayer	TC 570 or NOREFP (see NOTE)	Yes REFHELD S
Suspend for Convert Transcript to Notice	Transcript needs to be converted to notice and refund needs to be prevented from going to the taxpayer	TC 570 or NOREFP (see NOTE) TC 971 AC 264	Yes RTYP2CP S

Action Selected	When to Use	Systemically generated IDRS Action	Control Base/Activity Code/Status
Suspend for Convert Transcript to Notice	Transcript needs to be converted to notice and refund <b>does not</b> need to be prevented from going to the taxpayer	To prevent a systemic TC 570 or NOREFP, manually uncheck the "refund hold" box. TC 971 AC 264	Yes RTYP2CP S <b>Note:</b> Change the status code from "S" to "C" on IDRS
Suspend for Miscellaneous	More time is needed to resolve case and refund needs to be prevented from going to the taxpayer	TC 570 or NOREFP (see NOTE)	Yes REFHELD S
Standard – Release Refund	No actions required and refund should generate to the taxpayer	No action- allows refund to generate to taxpayer when refund hold period expires	No
Closed to AUR/URP	Refund needs to be prevented from going to the taxpayer and AUR/URP has an open control base	TC 570 or NOREFP (see NOTE)	Yes CLOSE2URP *C

Action Selected	When to Use	Systemically generated IDRS Action	Control Base/Activity Code/Status
Credit Transfer Needed ** If Credit Transfer transaction code combination needed is not a selectable option, the credit transfer can be executed on IDRS manually. Select Credit Transfer needed without selecting any TC combination, and enter Case Notes of the transactions executed manually.	Refund needs to be prevented from going to the taxpayer and a Credit Transfer is needed to resolve the account conditions	TC 570 or NOREFP (see NOTE) Selected Credit Transfer transaction from window on screen (pop-up window will display to input entries for the credit transfer)	Yes CREDIXFER S or *C

**Note:** When the case is age 4 (6 P.M. local time on day 3 to 6 P.M. local time on day 4), a NOREFP screen will display to verify entries for the NOREFP Command Code.

**Note:** When the Tax Examiners intent is to close the case after an ADJ54 or credit transfer is applied, the Tax Examiner must change the case status code on the input screen from (S)uspend (Default) to (C)lose or (M)onitor or (B)ack-ground.

**Caution:** If actions are taken in IDRS manually, or via tools such as IAT, you must ensure the appropriate closing action is taken to prevent duplicate transactions from posting.  
For example: If the Credit Transfer tool in IAT is used to perform the credit transfer, select the "Credit Transfer Needed" closing action, but do not select any transaction code combination and include a note indicating the IAT tool was used to execute the credit transfer. The Credit Transfer selection without the transaction code combination will still execute the TC 570/NOREFP command.

**Note:** If you are doing a NOREFP and a credit transfer, adjustment, etc. in IDRS (not using the other closing options in AMS that initiate these TCs for you), the TE should be selecting "Module Situation Resolved" as the closing code and typing in what actions were taken in the notes (again to capture an AMS history of the actions taken manually in IDRS to address the account).

- (14) The input screens for AMS to execute the command codes do not have "enhanced logic" similar to what is currently with the IAT tools. AMS is not programmed to analyze account information and present options to select

transactions and generate all available fields based upon the selection. The only fields that will systemically generate are those that generate on the regular IDRS input screens.

- (15) In the event an overpayment does not need to be prevented, input the adjustment transaction manually on IDRS, and close the case in AMS using Standard – Refund Release and include a note indicating the transaction had been executed in IDRS manually. Using Standard Release Refund will prevent any 570/NOREFP on the original refund.

**Caution:** When an adjustment is changing the refund amount, and the refund hold has not expired, IMF will re-compute the module balance before the refund goes out. See bullets below. If the overpayment must be prevented from being issued to the taxpayer, follow guidelines in IRM 3.14.1.7.1.1, Refund Intercepts.

- When the adjustment will reduce the refund and is input before 6 P.M. local time on Day 1, do not prevent the refund from generating.
- When the adjustment will reduce the refund and is input after 6 P.M. local time on Day 1, prevent the refund from generating.

- (16) Original tax returns claiming EPE are screened prior to posting to master file. If the return meets the criteria for review by SB/SE, a TC 971 AC 831 with MISC EPE or CVC posts to the tax module. A TC 570 generates a -R freeze and will hold the overpayment. Refund transcripts with the above indicators should be closed Standard Release Refund. The TC 570 with TC 971 AC 831 does not have a limited 4 day hold.

**Caution:** When a TC 971 AC 831 with MISC EPE or CVC is present on the account, Notice Review can proceed with other adjustment actions as necessary using Hold Code 1. **If a Credit transfer is needed do not use a TC 571 to release refund.**

- (17) The tax module will contain a TC 971 AC 805 and the transcript type with the DLN matching the DLN of the transaction that resulted in the refund.
- (18) A transcript can be identified in IDRS with TC 971 AC 805. See Figure 3.14.1-8.



IMFOLT000-00-9324 30202412P01 MF TAX MODULE					NM CTRL: LAUR	UP-CYC 3302
TC	DATE	AMOUNT	CYCLE	DLN	VARIABLE DATA	
150	05162025	15,151.94	20251805	00221-115-74808-5	RECEIVED DATE: 04152025	
806	04152025	15,500.00-	20251805	00221-115-74808-5		
570	05162025	.00	20251805	00221-115-55555-5		
971	05162025	.00	20251805	00277-115-74808-5	CT-CD: 805 MISCREFUND-S	

Figure 3.14.1-8

(19) A Transcript can be converted to a CP Notice in AMS.

- Suspend the transcript and select "Convert Transcript to a Notice". AMS will systemically prevent the refund and generate the TC 971 AC 264 to create the CP 67 and will keep the case open in AMS.
- If it is not necessary to prevent the refund from generating, uncheck the **refund hold** box to allow the refund.
- Monitor OLNLR for the associated CP 67 in Batch "00000".
- Refer to IRM 3.14.1.4.3.3, Notice Recreate Transcripts (CP 67)
  - Retype the notice as appropriate.
  - All fields on the selected notice must be edited by the Tax Examiner.

**Reminder:** "Per Taxpayer" and "Per Computer" fields must both be edited to create an accurate notice to the taxpayer.

3. Verify all notice amounts before saving.

4. The case in AMS must be closed by selecting the Close the Case button..

**Note:** CP 67 is not necessary after an adjustment when using the correct hold code to send an adjustment notice.

(20) Cases that have been suspended for over 30 days will become bold and will disable the Next Case button until an action is taken on the expired case.

(21) Unworked cases older than four days will systemically close with no action and release the refund.

**Exception:** \$100M cases will remain in the system and will not release the overpayment until a manual refund is input on IDRS. There will not be an opportunity to prevent the refund from going to the taxpayer for those cases under \$100M.

(22) Charge-out requests for Priority Refund Transcripts have been eliminated in AMS. When the case cannot be resolved using RTVUE, TRDBV, or other elec-

tronic means, suspend the case with “Suspend for Return” in AMS and request the document using CC ESTAB in IDRS.

- (23) In the event a refund hold has been extended with a TC 570 in error a CC TERUP (input by the originator) will delete the TC 570 on the same day it was input. After the day of input, a TC 571 is required to reverse and allow the refund. Input the TC 571 on IDRS using CC REQ77 or TC 290 .00 using REQ54 with Hold Code 3 will also release the refund.

3.14.1.6.14.1  
(01-01-2015)

**Monthly/Weekly/Yearly  
Reporting**

- (1) Analyze the Notice Disposition reports each week to track the effectiveness of Priority Refund Transcript selection criteria.
- (2) The chart below identifies the reports the AMS system will generate for priority refund transcripts.

<i><b>Report Name</b></i>	<i><b>Name/Description</b></i>	<i><b>Daily/Monthly</b></i>	<i><b>Who Can Generate</b></i>	<i><b>Retention Period</b></i>
1001 - Priority Management Priority 1	\$10 Million Refund - \$10 Million/Over. This report will provide a daily “beginning-of-day” cumulative breakdown of the entire current Campus level Unassigned Inventory Queue. The report will display the inventory breakdown based on the Priority classifications 1 through 6 (dollar range, expiration date, doc type and volume totals)	Systemic Daily (Beginning of Day)	Departmental Manager, Lead Tax Examiner	5 years
1000-2 Managerial Assigned Inventory	Review Expiration - The number of days remaining in the refund review period	Systemic Daily (End of Day)	Manager, Lead Tax Examiner	6 months
1000-3 Managerial Assigned and Suspended Multi-Inventory	This report will provide a daily “end-of-prior-day” cumulative breakdown of multiple inventory assigned and suspended by management to a designated employee	Systemic Daily (End of Day)	Manager, Lead Tax Examiner	6 months
2000-1 Suspended Inventory	For each unit, this report will provide a cumulative case listing breakdown of each individual employee’s Suspense inventory (TIN by TIN) as of the date of report generation	Systemic Daily (Beginning of Day)	Manager, Lead Tax Examiner	6 months
3000-1 Location - to - Location Transferred Inventory	Location-To-Location Transferred Inventory	Systemic Daily (End of Day)	Gatekeeper, Dept. Manager, Manager	45 days

<b>Report Name</b>	<b>Name/Description</b>	<b>Daily/Monthly</b>	<b>Who Can Generate</b>	<b>Retention Period</b>
4000-1 Unit - to - Unit Reassignment of Assigned Inventory	This report will provide a roll-up total of individual inventory (TIN by TIN) assigned between units within the same campus location	Systemic Daily (End of Day)	Gatekeeper, Dept. Manager, Manager	45 days
4000-2 Within - Unit Reassignment of Assigned Inventory	For each unit, this report will provide a roll-up total of individual inventory (TIN by TIN) assigned between Tax Examiners within the same unit	Systemic Daily (End of Day)	Manager, Lead Tax Examiner	45 days
5000-1 Quality Review Reject	At the unit level, this report will provide a roll-up total of closed inventory (TIN by TIN) reviewed by Quality Review that has been rejected and/or reassigned back to the individual Tax Examiner on the date of the report generation	Systemic Daily (End of Day)	Manager, Lead Tax Examiner, Quality Review	6 months
6000-1 Unit Daily Closed Inventory History	For each unit, this report will provide a daily roll-up total (TIN by TIN) of each unit's closed inventory by employee, organized in descending Refund \$ Amt order	Systemic Daily (End of Day)	Manager, Lead Tax Examiner	6 months
6000-2 Unit Weekly Closed Inventory Roll - History	For each unit, this report will provide a weekly (end of cycle) roll-up total (TIN by TIN) of each unit's closed inventory by employee, organized in descending Refund \$ Amt order	Systemic Weekly (Week is Monday - Thursday)	Manager, Lead Tax Examiner	6 months
6000-3 Campus Calendar - Year - End Closures	At the campus level, this report will provide a calendar year end summary of inventory closures, broken out by doc type reviewed, not reviewed, and intercepted, as well as the relating percentages in comparison to total transcripts	Systemic Annually (Calendar Year End)	Manager, Lead Tax Examiner	5 years

<i>Report Name</i>	<i>Name/Description</i>	<i>Daily/Monthly</i>	<i>Who Can Generate</i>	<i>Retention Period</i>
6000-4 Campus Year - To - Date Closures	At the campus level, this report will provide a Year-To-Date summary of inventory closures, broken out by doc type reviewed, not reviewed, and intercepted, as well as the relating percentages in comparison to total transcripts	Systemic Annually	Manager, Lead Tax Examiner	5 years
6000-5 International Campus Calendar - Year - End Closures	At the campus level, this report will provide a calendar year end summary of International inventory closures, broken out by doc type reviewed, not reviewed, and intercepted, as well as the relating percentages in comparison to total transcripts	Systemic Annually (Calendar Year End)	Manager, Lead Tax Examiner	5 years
6000-6 International Campus Year - To - Date Closures	At the campus level, this report will provide a Year-To-Date summary of International inventory closures, broken out by doc type reviewed, not reviewed, and intercepted, as well as the relating percentages in comparison to total transcripts	Systemic Annually	Manager, Lead Tax Examiner	5 years
8000-1 Refund Transcript Reconciliation	In the event that AMS is down or otherwise unavailable for reviewing the Priority Refund Transcript inventory, this report will assist each unit in reconciling Priority Refund Transcript reviews conducted off-line with the Priority Refund Transcript inventory data retained within AMS	Ad-Hoc	Gatekeeper, Manager, Lead Tax Examiner	6 Months

3.14.1.6.14.2  
(01-01-2018)  
**\$100 Million or more  
Refund Transcripts**

- (1) Any refund of \$100 million or more must be issued as a manual refund.
- (2) Systemic refunds can now be generated on IDRS (TC 846) for refunds under \$100 million, unless a manual refund is required.
- (3) Accounts that appear on this transcript should be worked by the leads within 24 hours to minimize the amount of overpayment interest.
- (4) Verify any unclaimed payments and **look for possible IDT and suspend case (stopping the refund)** for manager to review for potential IDT if these conditions are met:

- Withholding claimed is less than what is on IRPTRL for taxpayer (which keeps the amount under our tolerances)
- Direct deposit claimed when not claimed in prior years
- Taxpayer has filed for an extension (TC 460) in current and prior years and pays a substantial 4868 payment not claimed on current return.
- TC 460 posts after the TC 150.

3.14.1.6.14.3  
(01-01-2018)  
**Million \$ Refund  
Transcripts**

- (1) Accounts with overpayment amounts between \$1 million and less than \$100 Million will appear on the \$1 million Refund Transcript.
- (2) Systemic refunds can now be generated on IDRS (TC 846) for refunds under \$100 million, unless a manual refund is required.
- (3) Accounts that appear on this transcript will appear with the TC 570 with "55555" blocking series.
- (4) Accounts that appear on this transcript should be worked by the leads expeditiously to minimize the amount of overpayment interest.
- (5) Verify any unclaimed payments and **look for possible IDT and suspend case(stopping the refund)** for manager to review for potential IDT if these conditions are met:
  - Withholding claimed is less than what is on IRPTRL for taxpayer (which keeps the amount under our tolerances)
  - Direct deposit claimed when not claimed in prior years
  - Taxpayer has filed for an extension (TC 460) in current and prior years and pays a substantial 4868 payment not claimed on current return.
  - TC 460 posts after the TC 150.

3.14.1.6.14.4  
(01-01-2025)  
**Refund S Transcripts**

- (1) Master File generates Refund S transcripts for an overpayment that may result in a refund being issued in a cycle other than the posting cycle of the TC 150. Review the posted transactions of the tax module from the current cycle backwards to determine the cause of the overpayment.  
**Caution:** Look for possible IDT and suspend case by stopping the refund for manager to review for potential IDT if these conditions are present:
  - a. Withholding claimed is less than what is on IRPTRL for taxpayer (which keeps the amount under our tolerances),
  - b. Change in patterns, when direct deposit was not claimed in prior years,
  - c. TC 460 filed, but substantial 4868 payment not claimed on current return,
  - d. Extension (TC 460) filed after TC 150 posted.
- (2) **Research documents, images, and case notes available through AMS.**

**Note:** If a payment is in question review AMS and EUP for amended returns.

- (3) **Allow the refund** (standard release refund in AMS) if:
  - a. Taxpayer submitted two TC 670 payments: 2nd notice sent before the 1st payment posted, and the taxpayer paid the 2nd notice unaware of the offset of the 1st payment.
  - b. TP submitted two TC 670 payments, one is a levy: 2nd notice sent before the 1st payment posted, and the taxpayer paid both.

- c. A TC 640 or TC 670 is refunding and was released by a TC 290 for .00, blocking Series 55 or 65 (Underreporter Adjustment).
- d. The refund was released by a TC 300 for zero (.00) with Disposal Code 01 or 02 (no change in tax liability or refundable credit).

**Exception:** Prevent the refund from generating if Disposal Code 01, blocking series 700 or 790 (additional tax assessed) is used.

- (4) **Research and possibly prevent refunds from generating** under any of the following circumstances:

Circumstances	Guidelines
Two TC 670 non-levy payments, same amounts posted to the module.	Verify payments in RTR or CC EFTPSE. Check for a possible duplicate credit.
TC 670 payment is refunding after TC 846 has posted. If the payment was sent in with an amendment return (1040X)	Check AMS images and verify 1040X amount (if it's available). Hold the refund for the pending amended return.
If a TC 670 payment is refunding with a Designated Payment Code (DPC) 64	Verify payment in RTR or CC EFTPSE. Determine if a credit transfer to the MFT 30 Tax Period 201712 and 201812 for IRC 965 Liability is needed. Prevent the refund from generating. See IRM 3.14.1.6.9.16.4, Command Code IMFOL IRC 965.
TC 670 payment is refunding after TC 846 has posted, and the reason for the payment cannot be determined.	Suspend for Additional Research in AMS. Look up documents/ images/case notes available through AMS, to verify taxpayer's intent.
TC 670 payment submitted is for TC 460 extension	If the amount of payment is unreasonable, or if it's posted after the TC 846, verify the extension through AMS.
TC 670 is refunding (usually Key 041, 045, or 052 Transcripts), and on AIMS indicator (Exams, CC TXMOD) is present indicating a tax increase and the taxpayer has sent, or will be sending payment)	Prevent the refund from generating. Close the case using Closing Action "Module Situation Resolved" without selecting any transactions in the window in AMS. Indicate in the cases notes the case was closed to Exam.

<b>Circumstances</b>	<b>Guidelines</b>
Refund was release by a TC 300 for zero (.00) and the disposal code 01 and blocking series 700-790.	Close the case using Closing Action "Module Situation Resolved" without selecting any transactions in the window in AMS. Indicate in the cases notes the case was closed to Exam.
Refund was release by a TC 300 for zero (.00) and the disposal code is not 01, 02, 20, 21, or 22.	Closing Action "Module Situation Resolved" without selecting any transactions in the window in AMS. Indicate in the cases notes the case was closed to Exam.
Two TC 610 payments posted and one is refunding.	Check for a possible duplicate credit.
IDRS shows a pending tax increase or credit decrease	Prevent the refund from generating. Close the case using Closing Action "Module Situation Resolved." Indicate in the case notes a pending transaction is present. Check for possible duplicate adjustment.
A TC 640 (AUR) or TC 680 amount matches the overpayment amount	Prevent the refund from generating (TC 570/NOREFP) Close the case using Closing Action "Module Situation Resolved" to allow assessment to post..
A TC 640 or TC 670 is refunding and the reason for the payment cannot be determined.	Use RTR or EFTPSE to research the payment. If the taxpayer did not claim the payment on their return and the payment module cannot be determined, correspond for the questionable payment and send Letter 1687C. If the taxpayer does not respond to the correspondence and payment cannot be determined, refer to IRM 3.14.1.6.8, Excess Collections (XSF) and Unidentified Remittance (URF) Files.



Circumstances	Guidelines
A TC 922 and a TC 670 or TC 640 posted to the module with no tax increase	<p>Review TXMOD for TC 922 closing codes. If there is an open AUR Control Base, and the processing code indicates that the case is still being reviewed then close with Closing Action, "Close to URP/AUR" in AMS.</p> <p><b>Note:</b> If the TC 922 processing code listed on TXMOD are 70-73, 91- 93, Release the refund using "Standard Release Refund" in AMS.</p> <p><b>Note:</b> If there is a second TC 922 with processing code 87, release the refund using "Standard Release Refund" in AMS.</p>
A TC 766 (refundable credit) is being released by a TC 577 that is generated by TC 421 with Disposal Code 29 (missing return)	Closing Action "Module Situation Resolved" without selecting any transactions in the window in AMS. Hold the refund, and indicate in the case notes a pending transaction is present.
Prior year credit elect is refunding, a TC 150 posted to the subsequent year, and penalties, additions to tax, and interest have accrued on that module that will abate when the credit elect posts.	Check for debt indicators/TOP Offset using CC INOLES before using Closing Action, "Credit Transfer Needed" and select appropriate transaction(s) in the window in AMS. Refer to IRM 3.14.1.6.4.3
Prior year credit elect is refunding, a TC 150 posted to the subsequent period, and the module has a debit balance	Close with Closing Action, "Credit Transfer Needed" and select appropriate transaction(s) in the window in AMS.
Prior year credit elect is refunding, the credit is claimed on the subsequent year, and the credit elect field of that year is inconsistent.	Check for debt indicators/TOP Offset using CC INOLES before using Closing Action "Credit Transfer Needed" Prevent the refund from generating. Refer to IRM 3.14.1.6.4.1, Credit Elect-TC 836/716 or TC 830/710



Circumstances	Guidelines
If a TC 666/667 (systemic transfer) and a TC 670/672 payment has posted resulting in a refund.	<p>Research the spouse's account to see if the module is in a balance due status. If it's in balance due, prevent the refund from generating. Transfer the TC 670 back to originating spousal account with a balance due.</p> <p><b>Note:</b> Both payments will be transferred from the same date. Check RTR or EFTPSE to validate.</p> <p>See IRM 3.14.1.6.11.5(1), ES Spousal Freeze D- Code</p>

- (5) The following table defines the transcript name by "key" numeric extension and criteria for a Refund-S transcript generating. Refer to guidelines in (3) and (4) to complete case.

Transcript Refund Name:	The criteria for the generation of this transcript:	Guidelines
S- 41	<ul style="list-style-type: none"> <li>Current cycle Subsequent payment (TC 670), and</li> <li>Prior cycle Refund (TC 846) posted</li> <li>Look for possible IDT and suspend case by stopping the refund for manager to review for potential IDT if these conditions are present: a) withholding claimed is less than what is on IRPTRL for taxpayer (which keeps the amount under our tolerances), b) direct deposit claimed when not claimed in prior years, c) taxpayer has filed for an extension (TC 460) in current and prior years and pays a substantial 4868 payment not claimed on current return, d) The TC 460 posts after the TC 150</li> </ul>	<ul style="list-style-type: none"> <li>Verify the payment. Apply payment to the module per taxpayer's intent, if TC 150 is posted on both modules.</li> <li>Check for misapplied payment(s).</li> <li>Check for potential IDT</li> </ul>
S- 42	<ul style="list-style-type: none"> <li>Current posted TC 806 is for the same amount as the withholding that came in on the TC 150 (if significant only) and Prior cycle posted TC 806 equals (\$10.00 +/-tolerance) current cycle TC 806 amount</li> </ul>	<ul style="list-style-type: none"> <li>Check IRPTRL for possible duplicate withholding(s)</li> <li>If TC 806 is an exact duplicate, prevent the refund from generating (TC 570/ NOREFP)</li> <li>Leave a history item on AMS</li> </ul>
S- 43	<ul style="list-style-type: none"> <li>Multiple tax abatements (TC 29X or TC 30X) within \$10.00 posted to the module. There may be multiple combinations of equal amounts.</li> </ul>	<ul style="list-style-type: none"> <li>Verify adjustment documents. This condition often results from erroneous duplicate adjustments.</li> </ul>

Transcript Refund Name:	The criteria for the generation of this transcript:	Guidelines
S– 44	<ul style="list-style-type: none"> <li>Overpayment is refunding a payment or the sum of payments (TC 640, TC 670, or TC 680)</li> <li>A TC 29X or TC 30X for \$0.00 posted in the current cycle</li> </ul>	<ul style="list-style-type: none"> <li>An overpayment in the current cycle equals a payment or payments (TC 640 under-reporting payment, TC 670 subsequent payment, TC 680 designated payment of interest), and a TC 29X/ TC30X for \$ .00 posted on the current cycle</li> <li>Verify accuracy of the action on IDRS</li> </ul>
S– 45	<ul style="list-style-type: none"> <li>Current cycle tax increase adjustment (TC 290, 294, 298, 300, 304, or 308)</li> </ul>	<ul style="list-style-type: none"> <li>Verify Payments (TC 640/670/ 680) posted</li> <li>Release overpayment if tax increase adjustment is 90 percent less than the total payments</li> <li>Watch for an unrelated adjustment that may result in releasing a payment made for a specific purpose.</li> </ul>
S– 46	<ul style="list-style-type: none"> <li>Overpayment matches the last posted TC 670 amount is equal to the amount and</li> <li>TC 922 is posted with no tax increase</li> </ul>	<ul style="list-style-type: none"> <li>If TC 922 processing codes are 70-73, 91-93, do not prevent the refund from generating</li> <li>TC 922 with processing codes other than the ones above, Close to “URP/AUR” in AMS</li> </ul>
S– 47	<ul style="list-style-type: none"> <li>Duplicate credit transactions within \$1 on the module</li> </ul>	<ul style="list-style-type: none"> <li>Verify dates and amounts with the related tax module</li> <li>Look for a possible duplicate credit transfer</li> </ul>
S– 52	<ul style="list-style-type: none"> <li>A TC 610, TC 660, or TC 670 amount is within \$1 of the overpayment amount</li> <li>Look for possible IDT and suspend case by stopping the refund for manager to review for potential IDT if these conditions are present: a) withholding claimed is less than what is on IRPTRL for taxpayer (which keeps the amount under our tolerances), b) direct deposit claimed when not claimed in prior years, c) taxpayer has filed for an extension (TC 460) in current and prior years and pays a substantial 4868 payment not claimed on current return, d) The TC 460 posts after the TC 150.</li> </ul>	<ul style="list-style-type: none"> <li>Verify payment.</li> <li>Check for potential IDT</li> </ul>

Transcript Refund Name:	The criteria for the generation of this transcript:	Guidelines
S- 53	<ul style="list-style-type: none"> <li>Credit elect TC 716 is present, but there is no credit elect to the next year TC 836.</li> </ul>	<ul style="list-style-type: none"> <li>Verify taxpayers intent using CC RTVUE, TRDBV, Control D (NRPS).</li> <li>Research documents, images and case notes through AMS</li> </ul>

3.14.1.6.14.5  
(01-01-2024)

#### Refund E Transcripts

- (1) Master File generates a Refund E transcript when the overpayment is \$100 or more than claimed by the taxpayer and there is no math error, payment discrepancy, or duplicate return (–A freeze)

**Caution:** Look for possible IDT and suspend the case by stopping the refund for manager to review for potential IDT if these conditions are present:

- Withholding claimed is less than what is on IRPTTL for taxpayer (which keeps the amount under our tolerances),
- Change in patterns, such as changing to direct deposit which was not claimed in prior years,
- TC 460 filed, but substantial 4868 payment not claimed on current return,
- Extension (TC 460) filed after TC 150 posted.

- (2) **Research documents, images, and case notes available through AMS.**

**Note:** If a payment is in question review AMS and EUP for amended returns.

- (3) **Allow the refund** (“standard release refund” in AMS) if:

- Wrong line/transcription error: TC 610 payment was identified /transcribed on the wrong line of the return.
- Transfer incorrectly: The overpayment was caused by transposed figures in the payment balance due amount.
- Overpayment was caused by the difference in penalty and interest computation between taxpayer and IRS figures: Check page two (R2) of Form 1040/RTVUE and verify any attachments.
- Math Error: The taxpayer added the ES Penalty amount twice into the amount owed, when figuring the payment with return (TC 610).
- Taxpayer received two CP notices and paid twice, unaware of the offset by the first payment. Look for a TC 700 or TC 716 with a subsequent TC 670 refunding.

When an overpayment should be refunded, close the case using Closing Action **Standard-Release Refund** in AMS.

- (4) A First Time Home Buyer transcript and there is a smaller refund than the taxpayer expected due to the repayment amount, send the Letter 544C:

Send paragraphs I and Q

Paragraph I include verbiage: The refund you expected on your Federal tax return has been reduced by the amount of the repayment installment due for the First-Time Home buyer Credit you received in 2008. The installment payment should

have been claimed as an addition to tax on your return. No further action is required on your part to correct the account.

- (5) **Research and possibly prevent the refund from generating** under any of the following circumstances:
- a. A TC 640 or TC 670 is refunding and the reason for the payment cannot be determined. Use RTR or EFTPSE to research the payment. If the taxpayer did not claim the payment on their return and the payment module cannot be determined, correspond for the questionable payment and send Letter 1687C . If the taxpayer does not respond to the correspondence and payment cannot be determined, refer to IRM 3.14.1.6.8, Excess Collections (XSF) and Unidentified Remittance (URF) Files.
  - b. The refunding amount is a TC 670 payment submitted with an Extension of Time to File (TC 460). If the amount is not reasonable or if the extension posted after the return, verify the extension.
  - c. Prior year credit elect is refunding, a TC 150 posted to the subsequent year, and penalties, additions to tax, and interest have accrued on that module that will abate when the credit elect posts. Close the case using Closing Action "Credit Transfer Needed" and select appropriate transaction(s) in the window in AMS or perform necessary transactions outside of AMS and close using Module Situation resolved.
  - d. Prior year credit elect is refunding, a TC 150 posted to the subsequent period, and the module has a debit balance. Close the case using Closing Action "Credit Transfer Needed" and select appropriate transaction(s) in the window in AMS.
  - e. Prior year credit elect is refunding, the credit is claimed on the subsequent year, and the Credit Elect field of that year is significant. Refer to IRM 3.14.1.6.4.1, Credit Elect – TC 836/716 or TC 830/710.
  - f. A subsequent year ES voucher amount is refunding. The TC 610 amount overpaid the account by an amount (approximately) equal to one ES payment for the following year (of the current year's tax liability).
  - g. A TC 610 payment substantially overpaid the module, but does not match any amount on the return and does not appear to be intended for the subsequent tax period. Look for any pending debit action for which the overpayment may be intended. Check other modules on the taxpayer's account for debit balances that match the overpayment.
  - h. There is an unsubstantiated refundable credit (TC 766 — other than withholding or ES payments) or the taxpayer entered total credits on the wrong line and the amount was transcribed as a TC 766. Watch for double credit situations.
  - i. There is a Dishonored Check (TC 611, TC 641, TC 661, or TC 671) pending. Prevent the refund from generating. Close the case using Closing Action "Module Situation Resolved" without selecting any transactions in the window in AMS. Indicate in the case notes a dishonored check is present.
- (6) The following table defines the transcript name by "key" numeric extension and criteria for a Refund-E transcript generating.

Transcript Refund Name:	The criteria for the generation of this transcript:	Guidelines
E- 47	<ul style="list-style-type: none"> <li>Credit transfer transaction (Doc Codes 24, 34, 48 or 58) posted with an amount that is equal to (\$1.00 +/-) another posted credit transaction with a credit amount</li> </ul>	<ul style="list-style-type: none"> <li>Verify dates and amounts with the related tax module</li> <li>Check for possible duplicate credit transfer transactions</li> </ul>
E- 51	<ul style="list-style-type: none"> <li>Use it on all Refund-E transcripts that don't meet any of the other Refund-E selection criteria if Refund amount is more than \$25.</li> </ul> <p><b>Caution:</b> Look for possible IDT and suspend case by stopping the refund for manager to review if potential IDT if these conditions are present: a) withholding claimed is less than what is on IRPTRL for taxpayer (which keeps the amount under our tolerances), b) direct deposit claimed when not claimed in prior years, c) taxpayer has filed for an extension (TC 460) in current and prior years and pays a substantial 4868 payment not claimed on current return, d) The TC 460 posts after the TC 150.</p>	<ul style="list-style-type: none"> <li>Use Designated Payment code '00' for TC 670 if the refund amount is less than \$25</li> </ul> <p><b>Note:</b> CP 30 and CP 30A are also selected by these keys. Refer to the IRM 3.14.1.6.18.2, CP 30 – Estimated Tax (ES) Penalty Notice and IRM 3.14.1.6.18.3 , CP 30A – Estimated Tax (ES) Penalty Recomputation Notice for complete instructions on reviewing these notices.</p> <ul style="list-style-type: none"> <li>Check for potential IDT</li> </ul>

Transcript Refund Name:	The criteria for the generation of this transcript:	Guidelines
E- 52	<ul style="list-style-type: none"> <li>A TC 610, TC 660, or TC 670 amount is within \$1 of the overpayment amount</li> </ul> <p><b>Caution:</b> Look for possible IDT and suspend case by stopping the refund for manager to review if potential IDT if these conditions are present: a) withholding claimed is less than what is on IRPTRL for taxpayer (which keeps the amount under our tolerances), b) direct deposit claimed when not claimed in prior years, c) taxpayer has filed for an extension (TC 460) in current and prior years and pays a substantial 4868 payment not claimed on current return, d) The TC 460 posts after the TC 150.</p>	<ul style="list-style-type: none"> <li>Verify payment.</li> <li>Check for potential IDT</li> </ul>
E- 53	<ul style="list-style-type: none"> <li>A posted TC 716 and no TC 836. <b>Exception:</b> if the refund is equal to the amount of the TC 716, and a (TC 610) is posted <b>or</b> the balance due is greater than the (TC 610).</li> </ul> <p><b>Note:</b> Prior year unapplied credit elect information may not be available on TXMOD.</p>	<ul style="list-style-type: none"> <li>Verify taxpayer's intent (RTVUE/ TRDBV/Control D (NRPS)</li> </ul> <p><b>Note:</b> Research documents, images, and case note available through AMS</p>

3.14.1.6.14.6  
(04-17-2024)  
**Other Refund  
Transcripts**

- (1) Master File generates a third type of Refund Transcript, which is when an overpayment differs by \$200 or more from the overpayment claimed by the taxpayer, and there is no math error or estimated tax payment discrepancy.
- (2) Look for possible IDT and suspend case (stopping the refund) for lead to review if potential IDT if these conditions are present:
  - withholding claimed is less than what is on IRPTRL for taxpayer (which keeps the amount under our tolerances)
  - direct deposit claimed when not claimed in prior years
  - taxpayer has filed for extension (TC 460) in current and prior years and pays a substantial 4868 payment
  - Extension 4868 posts after a return
- (3) **Research documents, images, and case notes available through AMS.**

**Note:** If a payment is in question review AMS and EUP for amended returns.

- (4) **Allow the refund** under any of the following circumstances:
- a. For Key 50, if there are no transcription or posting errors and withholding is accurate.
  - b. The amount of the TC 610 payment is an amount found on any line of the return or attached schedules, meaning that the taxpayer used the wrong line for tax due.
  - c. The overpayment was caused by transposed figures in the payment balance due amount.
  - d. The refunding amount is due to a difference in the taxpayer's penalty and interest computations. Check page two of Form 1040 and verify any attachments.
  - e. The taxpayer added the ES Penalty amount twice into the amount owed, when figuring the payment with return (TC 610).
  - f. The refund is caused by a TC 670 intended to pay a previous taxpayer notice (see notice history on the IDRS tax module) and the taxpayer is unaware of an offset that had either satisfied the module or reduced its balance. Look for a TC 700 or TC 706 with a subsequent TC 670 refunding.

When an overpayment should be refunded, close the case using Closing Action **Standard-Release Refund** in AMS.

- (5) **Research and possibly prevent the refund from generating** under any of the following circumstances:
- a. For Key 50, if there are transcription or posting errors and/or withholding is inaccurate.
  - b. A TC 640 or TC 670 is refunding and the reason for the payment cannot be determined. Use RTR or EFTPSE to research the payment. If the taxpayer did not claim the payment on their return and the payment module cannot be determined, correspond for the questionable payment and send Letter 1687C. If the taxpayer does not respond to the correspondence and payment cannot be determined, refer to IRM 3.14.1.6.8 , Excess Collections (XSF) and Unidentified Remittance (URF) Files.
  - c. The refunding amount is a TC 670 payment submitted with an Extension of Time to File (TC 460). If the amount is not reasonable or if the extension posted after the return, verify the extension.
  - d. Prior year credit elect is refunding, a TC 150 posted to the subsequent year, and penalties, additions to tax, and interest have accrued on that module that will abate when the credit elect posts. Close the case using Closing Action "Credit Transfer Needed" and select appropriate transaction(s) in the window in AMS.
  - e. Prior year credit elect is refunding, a TC 150 posted to the subsequent period, and the module has a debit balance. Close the case using Closing Action "Credit Transfer Needed" and select appropriate transaction(s) in the window in AMS.
  - f. Prior year credit elect is refunding, the credit is claimed on the subsequent year, and the Credit Elect field of that year is significant. Refer to IRM 3.14.1.6.4.1, Credit Elect – TC 836/716 or TC 830/710.



- g. A subsequent year ES payment is on the account and that amount is refunding. The TC 610 amount overpaid the account by an amount (approximately) equal to one ES payment for the following year (of the current year’s tax liability).
  - h. A TC 610 payment substantially overpaid the module, but does not match any amount on the return and does not appear to be intended for the subsequent tax period. Look for any pending debit action for which the overpayment may be intended. Check other modules on the taxpayer’s account for debit balances that match the overpayment.
  - i. There is an unsubstantiated refundable credit (TC 766 — other than withholding or ES payments) or the taxpayer has mistakenly entered total credits amount on Form 1040/SR line 18d the TC 766 line and the amount was transcribed. Watch for double credit situations.
  - j. There is a Dishonored Check (TC 611, TC 641, TC 661, or TC 671) pending. Prevent the refund from generating. Close the case using Closing Action “Module Situation Resolved” without selecting any transactions in the window in AMS. Indicate in the case notes a dishonored check is present.
- (6) The following AMS table defines the transcript name by “key” numeric extension and criteria for an “Other” transcript generating. Refer to guidelines in (3) and (4) to complete case.

Transcript Name:	The criteria for the generation of this transcript:
Refund – 50	<ul style="list-style-type: none"><li>• Overpayment amount and current cycle are the return settlement cycle and</li><li>• Total Acceptable Tax Amount is zero on return and</li><li>• Overpayment amount is \$10,000.00 or more.</li><li>• Withholding from the return (TC 806) plus Excess FICA amounts (TC 766 Reference Code 252) are \$10,000.00 or more on return and the account has a total tax amount of zero . The refund is for at least \$10,000 and may include overpayment interest. Verify the withholding and review the return using available tools. Often, large losses claimed on the return contribute to this condition. If unable to make a determination, request the return to review for entity, transcription and posting errors.</li></ul> <p><b>cannot be verified on IRPTRL or a pattern seen by using prior history for both spouses, refer to Withholding Tolerance in IRM 3.14.1.6.19.2.</b></p> <p><b>Note:</b> – Returns posted prior to 200704, the Excess FICA amount is included in Withholding field and is not a separate TC 766, reference code 252 field.</p> <p><b>Caution:</b> Do not use MEF W-2s to substantiate the withholding.</p>

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Transcript Name:	The criteria for the generation of this transcript:
Refund – 52	<ul style="list-style-type: none"> <li>A TC 610, TC 660, or TC 670 amount is within \$1 of the overpayment amount</li> <li>Verify payment</li> </ul>
Refund – 53	<ul style="list-style-type: none"> <li>A posted TC 716 and no TC 836. Exception if the refund is equal to (\$1.00 +/-) the amount of the TC 716 and a payment with return (TC 610) is posted <b>or</b> the balance due (from the posted TC 150) is greater than the (TC 610).</li> </ul> <p><b>Note:</b> Prior year unapplied credit elect information may not be available on TXMOD.</p>

3.14.1.6.14.7  
(01-01-2017)

**Working Priority Refund  
Transcripts Manually**

- (1) If AMS is down for four hours, and upon HQ guidance, Notice Review Tax Examiners will use the manual input system. Management will access the “Daily Refund Transcript” file in Control-D folder 38101-xx to obtain a list of the transcripts that were available for that day. HQ Analysts will provide assistance in understanding the Control-D report and how to determine which cases to work. Tax Examiners will indicate the manual action they performed on IDRS for each case on the NR Manual Action Sheet. See Exhibit 3.14.1-36 for the NR Manual Action Sheet. When the system comes back up, before the Tax Examiners can get back into AMS, the clerical personnel will input the work sheets on AMS.

3.14.1.6.15  
(01-01-2023)

**Reviewing Non–Math  
Error Balance Due  
Notices — CP 14**

- (1) A CP 14 generates when a balance due return with no math errors posts to the Master File. The balance due may include any combination of the amount of tax owed (per the taxpayer), penalties, and underpayment interest.
- (2) CP 14 – Notice elements:
  - Balance due of \$5 or more
  - No math error or credit discrepancy

**Note:** Master File does not generate a CP 14 for less than \$5.

- (3) The most common Selection Keys for the CP 14 are 002, 008, 070–078 and 092. Keys 070–078 include pending transactions. Key 092 reviews are requested during peak processing to ensure that remittances or installment agreement requests are not attached to the return. Use the Selection Key description to determine where to begin reviewing the notice.
- (4) Follow IRM 3.14.1.6.1, General Review Procedures and IRM 3.14.1.6.1.1, Verifying Return Information to review the return, if available. See IRM 3.14.1.6.18.1.4 , Pending Doc 54/47 Transactions and IRM 3.14.1.6.18.1.5 , Pending Credit or Debit Transactions.
- (5) Review the case for any pending transactions using CC RECON, IMFOL and the NRPS Package/Control D Appended Data Sheet.

**Caution:** CP 14 notices worked prior to Friday may not accurately reflect all pending transactions to the module. Some transactions do not show as pending on Control-D or TXMOD until after Master File posts on Thursday evening.

- a. If a payment or adjustment is either **AP**, **PN**, **CU**, or on the **TEP** file, use CC RECON, INTST, COMPA(F), PIEST and/or PIFTF to check for penalty and/or interest recomputations, and use the following chart:

If...	And...	Then...
The tax will be paid in full	All penalty and interest will fully abate	Void the notice <b>Note:</b> Use the Local Control File (LCF) to intercept the recomputation notice if the FTF (TC 16X) or ES (TC 17X) penalty will recompute
The tax will be paid in full	Only ES Penalty remains on the module	Retype the notice
The tax will be paid in full	Only ES Penalty remains on the module	Retype to a CP 11 if a math error
The module will remain in balance due status (for \$5 or more)	The FTF (TC 16X) or ES (TC 17X) penalties will recompute	Insert Label 2. Refer to IRM 3.14.1.7.8.5, Labeling Notices
The module will remain in balance due status (for \$5 or more)	The FTF (TC 16X) or ES (TC 17X) penalties will NOT recompute	Retype the notice to reflect the credit. Refer to IRM 3.14.1.7.8.5, <i>Use Label #3</i> only when retyping is not possible. <b>Example:</b> When OLNK retype screen response time is very slow
There is a pending credit reversal transaction <b>Example:</b> A dishonored check and penalty transactions	The FTF (TC 16X) or ES (TC 17X) penalties will NOT recompute	Retype the notice. IRM 3.14.1.6.4.4.4, Dishonored Payments and Bad Check Penalties
There is a pending Doc Code 54 or 47 tax adjustment	With Hold Code "0" or Hold Code "1"	Insert Label 1. IRM 3.14.1.7.8.5, Labeling Notices
There is a pending Doc Code 54 or 47 tax adjustment	With Hold Code "2", "3", or "4"	Retype the notice

- b. If there is an unpostable transaction on the account that is a TC150, print the notice with no changes.

- c. If a payment or adjustment is either **UP** or on the **GUF** file, use CC UPTIN to check on the status of the transaction, and use the following chart:

**Note:** Out of region unpostables require the @ with service center code after the TIN. (example: CC UPTIN XXX-XX-XXXX@18)

If ...	And ...	Then ...
The Unpostable is open	Not Applicable	Use CC UPCASZ to enter information to facilitate posting of the transaction. Input CC STAUPS for eight cycles
The Unpostable is closed, check the Unpostable Resolution Code (URC) to determine if the payment will post to the notice module	If the payment will post on the notice module	Follow instructions in IRM 3.14.1.7.8, Notice Disposition
The Unpostable is closed, check the Unpostable Resolution Code (URC) to determine if the payment will post to the notice module	If the transaction is DU, DQ, DC, DI, NU, RJ, or will not post for any other reason	Do not include it on the notice. Print the notice without changes

- d. If a payment is **RS** or **UP**, CC INTST reflects only the payment. Penalty and interest must be manually recomputed.
- e. If a payment or adjustment is pending on another module or account:

If a Payment or Adjustment is...	Then...
Pending on another module or account	<ul style="list-style-type: none"> <li>Wait for the payment or adjustment to post</li> <li>If it creates an overpayment condition on the other module, prevent the refund from generating using guidelines in IRM 3.14.1.7.1.1, Refund Intercepts</li> <li>When the TC 570 or the TC 841 posts, input CC STAUPS for up to eight cycles on the notice module</li> <li>Control and monitor both modules</li> <li>Transfer the payment after it (or the TC 841) posts, or in cycle with a posting delay code</li> <li>Reduce the STAUPS to five cycles</li> <li>Follow notice disposition instructions. See IRM 3.14.1.7.8, Notice Disposition</li> </ul>

- (6) If the notice is selected because credit is available on another module:

- a. Verify that the credit is intended for the notice module. Transfer it to the notice module if it is available.
  - b. Follow instructions in IRM 3.14.1.7.8, Notice Disposition
- (7) Input all credit transfers and complete the notice disposition before the OLNK cycle closeout.

If the conditions after the credit transfer will be...	Then...
Even balance or overpaid	<ol style="list-style-type: none"> <li>1. Void the notice</li> <li>2. Use the Local Control File to intercept the subsequent notice if the FTF penalty or the ES Penalty will recompute</li> </ol>
Balance due after a credit transaction posts	Retype the notice to reflect new balance
An increased balance due after a credit reversal transaction posts	Retype the notice
An increased balance due after a bad check transaction and a TC 280 or TC 286 posts	<ol style="list-style-type: none"> <li>1. Use CC RECON to update the module. Use CC INTST to compute the balance due</li> <li>2. Retype the notice</li> </ol>

3.14.1.6.16  
(01-01-2021)  
**Reviewing Non-Compute Notices – CP 51A, CP 51B, and CP 51C**

- (1) Taxpayers have the option to submit a return referred to as a Non-Compute. A valid Non-Compute return is one in which the taxpayer has requested the IRS compute their tax and any credits to which they may be entitled (e.g., EIC or Credit for the Elderly and Disabled). If the taxpayer clearly indicates such a request with a written statement, or it is clearly the intent of the taxpayer, IRS will compute their tax and/or credits.
- (2) There are three types of Non-Compute notices:
  - CP 51A is a Balance Due.  
**Note:** Taxpayers with a balance due must file timely to be eligible for the 30 day penalty and interest free period.
  - CP 51B is an Overpayment.
  - CP 51C is an Even Balance.
- (3) TPNCs are not allowable on a CP 51.
- (4) Consider the return to be a true Non-Compute if it is a current year return, timely filed by the due date, and **all** of the conditions below are present:
  - a. The return has entries at least through the Adjusted Gross Income (AGI) line (follow the taxpayer's intent - meaning, if they enter all their pertinent information up to the AGI, but do not provide a total).

- b. No math errors are present that would change any AGI or TXI fields provided by the taxpayer.
- c. The Taxable Income (TXI) is less than \$100,000 and greater than zero.
- d. There are no entries on any tax, balance due, or refund line. "Zero", "none", 0, or a dash (–) are considered entries.
- e. Withholding on any attached Form W-2 document(s) is present on the return.
- f. No schedules other than B, H, R, or EIC are attached.

**Note:** The taxpayer must write "EIC" to the left of the EIC line, or "CFE" to the left of the Credit for Elderly or Disabled line, if they wish for IRS to figure those credits for them.

- g. No forms other than: Form 1116, Form 2439, Form 2441, Form 3800, Form 3903, Form 4136, Form 4797, Form 4835, Form 4952, Form 5329, Form 8396, Form 8586, Form 8859, Form 8863, Form 8880, Form 8885, Form 8901, or Form 8903, are attached.
- (5) Follow instructions in IRM 3.14.1.6.1, General Review Procedures.
  - (6) Verify the income and withholding with the information on any attached Form W-2 document(s).
  - (7) Math-verify the entire tax return, including Schedules B, EIC, and R, if attached.
  - (8) Correct any erroneous figures on the notice:
    - a. If there is a math error discovered during review, which impacts AGI and/or TXI figures provided by the taxpayer, retype the notice to the appropriate math error notice and assign the necessary TPNCs, even if the return is otherwise a non-compute.

**Example:** If the taxpayer has an apparent non-compute return with AGI and TXI fields completed, and a wage error is discovered, the AGI and TXI fields would then be changed by an adjustment. The taxpayer must now be informed of the wage error on a math error notice. Retyping the CP 51 is not appropriate, because it would reflect inconsistent AGI and TXI figures when compared to the taxpayer's records, and no explanation would be on the non-compute notice. Retype to the appropriate math error notice.

- (9) On a CP 51B, follow Erroneous Refund procedures per IRM 3.14.1.6.7, Erroneous Refunds, if necessary. If the case does not meet Category A Erroneous Refund criteria:
  - Use Hold Code "0" on the adjustment
  - Insert Label 1 on the notice in the current cycle

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- (10) Follow instructions in IRM 3.14.1.7.8, Notice Disposition.
- (11) Void or correct any Associated notices affected by an adjustment.

- (12) Occasionally, returns that *should have been* processed as Non-Computes are processed normally, and a math error notice with TPNC 209 (Form 1040-EZ) or TPNC 218 (Form 1040 or Form 1040A) is issued to the taxpayer, rather than a true Non-Compute Notice. Follow guidelines for IRM 3.14.1.6.16.3 , Converting Another Notice to a CP 51.

3.14.1.6.16.1  
(01-01-2018)  
**CP 51 Notice Disposition**

- (1) Void a CP 51 or retype it to another notice if:

a. Taxable income is:

•negative
•zero (“0”)
•a dash (“-”)
•“none”
•computed to be negative or zero and the remaining lines are blank, “zero” or “none”, excluding any entry in the payments section of the return

- b. If the return was received after the Return Due Date, convert the CP 51 to a CP 11 if there is a balance due, or a CP 12 if there is a credit balance, and assign TPNC 218. Follow guidelines in IRM 3.14.1.6.16.2 , Converting a CP 51 to Another Notice.
- c. The return has a CCC “B” that was entered by ERS.

If there is...	Then...
No math error or the refund matches the taxpayer’s figures	Void the notice if it is a CP 51B or CP 51C
A math error or a balance due	Retype the CP 51 to another notice type
A pending REQ54 and a second refund will go out	Use Label 5 if it is a CP 51B

**Note:** Verify that the Pay-By-Date on the retype screen of OLNLR is saved as the later of RDD or the 23C date plus 21 days, **before** converting a CP 51 to any other notice type.

3.14.1.6.16.2  
(01-01-2015)  
**Converting a CP 51 to Another Notice**

- (1) If converting a Non-Compute notice (CP 51) to a different notice type, keep the following in mind:

- b. The CP 51 is the only notice in the OLNLR Retypes application that allows the user to edit the “Pay-By-Date” field.

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- (2) If the original notice is a CP 51A, and the notice is being converted into another balance due notice, the Pay-By-Date must be addressed prior to the notice conversion:

- b. The "Pay-By-Date" field must be edited in the OLNK CP 51 retype screen PRIOR to selecting the new notice for conversion, since the new notice will not allow the "Pay-By-Date" field to be edited. This is a systemic limitation.
- c. "Save" the updated "Pay-By-Date" field in OLNK, **before** converting the CP 51 to the new notice type.

- (3) If converting the CP 51 to a math error notice:

- a. Ensure that all TPNCs are properly assigned, including those that inform the taxpayer that IRS figured their tax (and/or credits) for them.
- b. Follow guidelines for addressing the "Pay-By-Date" field, if appropriate, as described in Item (2) above.

3.14.1.6.16.3  
(01-01-2021)

**Converting Another  
Notice to a CP 51**

- (1) Retype another notice to a CP 51A when all of the following are true:

- a. The return is a true Non-Compute. See IRM 3.14.1.6.16(4).
- b. There is a balance due.

- (2) When the CP "Change" button in OLNK is selected, for the purpose of converting a notice to a Non-Compute, only the CP 51 itself is available (e.g., selecting 51A, 51B, or 51C is not an option). The system automatically makes the determination which CP 51 alpha character (A, B, or C) is appropriate for back-end processing, based on the notice balance.
- (3) Retype an overpaid or even balance math error notice to a CP 51B or CP 51C only if the original notice figures are incorrect. If the original notice figures are correct, print the notice.

[illegible]



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#3.14.1.6.17  
(01-01-2015)**Reviewing Notices with  
Specific Selection Keys**

- (1) This subsection contains instructions related to specific selection keys used in the Notice Review process.

3.14.1.6.17.1  
(01-01-2018)**Key 001 — Overpayment  
Notices of \$100,000 or  
More**

- (1) Always use IDRS to work this key.
- a. Check for balance due accounts.
  - b. If there is an open control base on IDRS, contact the controlling Tax Examiner before making any changes to the module.
  - c. To avoid paying additional interest to the taxpayer, verify all payments and extensions before the Thursday NOREFP deadline.
  - d. Unclaimed payments may be intended for BMF accounts for Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return (MFT 52), or Form 709, *United States Gift (and Generation-Skipping Transfer) Tax Return* (MFT 51).
  - e. Research these accounts, using the SSN in TXMOD, followed by a “V” (valid segment) or “W” (invalid segment) for debit balances, or any other indications that the payments belong on Form 706 or Form 709 tax modules.

**Note:** For joint returns, research both SSNs (valid and invalid).

- (2) If the payments belong on the BMF accounts, use the following procedures:
- a. Prevent the refund from generating on the IMF notice module.
  - b. Transfer the credit to the correct BMF tax module.
  - c. Input CC STAUPS on the Form 706 or Form 709 tax module, if necessary.
  - d. For Form 709 only: if no extension is posted on the BMF tax module, transfer the extension. Refer to IRM 3.14.1.6.26, Extensions for more detail.
- (3) If the notice reflects overpayment or underpayment interest of \$100,000 or more and the review indicates the notice is correct, print the notice timely.

3.14.1.6.17.2  
(01-01-2018)**Key 003 — Overpayment  
Adjustment Notices of  
\$100,000 or More**

- (1) Always use IDRS to work this key.
- a. Check for balance due accounts.
  - b. If there is an open control base on IDRS, contact the controlling Tax Examiner before making any changes to the module.
  - c. Verify that no duplicate or erroneous transactions or adjustments have posted or will post to the notice module.

3.14.1.6.17.3

(01-01-2021)

**Key 004 — ES****Discrepancy Notice with  
Incomplete or Out of  
Balance Payment Data**

- (1) Out-of-Balance payment data usually results from a dishonored check, credit reversal(s) that do not match by date or amount, or credit reversals completed using multiple transaction codes.
- (2) One of the most common conditions for Key 004 is part taxpayer error and part IRS system limitation:
  - a. The ES discrepancy exists because the taxpayer submits an ES payment, realizes it was dishonored, and then sends in a replacement payment. The replacement payment, however, often contains an additional amount to cover the bad check penalty, but the taxpayer doesn't claim that extra amount when they file the return.
  - b. The out-of-balance condition exists, because current programming adds the "Dishonored Check" into the payments table of the notice, but does not include the *original* payment. This is because the transaction code of the original payment is converted by Master File (e.g., a TC 660 payment that is dishonored for insufficient funds becomes a TC 663 when the Dishonored Check TC 661 posts).
- (3) Review guidelines to resolve any erroneous condition. If the ES discrepancy is due to a credit transfer completed with inappropriate transaction codes and no other discrepancy exists on the account, void the notice. Follow IRM 3.14.1.6.1, General Review Procedures. Also follow instructions for IRM 3.14.1.6.13 , Reviewing Estimated Tax (ES) Discrepancy Notices.
- (4) Correct payments and/or other amounts on the notice, as appropriate.
- (5) The OLN R Retype System does not allow an out-of-balance condition between the payment data and the total estimated tax payments. Therefore, to resolve any out-of-balance conditions, the payment amount(s) on the notice must be edited.

When retyping the notice for other changes, the following actions may be needed:

If...	And...	Then...
A "Dishonored Check" (debit amount) is present	The total ES payments do not match the total from the payments list	<ol style="list-style-type: none"> <li>1. Add the corresponding payment (credit) for the dishonored check in the payment tab</li> <li>2. Verify the notice amounts</li> </ol>
A "Prior Year Credit" amount is present (as a debit)	The total ES payments do not match the total from the payments list	<ol style="list-style-type: none"> <li>1. Add or edit the corresponding credit</li> <li>2. Verify the notice amounts</li> </ol>

If...	And...	Then...
A payment is not reflected in the payment list, but is in the total ES payments amount	The "Other Payments" field reflects the reversal of the ES payment	<ol style="list-style-type: none"> <li>1. Edit out the offsetting debit and credit amounts</li> <li>2. Retype or Void the notice if the ES discrepancy no longer exists</li> <li>3. Verify the notice amounts</li> </ol>

3.14.1.6.17.4  
(01-01-2024)

**Key 008 — Balance Due  
Notices of \$100,000 or  
More**

(1) Always use IDRS to work this key.

- a. If there is an open control base on IDRS, contact the controlling Tax Examiner before making any changes to the module.
- b. Look for available credits or misapplied payments to apply to the notice module if necessary.
- c. If the taxpayer is claiming payments, use all available resources to locate the missing credits.
- d. Missing payments may have been misapplied to BMF Form 706, United States Estate and Generation-Skipping Transfer Tax Return (MFT 52), or Form 709, United States Gift and Generation—Skipping Transfer Tax Return (MFT 51). Form **706** is filed under the decedent's Social Security Number (SSN). When researching IDRS, input a "V" behind the decedent's SSN (i.e., 000-00-0000V). The MFT is 52 and the tax period consists of six zeros (000000). Although the return is filed under the decedent's SSN, research via BMF CC such as BMFOL and BRTVU. Input a "W" behind the decedent's SSN to research accounts on the invalid segment.
- e. Research these accounts, using the SSN followed by a "V" (valid segment) or "W" (invalid segment) for payments that belong on the Form 1040 notice module.

**Note:** For joint returns, research both SSNs (valid and invalid).

(2) If payments are found, use the following procedures:

- a. Verify that the payments have not already refunded.
- b. Use CC BRTVU to verify that the payments are not claimed on the Form 706 or the Form 709.
- c. Prevent the refund from generating on the Form 706 or Form 709 tax module, if necessary.
- d. Transfer the credit to the IMF notice module.
- e. Input CC STAUPS on the Form 1040 notice module, if necessary.

**Example:** Use CC URINQ to search for unidentified payments. If the taxpayer has a history of filing in another Submission Processing Campus, contact that Campus. Search for payments posted to any of the taxpayer's other accounts.

(3) If the notice reflects credit or debit interest of \$100,000 or more, follow IRM 3.14.1.6.17.1 , Key 001 Overpayment Notices of \$100,000 or More.

3.14.1.6.17.5  
(01-01-2018)

**Key 009 — Balance Due  
Adjustment Notice of  
\$100,000 or More**

- (1) Always use IDRS to work this key.
  - a. If there is an open control base on IDRS, contact the controlling Tax Examiner before making any changes to the module.
  - b. Look for available credits or misapplied payments to apply to the notice module if necessary.
  - c. Correct the entity if necessary.
- (2) Verify that no duplicate or erroneous transactions or adjustments have posted or will post to the notice module.

3.14.1.6.17.6  
(01-01-2015)

**Key 010 — Dependent  
TIN TPNC Assigned to  
Pre-199612 Return**

- (1) Key 010 will select any Math Error notice for a tax period prior to 199612 that includes a Math Error Authority EIC or Dependent TIN issue.
- (2) These TPNCs are 234, 235, 291, 580, 604, 605, 701, 702, 743, and 745.
- (3) These TPNCs should never be assigned to a return for a tax period prior to 199612. ERS instructions are to allow the exemption, credit, etc. related to the math error condition, even if an SSN is invalid or missing. In the case of TPNC 580, self-employment tax should not be assessed.
- (4) If one or more of these TPNCs are assigned to a return for a tax period prior to 199612, route the case to the Examination Function.
- (5) If the Examination Function does not accept the case, adjust the account, returning to the taxpayer's figures in all areas directly related to the TPNC. Retype or void the notice as required.

**Example:** If TPNC 604 is assigned on a 199512 notice and the Examination Function does not accept the case, correct the account to allow the exemption, even if the dependent's SSN is invalid. Retype or void the notice.

3.14.1.6.17.7  
(01-01-2024)

**Key 060 — Tax Period  
More Than 2 Years Prior  
to Current Tax Year**

- (1) NRPS Selects under Key 060 as a quality measure, to ensure the accurate adjustments were made to the return during processing, based on the tax year filed.
- (2) In 2024 for example, tax years 2023 (current), and prior years 2022 and 2021 can be systematically calculated by ERS systems.
- (3) Any time a return is processed that is **more** than two tax years prior to the current year (tax year 2020 and prior), ERS must manually recalculate items such as Standard Deduction, Exemptions, Tax Tables, EIC Tables, Schedule A, exemption limitations, etc.
- (4) Follow general review procedures on these cases, ensuring the correct filing year, figures and tables are being appropriately used during recalculation.
- (5) A high percentage of the errors in this Key are due to incorrect tax year figures being applied. Verify the following items on notices selected in this key: Standard Deduction and/or Exemption amounts, Total tax, including self-employment tax, EIC, ACTC, and other refundable credits.

- 3.14.1.6.17.8  
(03-01-2023)  
**Key 061 — Multiple Math Error Explanations**
- (1) The computer printed explanation of the error(s) made on the return is called a Math Error Explanation.
  - (2) Systemic limitations prevent more than five explanations from being printed on a notice. If there are more than five errors to be assigned, ERS will enter the last TPNC as a TPNC 100. In situations where there are five TPNCs and none of the codes are a TPNC 100, NRPS will select the notice under Key 061.
- 3.14.1.6.17.9  
(01-01-2019)  
**Key 065 — Loose Schedule H**
- (1) Taxpayers may use Schedule H, *Household Employment Taxes*, to report employment taxes on cash wages paid to household employees.
  - (2) In specific, infrequent circumstances, taxpayers may file Schedule H without an accompanying Form 1040. This is known as a “loose Schedule H”.
  - (3) When a loose Schedule H is received in processing, a dummy Form 1040 (coded with RPC “Y”) is created to allow the Schedule H to post to the Master File. If the taxpayer later files a Form 1040, it generates a CP 36 and is processed as a duplicate return.
    - a. The most common problem arising from a taxpayer filing a loose Schedule H, followed by a Form 1040 in a later cycle, is that any Estimated Tax payments on the account will be released (and possibly refunded) by the posting of the dummy Form 1040.

**Note:** Code and Edit instructions require that CCC “3” be edited on all dummy Schedule H returns to freeze any overpayment.

    - b. Carefully review all notices selected by Key 065. If there is a refund caused by unclaimed Estimated Tax payments (usually accompanied by a CP 24), prevent the refund from generating and void or retype the notice as appropriate.
    - c. Follow IRM 3.14.1.6.1, General Review Procedures.
    - d. If a CP 25 is generated due to a dummy Form 1040, void the notice.
- 3.14.1.6.17.10  
(01-01-2015)  
**Key 074 — Pending Merge Transaction**
- (1) Treat the account and the notice as though the merge will post.
- 3.14.1.6.17.11  
(01-01-2015)  
**Key 091 — Selection Requested by Error Resolution (ERS)**
- (1) The Error Resolution System (ERS) has no provision for correcting a record after the document has been completed. If a record needs to be corrected, ERS will notify Notice Review to retype or void the notice.
    - a. An ERS Tax Examiner will prepare Form 3465, Adjustment Request and send it with the return to Notice Review.
    - b. Use Key 091 on the Local Control File and the information on the Form 3465 to select the notice for review. See IRM 3.14.1.3.8, NRPS Local Control File
    - c. Follow normal review procedures for this key.
- 3.14.1.6.17.12  
(01-01-2025)  
**Key 100 — TPNC Explanations Not Computer Generated**
- (1) TPNC 100 has been discontinued due to multi language constraints.
  - (2) If there are more than five TPNCs are applicable, ERS will assign a TPNC 100. Notice Review tax-examiners must identify the five best TPNCs and retype the notice accordingly.

- (3) All cases must be retyped with the best TPNCs and the TPNC 100 must be removed.
- (4) Follow IRM 3.14.1.6.1, General Review Procedures.

3.14.1.6.17.13  
(01-01-2015)  
**Keys 101–998 —  
Taxpayer Notice Codes  
(TPNC)**

- (1) Use the information throughout IRM 3.14.1, IMF Notice Review, Publication 17, and IRM 3.12.3, Error Resolution to review Math Error Notices selected under TPNC Selection Keys. The main purpose of this review is to reduce unnecessary burden on the taxpayer and to deliver a quality product.

3.14.1.6.18  
(01-01-2017)  
**Reviewing Adjustment  
Notices — CP 21, CP 22,  
CP 30, CP 30A, CP 60,  
and CP 62**

- (1) Adjustment notices generate to inform the taxpayer of an account adjustment made on the notice module. These adjustments result from one or more of the following actions:
  - Examination Action (Doc Code 47)
  - DP Adjustments Action (Doc Code 54)
  - Failure to File (FTF — TC 166/167)
  - Estimated Tax (ES — TC 176/177) Penalty Assessment/Recomputation
  - Credit Transfer Actions (Doc Code 24, 34, or 48)
- (2) Because the notice informs the taxpayer of action(s) taken on the notice module after initial processing, it is extremely important that Notice Review Tax Examiners carefully review all aspects of the notice module.

**Caution:** Void an Adjustment notice **only if** the taxpayer has already been advised of the action(s) or would be confused by the notice.

- (3) NRPS selects Adjustment notices if pending transactions or Refund S criteria exist on the notice module. For information on definer codes 041–050, 051–053, and 056, review IRM 3.14.1.6.14, Reviewing Priority Refund Transcripts in Accounts Management Services (AMS).
- (4) Notice Review Tax Examiners are responsible for determining the effects that any pending or unpostable transactions will have on the notice module. The module should be reviewed for possible duplicate transactions. Use this information to determine the proper notice disposition.

**Caution:** Adjustment notices worked prior to Friday may not accurately reflect all pending transactions to the module. Some transactions do not show as pending on Control-D or TXMOD until after Master File posts on Thursday evening.

3.14.1.6.18.1  
(01-01-2015)  
**CP 21 and CP 22 —  
Notice of DP Adjustment  
or Examination**

- (1) CP 21 and CP 22 notices are computer generated notices that inform the taxpayer that an adjustment was made to the tax module. For this reason, these notices are commonly referred to as adjustment notices.

3.14.1.6.18.1.1  
(01-01-2015)  
**CP 21 and CP 22 —  
Issuance Criteria**

- (1) The CP 21 is an Examination or DP tax adjustment notice that generates when an adjustment results in an overpayment, an even balance, or a balance due of \$5 or more.



**Note:** If the notice shows a balance due of \$5 or more, the module must have been in TDA (22, 24, or 26) or Installment (60) status prior to the adjustment to generate a CP 21.

- (2) The CP 22 is an Examination or DP tax adjustment notice that generates when an adjustment results in a balance due of \$5 or more if the tax module was not in TDA (22, 24, or 26) or Installment (60) Status prior to the adjustment.
- (3) Systemic assessment or recomputation of Failure to File or Estimated Tax Penalties will also generate a CP 21 or CP 22.

3.14.1.6.18.1.2  
(01-01-2015)

**CP 21 and CP 22 Notice Elements**

- (1) The following is a short description of each type of Adjustment notice:

CP	Cause	Balance	Other Information
CP 21A	A DP tax adjustment or a penalty recomputation (Doc Code 54)	Balance due of \$5 or more	The notice module was in TDA (22, 24, or 26) or Installment (60) status prior to the adjustment.
CP 22A	A DP tax adjustment or a penalty recomputation (Doc Code 54)	Balance due of \$5 or more	The notice module was in a status other than 22, 24, 26, or 60.
CP 21B	A DP tax adjustment or a penalty recomputation (Doc Code 54)	Overpayment of \$1 or more	Not Applicable
CP 21C	A DP tax adjustment or a penalty recomputation (Doc Code 54)	Overpayment of less than \$1 or balance due of less than \$5	Not Applicable
CP 21E	An Exam (Doc Code 47) adjustment	Any balance	If there is a balance due of \$5 or more, the notice module was in TDA (22, 24, or 26) or Installment (60) Status prior to the adjustment.
CP 22E	An Exam (Doc Code 47) adjustment	Balance Due of \$5 or more	The notice module was in a Status other than 22, 24, 26, or 60.

3.14.1.6.18.1.3  
(11-12-2019)

**CP 21 and CP 22 Notice Disposition**

- (1) Retyping CP 21 and CP 22 adjustment notices is more complex than other notice types. CP 21A and CP 22A are status driven. Refer to Appendix B of the Notice Review Job Aid 2534-002 for additional information and instruction for editing OLN fields to reflect the addition or removal of payments on the module.

- (2) Follow the same notice disposition and labeling procedures for refunding, overpaid, even balance, and balance due Adjustment notices.
- (3) Recompute all penalties to ensure correct notice disposition.
- (4) Review adjustment notices on IDRS to accurately determine the notice disposition.
- (5) Verify the correctness of the adjustment only if the adjustment is for an unreasonable amount or appears to be a duplicate.
- (6) Compare the adjustment item against the source document if requested and/or available.
- (7) If the adjustment was input incorrectly, contact the originator for advice in taking corrective action (e.g., voiding/retyping the notice). If you cannot contact the originator, then void, label, or retype the incorrect notice as appropriate. Follow erroneous refund procedures, if necessary.
- (8) When a tax module shows a TC 300 for .00 adjustment, look for a TC 640 (Advanced Payment of Determined Deficiency) on the module.
- (9) Refer to IRM 3.14.1.7.8.5, Labeling Notices for examples of the labels referenced in this section.

3.14.1.6.18.1.4  
(01-01-2024)

**Pending (PN, RS, or UP)  
Doc Code 54 or 47  
Transactions for all  
notices**

- (1) If the pending transaction is Resequencing (RS), the transaction will post unless conditions on the module or in the transaction data cause it to go unpostable. Refer to IRM 3.14.1.6.3, Unpostable Transactions.
- (2) **For pending adjustments input with a Hold Code “0” or “1”**, another notice will generate. Use the following chart to determine notice disposition.

**Reminder:** When Hold Code “0” is used, it will not display on IDRS or in the NRPS Package/Control D. If no hold code is visible, assume Hold Code “0” was input.

If the pending transaction...	Then...
Was input with a Hold Code “0” or with Hold Code “1”	Another Adjustment notice will generate.
If the account is	Then
Not refunding or is refunding and the pending transaction will not reduce the refund	Insert label 1 to the selected notice
Refunding and the pending transaction will reduce the refund	Follow erroneous refund procedures, if necessary

- (3) When the pending transaction was input using a Hold Code “3” or “4”, use the following chart:

**Note:** An adjustment notice will not generate.



**Reminder:** In addition to suppressing the adjustment notice, Hold Code “4” will prevent any available credit from refunding or offsetting

If the account...	And the Pending Transaction will...	Then ...
Is refunding	Not reduce the refund	Print the notice without changes
Is refunding	Reduce the refund	Follow erroneous refund procedures, if necessary
Is not refunding (regardless of the account balance)	Change the account balance	Retype the notice to reflect the correct account information.

3.14.1.6.18.1.5  
(02-09-2024)

**Pending (PN, RS, or UP)  
Credit or Debit  
Transactions for all  
notices**

- (1) Timely credits or debits posting to an account may result in systemic recomputation of Failure to File and Estimated Tax penalties.
- (2) If review of the account determines that a pending (**AP, PN, RS, UP** or **CU**) credit or debit transaction should post to the notice module:
  - a. Use CC INTST to compute the new module balance.

**Exception:** If interest or Failure to Pay penalty is restricted, use CC COMPA to recompute interest or CC COMPAF to recompute Failure to Pay penalty.

**Exception:** If the pending transaction is a payment that is **RS** or **UP**, CC INTST reflects only the payment. Penalty and interest must be manually re-computed.

  - b. Use CC PIEST to show a recomputed ES Penalty when timely payments are moved into a module.
  - c. Use CC COMPAE/COMPAS to recompute the ES Penalty if it is restricted by a TC 170/171 or a subsequent tax adjustment requires the penalty to be recomputed.
- (3) If a pending (PN, RS, or UP) **credit** transaction should post, use the following chart:

If a subsequent notice will...	And the notice module...	Then...
Not generate <b>Note:</b> A notice will not generate if the FTF or ES Tax penalties will not recompute	Is currently overpaid or offsetting	If the pending transaction will post, retype, label, or void the notice. If the pending transaction will not post, print the notice
Not generate <b>Note:</b> A notice will not generate if the FTF or ES Tax penalties will not recompute	Has a balance due that will be reduced	Retype the notice to reflect the credit
Not generate <b>Note:</b> A notice will not generate if the FTF or ES Tax penalties will not recompute	Has a balance due and will become overpaid/even balance	Retype the notice to reflect the credit
Generate because the FTF or ES Tax penalties will recompute	Will be overpaid/even balance	Insert Label 18
Generate because the FTF or ES Tax penalties will recompute	Will have a balance due	Insert Label 2

- (4) If review of the account determines that a pending (PN, RS, or UP) **debit** transaction should post to the notice module, follow the chart below.

**Exception:** If an overpayment is refunding and the debit transaction is a TC 820 or TC 830, see (5) below.

If...	Then...
A subsequent notice will not generate	<ol style="list-style-type: none"> <li>1. Retype the notice or insert Label 7 as appropriate</li> <li>2. Follow erroneous refund procedures, if necessary</li> </ol> <p><b>Note:</b> A notice will not generate if the Failure to File or Estimated Tax penalties will <b>not</b> recompute and the module will remain overpaid.</p>
A subsequent notice will generate because the FTF or ES Tax penalties will recompute, or if the module will change from overpaid to balance due	<ol style="list-style-type: none"> <li>1. Void the notice</li> </ol>

- (5) **If the pending debit transaction is a TC 820 or TC 830, and an overpayment is refunding or has an offset**, the transaction will go unpostable because the credit is no longer available.
- a. Review all of the involved accounts to determine if the pending transaction is correct.
  - b. Contact the originator if necessary.
  - c. Print the notice with no changes.
- (6) **If the debit side of a credit transfer is unpostable:**
- a. Determine if the debit transaction will post. The credit must be available on the module.
  - b. Contact with the originator may be necessary.
  - c. If you cannot make a determination, print the notice with no changes.

3.14.1.6.18.2  
(01-01-2022)

**CP 30 — Estimated Tax  
(ES) Penalty Notice**

- (1) A CP 30 generates on an overpaid module if the computer generated ES Penalty (TC 176) is greater than the taxpayer's self-assessed penalty and there is no math error or ES discrepancy or when the module balance is in balance due that is less than or equal to the assessed ES penalty amount (TC 176) and no other taxpayer settlement notice issuance except a Non-Compute (CP 51).
- (2) Accept the TC 176 amount unless at least one of the following conditions is present on the return:

If...	Then...
<p>There is an entry in any box on:</p> <ul style="list-style-type: none"> <li>Form 2210, lines A through E</li> <li>Form 2210–F, part 1a or 1b</li> </ul>	<ol style="list-style-type: none"> <li>Reduce the ES Penalty to the taxpayer's figures. See Item (4)(c) below</li> <li>Insert Label 5 on the notice if the CP 30 is the only notice being issued. Use the If/Then chart in (5) below to determine how to handle CP 30 cases with associated notices</li> </ol>
<p>The taxpayer entered one of the following, either on Form 2210 <b>or</b> beside the line marked "ES Tax Penalty" on Form 1040:</p> <ul style="list-style-type: none"> <li>"Waiver"</li> <li>"Annualized Income" (AI)</li> <li>"Actual Withholding"</li> <li>"Not Liable" or "Exempt"</li> <li>"Farmer" or "Fisherman"</li> </ul>	<ol style="list-style-type: none"> <li>Reduce the ES Penalty to the taxpayer's figures. See Item (4)(c) below</li> <li>Insert Label 5 on the notice if the CP 30 is the only notice being issued. Use the If/Then chart in (5) below to determine how to handle CP 30 cases with associated notices</li> </ol>
<p>None of the above apply, and reasonable cause is not present on the return</p>	<ol style="list-style-type: none"> <li>Accept the TC 176 amount</li> <li>Print the notice</li> </ol>

**Note:** Any of the above conditions require that Code & Edit assign CCC "P" to the return, forcing the computer to accept the taxpayer's ES Penalty figures. If any of these special conditions are present and the return did not receive a CCC "P", reduce the ES Penalty to the taxpayer's figures.

- (3) If reasonable cause for underpayment of Estimated Tax is present on the return, check for CCC "7" (Reasonable Cause denied):

If CCC "7"	Then
Is present	<ol style="list-style-type: none"> <li>Accept the computer's figures</li> <li>Print the notice</li> </ol>
Is not present	<ol style="list-style-type: none"> <li>Route the case to Accounts Management on Form 3465 for consideration of Reasonable Cause</li> <li>Print the notice</li> </ol>

- (4) To reduce the ES Penalty:

- Input CC REQ54 on IDRS.
- Use Blocking Series 05.
- Input TC 171 for the difference between the TC 176 and the taxpayer's amount.

- d. Use Source Code 4.
  - e. Use Reason Code 065 in the first position and use Penalty Reason Code 045 in the fourth position.
  - f. Use Hold Code "0".
  - g. Enter the following in the remarks: "Abate ES Penalty per IRM 3.14.1.6.18.2"
- (5) Because a CP 30 can have associated notices CP 45 (Reduced Credit Elect) and/or CP 49 (Overpayment Offset), use the following If/Then chart to determine what Hold Code to use for the TC 171 on the CC REQ54 screen, and what disposition to use for the notice(s) on OLNR.

If the CP 30...	And...	Then...
Is the only notice being issued	Not Applicable	<ol style="list-style-type: none"> <li>1. If the adjustment to increase the refund is input before 6 P.M. local time on Monday, retype the notice to reflect the change and use Hold Code "3".</li> <li>2. If the adjustment to increase the refund is input after 6 P.M. local time Monday, use a Hold Code "0" on the adjustment and Label 5 on the notice.</li> </ol>
Has an associated CP 45 only, AND, the TC 171 will satisfy the entire Unapplied Credit Elect	A subsequent refund check will <b>not</b> generate	Use Hold Code "3" on the TC 171, void both notices and input history item on IDRS
Has an associated CP 45 only, AND, the TC 171 will satisfy the entire Unapplied Credit Elect	A subsequent refund check <b>will</b> generate	<ol style="list-style-type: none"> <li>1. If the adjustment to increase the refund is input before 6 P.M. local time on Monday, retype the notice to reflect the change and use Hold Code "3".</li> <li>2. If the adjustment to increase the refund is input after 6 P.M. local time Monday, use a Hold Code "0" on the adjustment and Label 5 on the CP 30 notice.</li> <li>3. Void the CP 45 and input history item on IDRS</li> </ol>

If the CP 30...	And...	Then...
Has an associated CP 45 only	The TC 171 will only partially satisfy the Unapplied Credit Elect	Use Hold Code "3", retype both notices
Has an associated CP 49 only	Not Applicable	<ol style="list-style-type: none"> <li>1. If the adjustment to increase the refund is input before 6 P.M. local time on Monday, retype the notice to reflect the change and use Hold Code "3".</li> <li>2. If the adjustment to increase the refund is input after 6 P.M. local time Monday, use a Hold Code "0" on the adjustment and Label 1 on the CP 30 notice.</li> </ol>
Has both a CP 45 and CP 49 associated	The CP 49 has no remaining balances	Use Hold Code "3" on the TC 171; Retype all 3 notices
Has both a CP 45 and CP 49 associated	The CP 49 still shows remaining balances	<ol style="list-style-type: none"> <li>1. If the adjustment to increase the refund is input before 6 P.M. local time on Monday, retype the notice to reflect the change and use Hold Code "3".</li> <li>2. If the adjustment to increase the refund is input after 6 P.M. local time Monday, use a Hold Code "0" on the adjustment and Label 1 on the CP 30 notice.</li> <li>3. Print the CP 45 and CP 49</li> </ol>

3.14.1.6.18.3  
(01-01-2022)

**CP 30A — Estimated Tax  
(ES) Penalty  
Recomputation Notice**

- (1) A CP 30A is an overpaid notice, generated when the computer reduces or abates the ES Penalty figured by the taxpayer and there is no math error or ES discrepancy or when the module balance is in balance due that is less than or equal to the assessed ES penalty amount (TC 176) and no other taxpayer settlement notice issuance except a Non-Compute (CP 51).

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- (3) When the taxpayer prepays an estimated tax penalty of \$100 or more, and the computer does not agree with the amount the taxpayer has computed, there may be a problem with the taxpayer's filing status, prior year estimated tax base, or both. Use CC RTVUE, CC IMFOLT, or CC IMFOLR to verify prior year taxes.
- (4) Use CC RTVUE to determine the taxpayer's prior year **filing status**. If the taxpayer has no prior history, check the return, CC ENMOD, or CC INOLES for a secondary SSN.





- b. If the prior year module has a TC 150 for an amount other than zero (.00) and Form 2210, line 8 is:
- Zero - do not assess the penalty
  - Blank or not available and no change to filing status is identified, assess the penalty per the taxpayer figures.
  - When a filing status change is identified, use the chart under IRM 3.14.1.6.18.3(4) to determine whether to assess/adjust the ES Penalty.
- c. If their prior year tax module has no TC 150, use the following chart:

If the prior year module has no TC 150, and...	Then...
You have researched both the primary and secondary accounts and neither has a TC 150	Assess the ES Penalty per the taxpayer's figures
The taxpayer was the secondary taxpayer in the prior year, or the SSN validity was changed	The computer cannot assess the penalty, because it cannot find a prior year tax base. Use the chart under IRM 3.14.1.6.18.3(4) to determine whether to assess/adjust the ES Penalty
The filing status changed from 2 to 1, 3, or 4 in the current year	The computer cannot assess the penalty, because it cannot find a prior year tax base. Use the chart under IRM 3.14.1.6.18.3(4) to determine whether to assess/adjust the ES Penalty
The prior year module is in TDI status 02 or 03	Assess the ES Penalty per the taxpayer's figures
The prior module is in TDI Status 06 with a TC 140 posted date after the Status 06 or TC 599 date	Assess the ES Penalty per the taxpayer's figures
The prior module is in Status 06 with a TC 140 did not post after the Status 06 date	Do not adjust/assess the ES Penalty

- (6) To compute the ES Penalty use CC COMPAS on IDRS.

- c. Input CC REQ54 on IDRS.  
d. Use Blocking Series 05.  
e. Input a TC 170 for the appropriate amount.

**Note:** A TC 290 for zero (.00) is not necessary. The computer will automatically add it to the CC REQ54 transaction.

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- f. Use Source Code 4, Reason Code 65, and Hold Code 3

**Note:** Use Hold Code “0” if you do not have the CP 30A or a TC 846 is on the account.

- g. Enter “N” for Source Document Attached.  
 h. Enter the following in the Remarks: “Assess ES Penalty per IRM 3.14.1.6.18.3.”  
 i. Attach all supporting documentation for the manual computation, such as CC COMPAS prints or other back-up material.  
 j. Take the following action on the notice:

If...	Then...
Returning to the taxpayer’s figures and the module balance will be zero or overpaid	<b>Void</b> the CP 30A.
Reversing an offset	<b>Void</b> or <b>Retype</b> the associated notice
The module will have a balance due	<b>Retype</b> the CP 30A

3.14.1.6.18.4  
 (01-01-2025)

**CP 60 — Notice of  
 Credit Reversal**

- (1) CP 60 is a computer generated notice that informs the taxpayer of a credit reversal on the tax module. The notice generates when both of the following criteria exist:
  - a. The debit side of a credit reversal transaction (TC 612, TC 642, TC 662, or TC 672) posts without an accompanying TC 570 to a zero or credit balance module.
  - b. The transaction results in a debit balance of \$5 or more.
- (2) Use the NRPS Package/Control D and/or IDRS to review CP 60 notices to resolve the debit balance.
- (3) Check all tax modules and pending (AP, PN, RS, UP, and TP) transaction data intended for the notice module. See IRM 3.14.1.6.18.1.4 , Pending Doc 54/47 Transactions and in addition, See IRM 3.14.1.6.18.1.5 , Pending Credit or Debit Transactions.

If the credit is...	Then...
Located and available	Transfer the credit to the debit balance module
If the credit will...	Then...
Satisfy the entire debit balance	Void the CP 60. Input CC STAUPS for eight cycles
Not satisfy the entire debit balance	Retype notice to reflect the credit. Input CC STAUPS if necessary
Unpostable	Input CC STAUPS for eight cycles. Use CC UPTIN, UPDIS, and UPCASZ to notify the Unpostables Function if any corrective action is needed. See IRM 3.14.1.3.2, Resolving Unpostable Transactions See above for disposition.

- (4) If another module shows one or more offsets (TC 826) generated in the notice cycle for the amount of the credit transfer, reverse enough of the offset to cover the debit balance, if available.

**Caution:** Do not reverse a TC 826 that posted in a prior cycle unless credit is refunding or is otherwise available for reversal since the taxpayer has already been notified of the offset.

- (5) Keep the following in mind when reviewing CP 60 notices:

CP 60 Review Reminders	
1.	A TC 570 on the debit side of a credit transfer will suppress a CP 60, but will not suppress a CP 21 or a CP 22
2.	Hold Code 3 will not suppress a CP 60
3.	Always use CC ACTON to input a history item when voiding a CP 60
4.	Use the LCF, See IRM 3.14.1.3.8, NRPS/Local Control File to intercept a CP 60 when preventing a refund from generating because of a pending credit reversal

- (6) If a TC 856 (offset of generated interest) is present, use the IAT Credit Transfer tool to reverse it with a TC 731/851. Then use CC REQ54 with a Hold Code **3** to reverse the TC 776 (generated interest) with a TC 772. When the offset of overpayment principal and or overpayment interest is through manual action(s), either fully or partially reversed. Master File will not systemically adjust the overpayment interest. See IRM 20.2.4.6.6(2), Master File and Offsets

**Caution:** The credit must be available. If it is refunding, prevent the refund from generating and wait until the TC 841 posts or use a posting delay code to perform the adjustment.

- (7) Void the CP 60 and CP 49 if only part of the offset was reversed, retype the CP 49 instead.

- (8) Input a TC 570 on both sides of the credit reversal to prevent the refund from generating any additional offsets or notices. Input CC STAUPS for eight cycles if the refund will be prevented from generating.

3.14.1.6.18.5  
(03-31-2023)

**CP 62 — Notice of  
Located and Transferred  
Payment**

- (1) A CP 62 is a computer generated notice that informs the taxpayer that a missing payment has been located and applied to a tax module. It generates when the credit portion of a Doc Code 34, credit transfer, posts with a Correspondence Received Date. A CP 62 can reflect any balance.
- (2) Review the CP 62. Verify the following:
- The tax period
  - All credits on the tax module
  - The assessed tax, prepayment credit, penalty, and interest amounts
  - The balance due or overpaid amount
- (3) Use the NRPS Package/Control D and or IDRS to review CP 62 notices in an attempt to resolve any remaining debit balance and to verify that the taxpayer's credits are correct.
- (4) Search other tax modules for the exact amount of credit claimed to satisfy any debit condition.

If...	And...	Then...
The credit is found	Not Applicable	Transfer it to the module with the balance due. Insert Label 3
One or more credits are pending to the notice module	Penalties will recompute	Insert Label 2
One or more credits are pending to the notice module	Penalties will not recompute	Insert Label 3
A TC 29X or TC 30X is pending to the notice module	An additional notice will generate	Insert Label 1
A TC 29X or TC 30X is pending to the notice module	An additional notice will not generate	Label notice as appropriate.
A credit balance is refunding	A debit transaction is pending that will reduce the refund	<ol style="list-style-type: none"> <li>1. Prevent the refund from generating if possible or follow Erroneous Refund Procedures IRM 3.14.1.6.7</li> <li>2. Label notice as appropriate</li> </ol>

- (5) Correct any errors found during review.

**Caution:** Never void a CP 62 unless it will be combined with another CP 62.

[illegible]


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#3.14.1.6.20  
(11-05-2021)**Types of Penalties and Interest**

- (1) The table below contains a list of the most common types of Penalties and Interest seen in Notice Review:

Type	IDRS Transaction Code	Notice Penalty Code
Failure to File (FTF)	166/160	01
Estimated Tax (ES)	176/170	02
Dishonored Check	286/280	04
Fraud	320	05
Negligence	350	06
Failure to Pay (FTP)	276/270	07
Failure to Provide SSN/TIN	200	08
Underpayment Interest See IRM 20.2.5, IRM 20.2.14.4, and IRM 20.2.14.4.1	196//336/340/777 or 772 with Julian date 999	09
Daily Delinquency	238/234	10
Miscellaneous	240	28
Overpayment Interest	776/770	—

**Note:** For more information refer to Notice 746, Information about Your Notice, Penalty, and Interest.

3.14.1.6.20.1  
(01-01-2021)**Recomputations of Penalties and Interest – General**

- (1) A manual penalty adjustment prevents the automatic recomputation.
- (2) See IRM 20.2, Interest, for information on computing interest. Even though this IRM has instructions for manually adjusting penalty and interest, input manual restrictions only after determining that the computer cannot correctly assess and/or abate penalty or interest.



- (3) See IRM 20.1, Penalty Handbook for information on computing penalties and reasonable cause criteria. If the taxpayer requests abatement due to reasonable cause, see IRM 3.14.1.6.9.1, Taxpayer Correspondence.

**Note:** Disaster and bankruptcy may affect penalty and/or interest recalculations. Disaster dates can be seen on CC IMFOLE and ENMOD.

- (4) The computer will assess and abate penalties on the Master File when:
- An Examination adjustment posts.
  - A DP tax adjustment posts.
  - An approved Extension of Time posts after the tax and penalties were computer assessed.
  - An adjustment to a refundable credit posts.
  - A payment posts or is transferred to or from the account.

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3.14.1.6.20.2  
(03-07-2024)

**Failure to File – FTF  
(Delinquency) Penalty  
Recomputation**

- The Failure to File (FTF) penalty is assessed on returns received **after** the normal or extended Return Due Date (RDD), or on returns not considered timely under the “Timely mailing treated as timely filing and paying” rule from IRC 7502, when the tax was not paid in full **at** the normal RDD.
- FTF Penalty is governed by IRC 6651(a)(1). For more information, refer to Notice 746 or IRM 20.1.2, Failure to File/Failure to Pay Penalties.
- Computer Condition Code (CCC) “R” is an indicator that the taxpayer received reasonable cause FTF penalty relief during processing.
- Any time the tax or timely credits change, and the conditions in Item (1) above exist on the account, the computer will assess (TC 166) or abate (TC 167) the FTF penalty if it has not been restricted. This systematic recomputation generates a CP 21 or CP 22 unless Hold Code “3” or “4” is used on a TC 29X or TC 30X.
- Payments received after normal RDD (without regard to extensions) have no effect on the FTF (TC 166) penalty, when there is no FTP (TC 276) assessed on the same liability at the same time.
- However, if the two penalties are present, a payment received after RDD might eliminate additional FTP, but FTF could continue (up to its five month maximum). In this case, the rate for FTF might actually increase (from 4.5 percent to 5 percent) as a result. This situation may also have additional impact on credit availability for offset or credit elect transactions.

**Example:** The return is filed 09152018 five months late.

- No extension was filed.
- The taxpayer owes \$1,000 at 04152018.
- FTF and FTP are charged on the \$1,000 from 04152018, but a \$1,000 payment dated 07152018 is transferred in.

- As a result, FTP stops at 07152018, but FTF continues for two more months, and the rate increases from 4.5 percent to 5 percent for the final two months.

**Note:** Refer to the Failure to File (FTF) Recomputation flowcharts in the Notice Review Job Aid 2534-002.

(7) After inputting an adjustment action, compute the penalty manually to determine whether the FTF penalty will recompute when the adjustment posts:

- Count the number of months from the normal or extended RDD to the received date to determine the penalty period. The penalty applies on a maximum of five months.

**Note:** Any part of a month counts as a full month.

- Multiply the number of months by the penalty rate. The FTF penalty rate summary chart, per month, is:

Percent	FTF Penalty Rate Summary Chart
5 percent	When the Failure to Pay (FTP) penalty is not assessed at the same time as the FTF penalty.
4.5 percent	When the FTP penalty is assessed at the same time as the FTF penalty.
5 percent	On all TC 290 amounts
15 percent	When Fraudulent Failure to File (FFTF) from IRC 6651(f) is charged, but is only input with TC 240, Reference Code 686. See IRM 20.1.2.2.7.5.

**Note:** Use the same percentage rate for abating as was used for assessing the FTF on the same unpaid tax amount. Different penalty rates may apply to different amounts of tax for the same time period. The maximum penalty rate is 25 percent, or 22.5 percent when FTP is also assessed. (Similarly, if the failure to file is fraudulent, the maximum rates are 75 percent or 72.5 percent respectively.)

**Example:** The original unpaid tax may be penalized at the 4.5 percent monthly rate and a TC 290 amount at 5 percent per month. Add the two amounts to determine the total FTF penalty.

- Multiply the amount of unpaid tax at the normal due date by the penalty rate. Then multiply this amount by the number of months the tax return is late (up to a maximum of five months). The result is the FTF penalty.

**Note:** TC 291 or TC 301 will reverse the most recent un-reversed TC 290 or TC 300, then the next most recent, etc. If there is no un-reversed TC 290 or TC 300 then the TC 291 or TC 301 will reverse the TC 150.

(8) The minimum penalty may apply on income tax returns if more than 60 days late:

Return Due Date (w/o extension)	Minimum Amount
On or before 12/31/2008	\$100.00
Between 01/01/2009 and 12/31/2015	\$135.00
Between 01/01/2016 and 12/31/2017	\$205.00
Between 01/01/2018 and 12/31/2019	\$210.00
Between 01/01/2020 and 12/31/2022	\$435.00
Between 01/01/23 and 12/31/2023	\$450.00
After 12/31/2023	\$485.00

- (9) Input a manual FTF assessment (TC 160) or abatement (TC 161) when the computer cannot correctly compute the penalty or when the module was previously restricted. A manual restriction is necessary when:
- A late return received date was not transcribed, i.e., the return posted as being timely.
  - An incorrect received date posted, i.e., a timely return posted as being late.
  - The taxpayer states a reasonable cause for filing late.

3.14.1.6.20.3  
(01-01-2018)  
**Failure to Pay (FTP)  
Penalty Computation**

- (1) The Failure to Pay (FTP) penalty is assessed after the Return Due Date (RDD) when there is an unpaid tax liability either on the tax return, or as a result of an Audit or DP tax adjustment; and there is no reasonable cause for failure to pay the tax owed.

**Note:** Computer Condition Code (CCC) "M" is an indicator that the taxpayer received reasonable cause FTP penalty relief during processing.

- (2) FTP Penalty is governed by IRC 6651 (a)(2) on original returns, and IRC 6651 (a)(3) for subsequent adjustments. For more information, refer to Notice 746 or the Failure to File/Failure to Pay Penalties section of IRM 20.1.2, Failure to File/Failure to Pay Penalties.
- (3) There is a 90 percent prepaid exception currently in Master File processing which will not charge the taxpayer FTP penalty if they:
- Have a valid extension of time to file
  - Have prepaid 90 percent of the tax due by the original RDD
  - File the return by the extension due date
  - Pay any remaining amounts due with the return

Under all of these conditions, the taxpayer meets reasonable cause exception to the FTP penalty and it will not be assessed.

- (4) The 90 percent prepayment calculation factors in the TC 610 (if present), which may not necessarily carry a timely date. In this instance, it is possible the 90 percent prepayment exception can be misapplied. If any TC 610 that is beyond RDD plus seven days is included in the prepayment calculation, then FTP will have to be manually assessed until the programming can be corrected.

- (5) Determine when the FTP penalty begins:
- On original balance due returns**, FTP begins on the RDD(not including filing extensions) and ends on the date of payments.
  - On math error assessments**, FTP begins on the twenty-second calendar day (or the eleventh business day if the module balance is \$100,000 or greater) after the “23C date” (the notice and demand date).
  - On timely filed Non-Compute returns**, FTP begins on the RDD or on the first notice 23C date plus 31 days, whichever is later.
  - On adjustments to tax that cause a balance due**, FTP begins on the twenty-second calendar day (or the eleventh business day if the module balance is \$100,000 or greater) from the 23C date.

**Note:** An adjustment to withholding or refundable credits will not change the FTP start date.

**Note:** Any of the payment dates may be extended, but only for undue hardship. The term “undue hardship” means more than an inconvenience. Therefore, such an extension will not be granted simply upon a general statement of hardship. The taxpayer must show that substantial financial loss will occur (such as selling of property at a sacrifice price), if they pay their taxes by the RDD.

- (6) Carefully analyze any reason given by a taxpayer as the cause for a delay in paying tax, when due, in order to determine whether to abate the penalty. Follow proper instructions if the taxpayer requests abatement due to reasonable cause. See IRM 3.14.1.6.21.1(4), Miscellaneous Penalty Issues and IRM 3.14.1.6.9.1, Taxpayer Correspondence.
- (7) See IRM 20.1, Penalty Handbook for FTP computations and reasonable cause criteria.

3.14.1.6.20.3.1  
(01-01-2018)

#### FTP Penalty Recomputation — Definitions

- (1) **Start Date** — The date the penalty starts for a specific unpaid tax liability. This date indicates the beginning of the first monthly period.
- Multiple start dates are possible when there are different tax liabilities assessed at different times on the same module.
  - The most common Start Dates are the normal Return Due Date (RDD), the Extended Due Date, and the twenty-second calendar day from an assessment date of demand (23C date) (or eleventh business day if module balance is \$100,000 or greater).
  - In the case of an installment agreement, the start date for the reduced penalty rate is the transaction date of the TC 971 AC 063.
- (2) **Monthly Period** — The period that begins on the **Start Date** and ends on the numerically corresponding day in the following calendar month. If the following month does not have a matching day, use the last day of that month.

**Example:** If the **Start Date** is August 31, the **Monthly Period** ends on September 30.

- (3) **Penalty Amount** — The balance of unpaid tax at the beginning of each monthly period. For math error returns, begin the computation with the lower of the tax per taxpayer or the corrected tax.

**Note:** A payment received after the beginning of the monthly period will not affect that month's penalty amount.

- (4) **FTP Penalty Rate** —  $\frac{1}{2}$  percent per month or fraction of a month. The rate changes to one percent per month on:

- a. The beginning of the first month following the tenth day after the Status 58 Date or TC 971 AC 035, or

**Example:** If the Status 58 Date is September 25, the one percent would begin on November 1.

- b. The beginning of the first month after the 23C date of a jeopardy assessment (TC 370, Doc Code 51, Blocking Series 100–119).

**Example:** If the 23C date is September 25, the one percent would begin on October 1.

**Note:** The maximum FTP penalty charged on the unpaid balance of each assessment is 25 percent.

- (5) **Reduced FTP Penalty Rate** — Beginning on or after 1/1/2000, a penalty rate of  $\frac{1}{4}$  (.25) percent per month (or a fraction of a month) may apply during the period of an installment agreement. All of the following conditions must be met for the  $\frac{1}{4}$  (.25) percent rate to apply:

- a. Return must have been timely filed (including extensions).  
b. The one percent rate cannot be in effect.

**Exception:** This rule now applies only until cycle 200452; effective on TC 971 AC 063 with dates of 01142005 and later, taxpayers previously subject to the one percent FTP rate can be granted the  $\frac{1}{4}$  (.25) percent rate on an installment agreement.

- c. An un-reversed TC 971 AC 063 is on the module.

- (6) **Assessments** — Tax assessments are any of the following Transaction Codes: 150, 290, 298, 300, and 308.

#### 3.14.1.6.20.3.2

(01-01-2021)

#### FTP Penalty Command Codes

- (1) **CC INTSTD** Command code display the FTP penalty computation, including both posted and accrued amounts, up to the date specified. CC INTST with definer D shows how the computer figured the penalty. It is accurate, unless there is a FTP restriction (TC 270/271) or a pending TC 28X, TC 29X, or TC 30X on the account. Use these command codes for updating a notice to include pending payments and credit transfers. Update the CC INTST date with the 23C date to update a notice with pending payments or credit transfers. See IRM 3.14.1.6.20.1, Tax Tolerance Table.
- (2) **CC COMPAF** — Use this command code to manually compute the FTP penalty. CC COMPAF computes the penalty on a specified amount for a specified time period. Input a separate CC COMPAF for each **Start Date** on the module.

**Note:** Use CC COMPAF to compute FTP when the account is restricted after an adjustment or when a credit is pending but does not yet show on IDRS.

- a. Input the to and from dates and the underpaid amounts. Begin with the Start Date and end on a notice 23C date.
  - b. Add payments on the received dates and subtract their amounts from the underpaid liability amount.
  - c. If multiple CC COMPAF screens are input for multiple Start Dates, add the totals of each screen to compute the total FTP penalty.
- (3) **CC IMFOLR** — This command code displays the original FTP Start Date. This date may or may not apply after an adjustment action.

3.14.1.6.20.4  
(01-01-2021)  
**Estimated Tax Penalty**

- (1) Taxpayers must make quarterly estimated tax payments if a sufficient amount of income tax will not be collected through withholding.
- (2) IRC 6654 provides for a penalty when individuals underpay or pay late any installments of estimated tax liabilities reported on Form 1040.
- (3) An ES Penalty will not be assessed if **any** of the following conditions exist:
- a. The current year tax liability minus withholding and refundable tax credits is less than \$1,000 (\$500 for 1997 and prior).
  - b. The taxpayer was a U.S. citizen or resident for the preceding 12 month tax year **and** had no tax liability for that tax year.
  - c. The taxpayer made timely estimated tax installments for a sufficient amount.
- (4) The following is a list of ES Penalty Transaction Codes:
- TC 170 — A Doc Code of 17, 18, 24, 47, 51, 52, or 54 indicates a manual assessment. Otherwise, it indicates a systemic assessment of the ES Penalty amount shown by the taxpayer on the original return
  - TC 171 — Manual abatement
  - TC 176 — Systemic assessment
  - TC 177 — Systemic abatement
- (5) Master File will change a posted ES Penalty under certain conditions:

If...	And...	Then...
The recom- puted	Not Applicable	Master File will abate the entire penalty with a TC 177
The recom- puted	Differs from a posted TC 176 by  posted TC 170 (Doc Code other than 17, 18, 24, 47, 51, 52,	Master File will post a TC 176 or TC 177 for the difference and issue a CP 21 or CP 22  <b>Note:</b> Input a TC 290 for .00 with a Hold Code , “3”, or “4” to suppress the re- computation notice, if necessary.

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However, when the adjustment action posts, the entire amount will be abated.

- (6) Notice Review must address the ES Penalty if any of the following circumstances are present:
- The current year Filing Status is different than the prior year Filing Status
  - A prior year return has not posted
  - The tax was decreased during pipeline processing, but is being increased back to the taxpayer's figures
  - The original TC 150 amount equals the tax per the taxpayer, but is now being decreased

**Note:** The computer can recalculate the ES Penalty for timely credits, but cannot recompute ES Penalty for an adjustment.

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not charged during processing:

- a. Refer to IRM 3.14.1.6.18, Reviewing Adjustment Notices CP 21, CP 22, CP 30, CP 30A, CP 60, and CP 62 for assessing the ES Penalty per the taxpayer. Refer to IRM 3.14.1.6.18.2, CP 30 Estimated Tax Penalty Notice and IRM 3.14.1.6.18.3, CP 30A Estimated Tax Penalty Recomputation.
- b. If the assessment conditions are met, input a TC 171 for the difference between the posted TC 176 and the taxpayer's figures. Use a posting delay code if the penalty needs to post in the same cycle as a credit transfer.

**Note:** If an adjustment to withholding is also necessary, combine it with the penalty adjustment. Do not input two separate adjustments. See IRM 3.14.1.6.21.4.8, ES Penalty Command Codes.

- (8) See IRM 20.1, Penalty Handbook, Form 2210 and instructions, and Publication 505 for additional information, exhibits, charts, and examples relating to the ES Penalty.

3.14.1.6.20.4.1  
(01-01-2024)  
**Estimated Tax Base  
Computation**

- (1) Determine the ES Tax Base by subtracting all of the following taxes and credits from the TC 150 amount or from the total tax shown on the return, whichever is less:
- FICA or RRTA tax on tip income not reported to an employer
  - Earned Income Tax Credit (EIC – TC 768)
  - Refundable credits (TC 766), not including withholding (TC 806)

**Note:** Beginning in 1998, the ES Tax Base includes the household employment tax reported on Schedule H.

- (2) Master File sets the ES Tax Base when the TC 150 posts. It is not affected by subsequent tax assessments or abatements.



- (3) To avoid the ES Penalty, taxpayers must make quarterly installments totaling 90 percent of the current year ES Tax Base or 100 percent of the prior year ES Tax Base, whichever is less, with the following exceptions:

- High Income Computation for Tax Years 199412 and Later
- Special Computation for Farmers and Fishermen

3.14.1.6.20.4.2  
(01-01-2025)

**High Income  
Computation for Tax  
Years 199412 and Later**

- (1) Taxpayers may use the prior year tax base with possible variations in the percentage set forth in the table in IRC 6654(d)(1)(C)(i).

If the prior year AGI was...	Then the taxpayer...
Greater than \$150,000 (or \$75,000 if Married Filing Separate)	<p><b>Must</b> use the lesser of 90 percent of the current year ES Tax Base, or the applicable percentage of the prior year (PY) ES Tax Base as follows</p> <ul style="list-style-type: none"> <li>• 1994 –1997 – 110 percent of PY tax</li> <li>• 1998 – 100 percent of PY tax</li> <li>• 1999 – 105 percent of PY tax</li> <li>• 2000 – 108.6 percent of PY tax</li> <li>• 2001 – 110 percent of PY tax</li> <li>• 2002 – 112 percent of PY tax</li> <li>• 2003 and later – 110 percent of PY tax</li> </ul>
\$150,000 or less (\$75,000 if Married Filing Separate)	May use the lesser of 90 percent of the current year ES Tax Base or <i>100 percent</i> of the prior year ES Tax Base

- (2) For additional information, See IRM 20.1.3.3.1, Assertion Criteria

3.14.1.6.20.4.3  
(01-01-2018)

**Special Computation for  
Farmers and Fishermen**

- (1) Taxpayers deriving at least  $\frac{2}{3}$  of their gross income from farming or fishing in the current or prior tax year must do one of the following:
- Make a lump sum estimated tax payment by the 15th of the month following the end of the tax year (January 15, for calendar year returns).
  - File their return and pay the total tax in full by the first day of the third month following the end of the tax year (March 1, for calendar year returns).
- (2) The required annual payment is the smaller of  $66\frac{2}{3}$  percent of the current year ES Tax Base or 100 percent of the prior year ES Tax Base, (prior year return must cover all twelve months).
- (3) Taxpayers filing a joint return must include the spouse's income when determining the  $\frac{2}{3}$  gross income requirement.
- (4) When the taxpayer qualifies as a farmer or fisherman, an indicator is placed on the CC PIEST, CC IMFOL, and CC RTVUE response screens.
- "1" indicates the latest return was filed by a farmer or fisherman
  - "2" indicates a prior year return was filed by a farmer or fisherman



- “3” indicates both the latest and prior year return was filed by a farmer or fisherman

3.14.1.6.20.4.4  
(01-01-2019)

#### Quarterly Estimated Tax Payments

- (1) Taxpayers must make sufficient timely estimated tax payments to prevent the ES Penalty from being assessed on a tax module. See the following table for payment due date information:

Installment	Due Date (in tax year)	Calendar Year Due Date
1	15 <sup>th</sup> day of the 4 <sup>th</sup> month	April 15
2	15 <sup>th</sup> day of the 6 <sup>th</sup> month	June 15
3	15 <sup>th</sup> day of the 9 <sup>th</sup> month	September 15
4	15 <sup>th</sup> day of the 1 <sup>st</sup> month after the end of the tax year	January 15

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stallment due date.

**Note:** For fiscal year filer due dates, see Notice Review Job Aid 2534-002.

- (2) An ES Penalty is not charged for an unpaid fourth quarter installment if the tax is paid in full on or before February 15, for calendar year returns.
- (3) Calculate the ES Penalty on the amount underpaid on the due date of each installment.

**Exception:** Deceased taxpayers are liable for estimated tax payments due prior to the date of death. Calculate the ES Penalty from the due date of the payment to the date of the payment or the date of death, whichever is earlier.

3.14.1.6.20.4.5  
(01-01-2015)

#### Applying Estimated Tax Payments

- (1) Apply installment payments to the earliest underpaid quarter within a tax period regardless of the actual payment received date.
- (2) After satisfying the first installment, apply any excess to the next installment, and so forth, applying all payments or satisfying all liabilities within the tax period, whichever comes first.
- (3) Apply prior year Credit Elect (TC 716 or TC 710) to the earliest underpaid quarter.
- (4) Apply withholding (TC 806) equally to each of the four installments unless the taxpayer requests that the withholding be applied to the installment period(s) in which it was withheld.

3.14.1.6.20.4.6  
(11-12-2019)

**Calculating Installments  
Amounts**

- (1) Unless the taxpayer elects to use the Annualized Income Method, the quarterly installment amount due is 22.5 percent of the current year ES tax base or 25 percent (27.5 percent for years prior to 1998 if the prior year AGI is greater than \$150,000) of the prior year ES Tax Base, whichever is less.

**Exception:** Taxpayers meeting the income levels described in IRM 3.14.1.6.20.4.2, High Income Computation for Tax Years 199412, may use 25 percent of the prior year ES Tax Base as the amount due for the first installment only. The amount due for the remaining installments is 22.5 percent of the current year ES Tax Base.

**Exception:** See the special rule for farmers and fishermen. See IRM 3.14.1.6.21.4.4, Special Computation For Farmers and Fishermen

- (2) A taxpayer whose income varied throughout the tax year may elect to vary the amount of each installment, instead of making four equal payments. This is known as the Annualized Income Method. The requirements are:
- The total of the payments must be the same as in (1) above, i.e., if one or more payments are reduced or eliminated, the taxpayer must increase at least one of the remaining payments to make up the difference.
  - The taxpayer must check Box C in Part II and complete Schedule AI of Form 2210 to use this method.
  - If the taxpayer checked the box, a Code & Edit Tax Examiner should assign CCC P to the tax return. See the CP 30 instructions in IRM 3.14.1.6.18.2, Estimated Tax Penalty Notice.

3.14.1.6.20.4.7  
(01-01-2021)

**ES Penalty Computation**

- (1) The rates for ES Penalty and underpayment Interest are the same during the penalty time period.

**Note:** Do not compound the ES Penalty.

- (2) The ES Penalty computation is based on the amount of tax reported on the original return.

**Exception:** If there is a math error on the return, calculate the penalty on the amount of tax as corrected if it is less than the tax reported on the return.

- (3) To compute the penalty, multiply the penalty rate for the underpayment period by the amount of the underpayment.
- (4) The ES Penalty will systemically recompute when either of the following occurs:
- Timely credits are transferred into or out of the module.
  - Withholding is adjusted and the penalty is not restricted by a TC 170 or CCC "P" on the module.

**Exception:** If the TC 170 DLN matches the TC 150 DLN the computer can recalculate the penalty.

**Reminder:** ES Penalty recomputation will generate a CP 21 or CP 22.

3.14.1.6.20.4.8  
(01-01-2021)  
**ES Penalty Command  
Codes**

- (1) **CC PIEST** — This command code displays the computer computation of a systemically assessed (TC 176) ES Penalty. It shows the amount of the ES Tax Base used for the computation and the amount of penalty assessed for each quarterly installment due date. It will display a recomputed penalty amount after a credit transfer or withholding adjustment.

**Caution:** Use CC PIEST only if a TC 176 (or a TC 170 with the same DLN as the TC 150) has posted on the module.

- (2) **CC COMPA** — Use this command code with Definer “E” to manually compute an ES Penalty. CC COMPAS is the response screen resulting from the input of CC COMPAE. It lists the installment due dates in the left column and the RDD beside each date.

**Note:** CC COMPAS may be manually input, but all dates and amounts must also be manually entered before transmitting the command.

- a. Overlay these dates with the appropriate from and to dates, if necessary, and enter the underpayment amounts.

**Note:** Base all dates and amounts on the posted and pending ES payments and the installment amounts due.

- b. Enter more lines if the payments were not received on the installment due date.  
c. Each installment increases the liability and each payment decreases the liability.

(3) **Recomputation of ES Penalty:**

- a. The computer automatically recomputes ES Penalty when an adjustment to TC 806 or TC 807 is made, or if a TC 43X, 61X, 66X, 67X, 700, 702, 71X, 760, 762, or 97X is present, or transferred in with a transaction date prior to the Return Due Date.  
b. The computer will not automatically recompute ES Penalty when there is a CCC “P”, or if there is a TC 170 with one of the following document codes present on the module: 17, 18, 24, 47, 51, 52, or 54.

3.14.1.6.20.5  
(01-01-2024)  
**Computing Normal and  
Restricted Interest —  
General Rules and  
Information**

- (1) The purpose of recomputing interest is to ensure that all outstanding balances, late posting credits, subsequent assessments, etc., are considered in determining the amount of interest due on a tax module up to the current 23C date; and to make adjustments, if necessary.

**Note:** The purpose is **not** to verify a previous systemic computation. Do not recompute the interest on the entire tax module unless there appears to be an obvious error in a previous systemic interest computation. However, anytime underpayment interest is manually computed, it is necessary to recompute the entire tax module from the Return Due Date (RDD) or Extended Due Date (EDD) to the 23C date to ensure an accurate computation is made. See IRM 20.2.1.4.2, Manual Calculation of Interest.

- (2) If the due date for filing a return or making a payment is on a weekend or legal holiday, taxpayers may file or pay on the following business day without penalties or interest. See IRC 7503.

**Note:** If the taxpayer pays after the following workday, penalties and interest will accrue from the actual due date for nonpayment or underpayment and not from the date authorized by IRC 7503.

**Exception:** Compute interest on Examination cases with an 870 waiver date IRC 6601(c) to the 30<sup>th</sup> day after the waiver is filed, even if that date falls on a weekend or legal holiday. See IRM 3.14.1.6.21.6, Interest and Examination Issues.

- (3) Effective January 1, 1983, interest is compounded daily. Use December 31, 1982, as the compounded interest start date.
- (4) Payments are generally applied in the following order:
  - Tax
  - Penalties
  - Interest
- (5) Recompute the module when manually computing interest. Add additional tax assessments to the original tax to arrive at the total corrected balance of tax due on the RDD. Because of the order in which payments are applied, a payment which previously paid penalty and/or interest on an earlier assessment may now pay an additional tax assessment. Any remaining credit will apply to the penalty and interest. This actually reduces the amount of interest assessed on additional tax assessments, and may also reduce or completely eliminate the FTP penalty.

**Caution:** Do not reallocate payments that have been used to pay assessed penalty and/or interest for another assessment when computing an underpayment interest suspension (e.g., IRC 6601(c), IRC 6404(g). See IRM 20.2.5.2.1.1, Allocation of Payments.

- (6) Compute interest on underpayments at normal underpayment interest rates unless the tax module includes a Tax Motivated Transaction (TMT) IRM 20.2.5.9, Tax Motivated Transaction Interest.
- (7) When computing underpayment interest on a subsequent underpayment, the computation method may change when a refund issued with or without interest is present on the tax module.

If...	Then compute interest on...
The refund did not include interest	The portion of the assessment up to the amount of the refund from the refund date.
The refund did not include interest	Any portion of the assessment greater than the amount of the refund from the Return Due Date. See IRM 20.2.5.7.1, Revenue Ruling 99-40 and Refunds Without Interest.

If...	Then compute interest on...
The refund <b>did</b> include interest	Any additional assessment from the due date of the return until the tax is paid. During the period interest was paid on the refund, interest will be charged at the same rate on the portion of the underpayment (including accruing interest) that does not exceed the refund principal. See IRM 20.2.14.4, Within Module Interest Netting under Revenue Procedure 94-60.

3.14.1.6.20.6  
(11-12-2021)

### Interest and Examination Issues

- (1) Compute interest on an Exam deficiency to 30 days after the Form 870 waiver date. If an assessment is not made within 30 days after the waiver is signed, interest will not accrue from the 31<sup>st</sup> day until the assessment date of the additional tax. Interest will resume accruing from the date of assessment to the payment date.

**Note:** The term “deficiency” includes certain penalties related to the Examination assessment. Beginning January 1991, interest on these penalties will also be automatically suspended during the interest free period. See IRM 20.2.7.9.1, IRC 6601(c) Suspension Period Calculation.

**Caution:** The waiver period applies to interest on penalties if an agreement is secured for penalties.

- (2) When computing restricted interest on an Examination assessment case, it may be necessary to request the documents to verify the interest computation. If the case is still open on the Audit Information Management System (AIMS), contact the appropriate area and request that they send a copy of the interest computation.
- (3) TC 300 for .00 with a TC 340 for a non-zero amount usually involves a Form 2285 figured by the Examination Function. If so, request the document to verify the interest computation and update the accruals.
- (4) When a payment is made before the additional tax assessment, apply the payment to the deficiency on its received date. Continue to compute interest on the balance due remaining after the payment is applied.
- (5) When an Examination assessment is made on an account, apply payments as the taxpayer designates, to an extent:

If the Examination is...	Then the taxpayer can...
AGREED	Pre-pay interest without paying tax and penalty first
NOT AGREED	Only pay a percentage of the interest due as compared to the tax

**Example:** If the taxpayer wants to make a payment that will pay 50 percent of the additional tax.

(6) Apply partial non-designated payments on Examination TMT cases in the following order:

- a. Any tax that is normal tax (**not** motivated).
- b. Any tax that **is** tax motivated.
- c. All penalties.
- d. Any normal interest (including interest on penalties).
- e. Any interest that **is** tax motivated.

**Note:** For payment purposes, tax motivated interest is all of the interest on the TMT tax, including the normal interest computed prior to December 31, 1984.

(7) When a payment is made on an Examination deficiency before the interest free period begins (the waiver date plus 30 days), apply the payment on its received date.

**Note:** A payment or credit received during the interest free period will not affect the interest computation. The balance due on the 23C date is reduced by the payment or credit. Additional interest on the remaining balance due will begin to accrue on the 23C date.

3.14.1.6.21  
(01-01-2024)

#### Reprocessing Returns

(1) A reprocessible return is a return that posted to an incorrect tax period or SSN/ITIN and needs to be corrected and re-entered through the processing system.

(2) **Definitions:**

- **Receiving module** — The module to which the return belongs and to which it will be reprocessed.
- **Losing module** — The module from which the return will be moved.
- **Zeroing-out the module** — Adjusting the tax, withholding, EIC, TC 766, Reference Numbers, and certain penalties to zero.

(3) If the return is an *Electronically Filed MEF return*, follow MEF reprocessing procedures. See IRM 3.14.1.6.21.1, Reprocessing E-filed Returns.

(4) Certain circumstances prevent a return from being reprocessed:

If...	Then...
A TC 150 has posted to the receiving and losing modules	<ol style="list-style-type: none"> <li>1. Request both returns</li> <li>2. Do not zero-out the posted tax and reference amounts; adjust them on both modules to agree with the information from the proper return</li> <li>3. Transfer the TC 610 payments if necessary</li> <li>4. Pull all current cycle notices for both modules</li> <li>5. Follow normal notice disposition procedures IRM 3.14.1.7.8, Notice Disposition</li> </ol>
Either module has: <ol style="list-style-type: none"> <li>1. A pending or posted Doc Code 47, 51, or 54 transaction</li> <li>2. A posted TC 976 or TC 977</li> <li>3. An erroneous refund</li> </ol>	<ol style="list-style-type: none"> <li>1. Void the notice</li> <li>2. Route the case to Accounts Management using Form 3465</li> </ol>

- (5) If the Assessment Statute Expiration Date (ASED) is within six months of expiring, **do not** use Form 3893 to reprocess the return. The Statute Function must clear and stamp the case to avoid barred assessments. **Do not abate tax on the incorrect module before referring the case to the Statute Unit.**

**Caution:** Immediately hand-carry returns with an ASED that has expired, or will expire within 120 days to the Statute Function.

- (6) If the return is reprocessable, make the necessary corrections and prevent the overpayment from generating any erroneous refund.

**Caution:** Document Perfection has the final responsibility for editing reprocessed returns. Do not change green or red pencil edit marks entered by previous Tax Examiners.

- a. Determine whether the return is timely filed for the tax period to which it is being processed, (Any editing on the return should always be done in red ink only).

If the return...	And...	Then...
Is timely filed based on the due date of the correct tax period.	Is being processed with a Julian Date of 155 (June 3) or later.	Write the Return Due Date as the received date in the center of the return.
Is timely filed based on the due date of the correct tax period.	There is no date stamp on the return.	Do not edit the received date

If the return...	And...	Then...
Was received after the due date of the correct tax period.	The received date is stamped or edited on the return.	Do not edit the received date
Was received after the due date of the correct tax period.	There is no date stamp on the return.	Determine the received date to be written in the center of page one of the return. IRM 3.14.1.6.1.1.9, Return Received Date

**Note:** All prior year returns **must** have a received date stamped or edited on the return.

- b. If the DLN is not valid for the type of document or is out-of-area, line through (one single line) the DLN. Use a routing slip to send the return to Receipt and Control Function for complete processing and a new DLN. **Do not** attach Form 3893.
- c. If a remittance amount (TC 610) is present, circle out the money amount.

**Reminder:** Use IDRS to transfer the TC 610 to the receiving module only if misapplied.

**Caution:** Never erase, line through, or in **any** way obscure taxpayer entries. Any editing on the return should always be done in red ink only.

- d. The chart contains information on editing a tax return to be reprocessed.

	Editing a Tax Return To Be Reprocessed
<b>Tax Period</b>	Circle the incorrect tax period. Enter the correct year in YYYYMM format <b>Note:</b> Edit the period on current and prior year returns even if the return clearly shows the period to which the document will be reprocessed
<b>DLN</b>	Do not line through DLN
<b>Name, Address, TIN</b>	Change the name and/or address if applicable. Circle-out an incorrect TIN and enter the correct TIN directly above it
<b>Income, Tax, and Credits</b>	Enter any changes to the tax information and credits by placing an "X" to the left of the incorrect amounts. Enter the correct amounts to the left of the "X"
<b>Preparer Information</b>	Circle out this information to prevent duplication

(7) Prepare Form 3893. Figure 3.14.1-9a

(8) Staple the completed Form 3893 to the front of the return just below the entity section.



(9) Staple a completed routing slip (Form 3210 or equivalent) to the Form 3893 and return.

(10) Route case to Receipt & Control for processing.

Item	Item Description	Required Entry
1	Master File Type	Check the "IMF" box
2	Document Locator Number	Enter the first 11 digits of the DLN
3	Document Count	Always enter a "1"
4	Re-input Source Code	Check the "R" box
5	DLN Year Digit	Enter the 14th (last) digit of the DLN
6	Remarks	Enter a description of the required action <b>Example:</b> "Reprocess to 201812"
7	Process As	Check the "Non-Remittance" box. <b>Note:</b> Use IDRS to transfer any TC 610 payment to the appropriate module. If the payment is attached to the return, take the case to your lead
8	Serial Number	Enter the 12 <sup>th</sup> and 13 <sup>th</sup> Digits of the DLN
9	Prepared By	Enter the name and 10-digit employee IDRS number
10	Telephone Extension	Enter a four or five digit telephone extension
11	Date	Enter the current date
12	Reprocessable Document	Check the box showing the reason the return is being reprocessed
13	Area Prepared By	Always check the "Other" box. Write in "Notice Review"

**Figure 3.14.1-9a**

<b>Re-Entry Document Control</b>		<b>File Type</b> <input type="checkbox"/> IMF <input type="checkbox"/> BMF <input type="checkbox"/> Other: _____		1. Alpha/Numeric block control no.	2. Document locator number <b>00221-203-200</b>
3. Batch number	4. Document count <b>1</b>	5. Credit amount		6. Debit amount	
7. Transaction code	8. Transaction date	9. Header MFT code		10. Secondary amount	
11. Re-entry source code (check one) <input checked="" type="checkbox"/> <b>R – Reprocessable:</b> Has posted to MF incorrectly; not open on SCCF. Check applicable box in Block 19. <input type="checkbox"/> <b>N – Reinput of Unpostable Document:</b> Has not posted to MF; open on SCCF. Check applicable box in Block 18. Check applicable box in Block 19. <input type="checkbox"/> <b>4 – SC reinput:</b> Has not posted to MF; open on SCCF. Check applicable box in Block 18.				12. DLN year digit <b>X</b>	13. RPS return; payment has posted to same account with matching DLN <input type="checkbox"/>
14. Remarks <b>Reprocess to 201812</b>				15. Process as: <input type="checkbox"/> Remittance (Enter the amount in Item 5 or 6) <input checked="" type="checkbox"/> Non-Remittance (Items 5, 6 and 10 are normally blank)	16. Serial number <b>00</b>
17. Prepared by <b>Gracie Larch</b> <b>0000000729</b>		Telephone ext. <b>5555</b>	Date <b>04/17/20XX</b>	18. Reinput document <input type="checkbox"/> SC reject <input type="checkbox"/> Tape deletion <input type="checkbox"/> SCCF review <input type="checkbox"/> Other:	19. Reprocessable document (must be non-remittance) <input type="checkbox"/> EIN or SSN corrected <input type="checkbox"/> Tax period corrected <input type="checkbox"/> Corrected to original return <input type="checkbox"/> Other:
<input type="checkbox"/> Accounting <input type="checkbox"/> Adjustments <input type="checkbox"/> Collection		<input type="checkbox"/> Data Control <input type="checkbox"/> Examination <input type="checkbox"/> Rejects		<input checked="" type="checkbox"/> Unpostables <input checked="" type="checkbox"/> Other: <b>Notice Review</b>	
Form <b>3893</b> (Rev. 1-89)		Catalog Number 22525M		Department of the Treasury—Internal Revenue Service	

Figure 3.14.1-9b Form 3893 Re-Entry Document Control

- (11) Use the CC REQ54 checklist to ensure the input of all necessary adjustments to zero out the incorrect module for IMF Reprocessing. Figure 3.14.1-10.

**Note:** (The IAT X Claim tool is recommended for accurate processing).

CC REQ54 Check List for IMF Return Processing	
➤	<p>To zero-out an account, the dollars and cents amounts input on CC REQ54/ADJ54 must have a trailing minus (–) sign. Do not reduce any reference item below \$.00</p> <p><b>Caution:</b> A difference of even one cent can cause the adjustment to go unpostable. Listed below are input items that may be necessary to accurately complete a CC REQ54/ADJ54 reprocessing adjustment.</p>
➤	<p>Input TC 291 for the amount of the TC 150 to zero-out the tax</p> <p><b>Note:</b> If any secondary tax adjustments have already posted prior to the input of CC REQ54 make sure the TC 291 zeroes-out the total tax amount.</p>
➤	<p>Input TC 171 to zero-out any manually assessed TC 170 or TC 176 ES Penalty (the computer will not reverse the TC 176 when the tax is zeroed-out)</p> <p><b>Note:</b> On the CC ADJ54 screen, input Reason Code <b>065</b> in the second position and <b>045</b> in the fourth position.</p>

	<b>CC REQ54 Check List for IMF Return Processing</b>
➤	If there is <b>not</b> a TC 176 on the module, and credits (including payments, withholding and other refundable tax credits) are transferred out or reversed, input TC 170 for zero (.00) to prevent the computer from assessing TC 176
➤	Input TC 161, TC 271, and/or TC 341 to zero-out any manually assessed TC 160, TC 270, and TC 340, respectively <b>Note:</b> On the CC ADJ54 screen, input Reason Code <b>065</b> in the second position and <b>045</b> in the fourth position.
➤	Input Blocking Series "05", Source Code "2" or "4", Reason Code "099", and Hold Code "4" (or Hold Code "1" where appropriate)
➤	Input TC 888 and TC 886 to zero-out AGI and TXI, respectively. <b>Caution:</b> If the taxpayer filed the return with a negative AGI, increase the TC 888 to zero it out.
➤	Input TC 887 to zero-out the exemptions, using a trailing minus (–) sign. Using the ADJ54 screen, exemptions are decreased by using a decimal format (e.g., One exemption = .01-, two exemptions = .02-, etc.) Use the number of exemptions on TXMOD as a guide for the TC 887 entry.
➤	Input TC 807 to zero-out any posted TC 806 withholding credit <b>Note:</b> Any Excess FICA must be reversed using Credit Reference Number 252 with a minus (-) sign, which will generate TC 767. Use Override Code "N."
➤	Input a single TC 765 to zero-out the total of all EIC TC 768 and TC 764 transactions
➤	Input TC 767 to zero-out any TC 766 refundable credits that post without a Credit Reference Number (CRN)

CC REQ54 Check List for IMF Return Processing	
➤	<p>Input Credit Reference Numbers with a trailing minus (–) sign to reverse TC 766 credits that post with CRN(s). Master File will generate the appropriate TC 767:</p> <ul style="list-style-type: none"> <li>• CRN 250 with a trailing minus (–) sign reverses the Health Coverage Tax Credit</li> <li>• CRN 252 with a trailing minus (–) sign reverses Excess FICA for returns processed after cycle 200704</li> <li>• CRN 260 with a trailing minus (–) sign reverses the American Opportunity Credit</li> <li>• CRN 261 with a trailing minus (–) sign reverses the Adoption Credit (Applies to tax year 2010 and 2011 only)</li> <li>• CRN 262 with a trailing minus (–) sign reverses the Premium Tax Credit</li> <li>• CRN 271 with a trailing minus (–) sign reverses the <b>Qualified sick and family leave credits</b> for leave taken April 1, 2021, through September 30, 2021. <b>2020 or 2021 only.</b></li> <li>• CRN 280 with a trailing minus (–) sign reverses the deferred Social Security Tax 2020 only</li> <li>• CRN 299 with a trailing minus (–) sign reverses the <b>Qualified sick and family leave credits</b> for leave taken April 1, 2020, through March 31, 2021. <b>2020 or 2021 only.</b></li> <li>• CRN 336 with a trailing minus (–) sign reverses Additional Child Tax Credit</li> </ul>
➤	Correct the SE income and SE tax by the following: TC 29X
➤	Input IRN 878 and TC 879 to zero-out the Primary and Secondary Self Employment Incomes, respectively
➤	Input IRN 895 and IRN 896 to zero-out the Primary and Secondary Medicare Incomes, respectively (tax year 1991 and subsequent). See the <b>Note</b> below
➤	Input IRN 891 and IRN 892 to zero-out the Primary and Secondary Unreported Tip Incomes, respectively
➤	Input IRN 889 to zero-out the Self–Employment (SE) Tax
➤	Input IRN 898 and IRN 899 to zero-out the Primary and Secondary Medicare Tip Incomes, respectively (tax year 1991 and subsequent). See the <b>Note</b> below
➤	In Source Document Field input “N”
➤	Input Remarks (e.g., “Reprocess from 202212 to 202312”)
➤	<p><b>Note:</b> When Medicare SE or Medicare Tip Income field on TXMOD displays all “9”s, the amount is too large for the TXMOD field. Use CC IMFOLR or RTVUE to verify the actual amount</p>

Figure 3.14.1-10

(12) Transfer the payments claimed on the return to the correct SSN or Tax Period.

**Note:** If the module being zeroed out has other credits that are correctly posted and should not be refunded, input a TC 570 on the debit side of the credit transfer. Use only one TC 570 when transferring multiple credits.

(13) Use CC REQ77 to input a TC 971 on the losing module to identify a cross-reference TIN or tax period when an original, amended, or duplicate return posted to an incorrect TIN or tax period and is being reprocessed. Figure 3.14.1-11a.

- a. TC 971 requires an Action Code. Always use TC 001 to indicate that the TC 150 posted to the wrong TIN or tax period.
- b. The transaction date of the TC 150 being reprocessed is the return received date from the “RET-RECD-DT” field shown on CC TXMOD screen.

(14) Input STAUPS for eight cycles on balance due accounts.

### CC REQ77/FRM77 Format

```

FRM77 000-00-0543      MFT>30  TX-PRD>20XX12  PLN-NUM>      NM-CTRL>FINC
TC>971 ①  TRANS-REGISTER-IND>  PSTNG-DLAY-CD>
EXTENSION-DT>          TC93X-EMP-CD>          TRANS-DT>090820XX ②
CLOSING-CD>      RESP-UNIT/JURISDICTION-CD>  TC148-CD>      BANKRUPT-CD>
DLN-CD>      BL-LOC-CD>      LAST-RET-AMT-CD>  TC480-SC-CD>
CYCLE>      APP-OFF-CD>      CSED-CD>      BOD-CD>      BOD-CLIENT-CD>
SEQ-NUM>      REVERSAL-DLN>          SECONDARY-DT>
CAF-CD>      TC971/151-CD>001 ③  TC550-DEFINER-CD>  FEMA-NUM>
ULC>      FREEZE-RELEASE-AMT>          ABA-NUM>
TC46X-GRP-CD>          TC538-DEFINER-CD>
XREF-TIN>000-00-0543 ④  XREF-NM-CTRL>
XREF-TX-PRD>20XX12 ⑤  XREF-PLN-NUM>      XREF-MFT>      MISC>
CORR-DT-IND>      REFILE-LIEN-IND>      2032-IND>
REPROCESS RETURN ⑥
  
```

Figure 3.14.1-11a CC REQ77/FRM77 item input instructions for Reprocessing Returns chart.

Item 1, Field TC>	Input 971
Item 2, Field “TRANS-DT>”	Input date from the “RET-RECD-DT” field of TXMOD
Item 3, Field “TC 971/151-CD>”	Enter Action Code “001” for original return reprocessing
Item 4, Field “XREF-TIN>”	Enter the SSN to which the return is being reprocessed
Item 5, Field “XREF-TX-PRD>”	Enter the tax period to which the return is being reprocessed

<b>Item 1, Field TC&gt;</b>	<b>Input 971</b>
Item 6, Remarks Area	Include pertinent remarks

**Figure 3.14.1-11b**

- (15) When reprocessing a return to a prior year module that has a TC 14X, use CC FRM49 to input a TC 599 with Closing Code 018. This will prevent any further Tax Delinquent Investigation (TDI) action.

**Note:** Input format:

- a. Overlay TXMOD with FRM49, then clear the rest of the line.
  - b. On the second line, enter the SSN, two spaces, Name Control, space, MFT, space, tax period, space and 599018 as shown below.
  - c. XXX-XX-XXXX (2 spaces) NNNN XX YYYYXX 599018.
  - d. Then XMIT.
- (16) After completing all of the above:
- a. Void the original notice
  - b. If a TC 971 with AC 530 is present on the module, the MFT 35 needs to be reprocessed.
  - c. Input history item, e.g., CP (insert applicable CP#) VOIDED.
  - d. Staple Form 3893 below the entity portion of the tax return. Figure 3.14.1-10
  - e. Staple appropriate routing slip to Form 3893 with attachment(s) and route to the Receipt and Control Function.

3.14.1.6.21.1  
(01-01-2025)

#### **Reprocessing E-filed Returns**

- (1) Print entire MEF return from EUP including all schedules, attachments including notes, and PDF .
- (2) Line through the DLN (Use red ink when editing documents).
- (3) Complete Reprocessing procedures per IRM 3.14.1.6.21 , Reprocessing Returns.
- (4) Route the case to the Processing Function and request a new DLN.

3.14.1.6.22  
(01-01-2025)

#### **Individual Retirement Account (IRA) Notices**

- (1) Traditional Individual Retirement Arrangements (IRA), Simplified Employee Pensions (SEP), Roth IRAs, and SIMPLE IRAs provide tax advantages for retirement savings.
- (2) A Traditional Individual Retirement Arrangements (IRA) is a tax-advantaged personal savings plan where contributions may be tax deductible.
- (3) **Spousal IRA** — A spousal IRA is a separate IRA established for a spouse, who may or may not receive compensation. The following requirements must be met to contribute to a spousal IRA.
  - a. The taxpayers must file a joint return for the year the contributions are made.
  - b. The spouse must not reach the age of 70½ by the end of the tax year.
  - c. The taxpayer must have compensation for the tax year, and the spouse must have compensation less than the taxpayer.

- d. The taxpayers may not establish a joint IRA. A separate IRA must be established for the taxpayer and the spouse.
  - e. For limits on deductions for spousal IRAs, see Publication 590-A, Individual Retirement Arrangements (IRA).
- (4) **SIMPLE IRA** — This plan is a simplified retirement plan for small businesses. Generally, employers must have 100 or fewer employees to maintain a SIMPLE IRA Plan.
- (5) Under this Simple IRA plan, an eligible employee may elect to have their employer make salary reduction contributions of up to:

Year(s)	SIMPLE IRA Contribution Amount
2024	\$16,000
2023	\$15,500
2022	\$14,000
2021-2020	\$13,500
2019	\$13,000
2018-2015	\$12,500

The employer must also make matching contributions or non-elective contributions to the employee's SIMPLE IRA. Taxpayers may not make regular IRA contributions to SIMPLE IRAs.

- (6) **Roth IRA** — Beginning in 1998, a Roth IRA may be established by an individual. Contributions to a Roth IRA are not deductible and qualified distributions are excluded from gross income.
- a. A taxpayer may contribute to a Roth IRA if their compensation and modified AGI is less than a certain amount.
  - b. The maximum amount a taxpayer may contribute to a Roth IRA for:

Year(s)	Roth Contribution Amount	If age 50 or older
2024	\$7,000	\$8,000
2023	\$6,500	\$7,500
2022-2019	\$6,000	\$7,000
2018-2015	\$5,500	\$6,500

- (7) **Coverdell Education Savings Account** — Certain taxpayers may make non-deductible contributions of up to \$2,000 to a Coverdell Education Savings Account on behalf of a designated beneficiary (a child under the age of 18) for the purpose of paying the designated beneficiary's qualified higher education expenses. Earnings are not taxed until distributed. However, if distributions for the year do not exceed the qualified education expenses of the designated beneficiary for the year, they are excluded from gross income. Modified

Adjusted Gross Income (MAGI) of less than \$190,000 for joint filers (\$95,000 for single filers) can contribute up to the full amount. Refer to Publication 970, Tax Benefits for Education.

- (8) **Simplified Employee Pension (SEP)** — Under this plan, the employer (or the self-employed taxpayer) contributes to an employee's IRA rather than to an approved pension plan.  
The limit on contributions for (SEP), other than catch-up contributions, for a participant in a defined contribution plan is:

Year(s)	Simplified Employee Pension (SEP) Contribution Amount
2024	\$69,000
2023	\$66,000
2022	\$61,000
2021	\$58,000
2020	\$57,000
2019	\$56,000
2018	\$55,000
2017	\$54,000

See Pub 560 Retirement Plans for Small Business.

**Note:** *Compensation* includes wages, salaries, tips, professional fees, bonuses, commissions and other amounts received for providing personal services. It also includes taxable alimony and separate maintenance payments. Compensation **does not** include earnings from interest, dividends, rental income, pensions or annuities, foreign income, or any other amounts excluded from income, such as certain amounts earned by U.S. citizens abroad.

- (9) Form 5329 assesses additional taxes against IRAs:
- Early Distributions Tax** — This 10 percent tax is assessed on an IMF account when a taxpayer withdraws money before age 59 $\frac{1}{2}$ .
  - Excess Contributions Tax** — This six percent tax is assessed on the IRA. Taxpayers may not deduct an amount on Form 1040 for an excess contribution to an IRA.

**Exception:** See Publication 590-A, Individual Retirement Arrangements (IRAs).

- Excess Accumulation Tax** — This 50 percent excise tax (also known as an Insufficient Distribution Tax) is assessed on the IRAF for taxpayers who do not receive minimum distributions after age 70 $\frac{1}{2}$ .

#### 3.14.1.6.22.1 (01-01-2025) Reviewing IRA Notices

- IRA accounts are on MFT 29. The IMF Notice List includes IRA series notices, CP 14I, CP 21I, and CP 22I.
- Use all available command codes to review IRA notices on the MFT 29 and MFT 30 to locate any available credits to transfer:



- a. Check for credits on the MFT 29 and MFT 30 under both the primary and secondary taxpayers' SSNs.
  - b. Search the Unidentified Remittance File with CC URINQ.
- (3) An IMF account may contain any of the following IRA indicators on TXMOD:

IRA Indicator	Description
0	No IRA
1	Primary Taxpayer has an IRA
2	Secondary Taxpayer has an IRA
3	Both Taxpayers (FS2 only) have IRAs
4	IRA Notice issued
5	IRA Notice issued to the primary taxpayer
6	IRA Notice issued to the secondary taxpayer
7	IRA Notice issued to both taxpayers (FS2 only)

- (4) If credit is available on the IMF side for transfer to the IRA account:
- a. If there is an open control base contact that Tax Examiner prior to adjusting the module.
  - b. Prevent refund from generating on any current cycle refunds, if necessary.
  - c. Use the IAT Credit Transfer tool with TC 820/700 to transfer available credit claimed on the IMF side (MFT 30) to the IRA (MFT 29). The available credit is the amount after tax, penalties, and interest have been satisfied.

- (5) Use proper procedures to search for credits attempting to post to the IRA side.

**Note:** IRA tax modules can only be established with a TC 001, TC 150, or TC 99X. Any transaction attempting to post before these will unpost with an Un-postable Code 151. To create a MFT 29 module on master file, see IRM 21.6.5.4.11, Individual Retirement Account File Overview.

- (6) Follow the procedures in the sections listed below to review IRA Notices (CP 14I, CP 21I, and CP 22I.)
- See IRM 3.14.1.2.3, Data Elements-IMF and IRA Notice List
  - See IRM 3.14.1.4.3.1.1, Manual Intervention List
  - See IRM 3.14.1.7.8, Notice Disposition

3.14.1.6.22.2  
(01-01-2017)  
**IRA Accounts**

- (1) If a credit is being applied or will be applied to the account, use CC INTST or CC COMPA/F to determine if the penalties and interest will recompute.

**Note:** Failure to File (FTF) penalty may need to be manually recomputed.

If...	And the notice is a...	Then...
Penalties and interest will fully abate and the module balance will be zero or a balance due of less than \$5	CP 14I	<b>Void</b> the notice
Penalties and interest will fully abate and the module balance will be zero or a balance due of less than \$5	CP 21I or CP 22I	<b>Label</b> or <b>retype</b> the notice
The module will have a balance due of \$5 or more	CP 14I, CP 21I, or CP 22I	<b>Label</b> the notice with Label 3. See IRM 3.14.1.7.8.5.3

**Caution:** Use caution when voiding a CP 21I or CP 22I, since these Adjustment Notices generate from a CC REQ54/ADJ54 adjustment. Label or retype the notice as necessary.

- (2) If an adjustment is pending on the account:

If...	Then...
Hold Code “3” or “4” was used	<b>Retype</b> or <b>Void</b> the notice to reflect the adjustment
Hold Code “0” was used	<b>Label</b> the notice with Label 1. See IRM 3.14.1.7.8.5.1

- (3) Input CC STAUPS for eight cycles when needed to delay the issuance of IDRS Collection Notices (500 series).

3.14.1.6.23  
(01-01-2016)  
**Automated Levy Program (ALP) Notices — Not Mailed Timely**

- (1) The IMF Automated Levy Program notices are as follows:
- Alaska Permanent Fund Dividend Levy Program (AKPFD) — CP 77 and CP 78
  - Federal Payment Levy Program (FPLP) — CP 90 and CP 91
  - State Income Tax Levy Program (SITLP) — CP 92
- (2) The ALP notices are Master File (MF) notices. FPLP and SITLP notices print every cycle. AKPFD notices print once a year in mid-July. The notices generate with a Monday date two weeks in advance.

- (3) All ALP notices are mailed from the CPS site(s). CP 77 and CP 90 are mailed certified, return receipt. CP 92 is mailed certified, but no return receipt. CP 78 and CP 91 are sent via regular (first class) mail.
- (4) All ALP notices, with the exception of CP 92, are systemically selected through automated NRPS processing. Selection lists do not generate at the CPS site(s). No NRPS processing (systemic or manual) is performed for CP 92. These instructions, therefore, are only for use in the event of an unforeseen problem with the automation, which might result in the need for manual review.
- (5) When a CP 77, CP 90, and CP 92 is created, a TC 971 AC 069, (which carries the notice date) is posted to the MF for each tax module included on the notice.
- (6) When a CP 91 is created, a TC 971 AC 169 is posted to the MF for each tax module on the notice. When a CP 78 is created a TC 971 AC 269 is posted to the MF for each tax module on the notice.
- (7) Take the following action if CP 90 is not mailed by the notice date.
  - a. Input a TC 972 AC 069 to reverse the original TC 971 AC 069. The TC 972 AC 069 should carry the same transaction date (notice date). This is accomplished by using the notice date as the transaction date on CC REQ77.
  - b. Input a TC 972 AC 069 with XREF of secondary SSN for each module on the spousal copy of the CP 90. When a spousal copy is issued, a TC 971 AC 069 posts under the primary SSN, but it carries an XREF to the secondary SSN. For any spousal copies of CP 90 that are destroyed, you will have to input the reversal TC 972 AC 069 on the primary SSN with the XREF secondary SSN. This is accomplished by using the notice date as the transaction date on CC REQ77.
  - c. Input a TC 971 AC 061. Use the current date as the transaction date in CC REQ77.
  - d. Input a TC 972 AC 061 with a two cycle posting delay code. Use the current date as the transaction date in CC REQ77.
  - e. Void the original notices since unable to mail by the notice date.
- (8) Take the following action if CP 77 or CP 92 is not mailed by the notice date.
  - a. Input a TC 972 AC 069 to reverse the original TC 971 AC 069. The TC 972 AC 069 should carry the same transaction date (notice date). This is accomplished by using the notice date as the transaction date on CC REQ77.
  - b. Input a TC 972 AC 069 with XREF of secondary SSN for each module on the spousal copy of the CP 77 or CP 92. When a spousal copy is issued, a TC 971 AC 069 posts under the primary SSN, but it carries an XREF to the secondary SSN. For any spousal copies of CP 77 or CP 92 that are destroyed, you will have to input the reversal TC 972 AC 069 on the primary SSN with the XREF secondary SSN. This is accomplished by using the notice date as the transaction date on CC REQ77.
  - c. Void the original notices since unable to mail by the notice date.
- (9) Take the following action if CP 91 is not mailed by the notice date.

- a. Input a TC 972 AC 169 to reverse the original TC 971 AC 169. The TC 972 AC 169 should carry the same transaction date (notice date) and XREF SSN of the TC 971 AC 169. Use the notice date as the transaction date on CC REQ77.
  - b. Input a TC 971 / AC 061. Use the current date as the transaction date in CC REQ77/FRM77.
  - c. Input a TC 972 AC 061 with a two cycle posting delay code. Use the current date as the transaction date in CC REQ77/FRM77.
  - d. Void the original notice since unable to mail by the notice date.
- (10) Take the following action if CP 78 is not mailed by the notice date.
- a. Input a TC 972 AC 269 to reverse the original TC 971 AC 269. The TC 972 AC 269 should carry the same transaction date (notice date). This is accomplished by using the notice date as the transaction date on CC REQ77/FRM77.
  - b. Input a TC 972 AC 269 with XREF of secondary SSN for each module on the spousal copy of the CP 78. When a spousal copy is issued, a TC 971 AC 269 posts under the primary SSN, but it carries an XREF to the secondary SSN. For any spousal copies of CP 78 that are destroyed, you will have to input the reversal TC 972 AC 269 on the primary SSN with the XREF secondary SSN. This is accomplished by using the notice date as the transaction date on CC REQ77/FRM77.
  - c. Void the original notice since unable to mail by the notice date.

3.14.1.6.23.1  
(01-01-2015)

**Alaska Permanent Fund  
Dividend Levy Program  
(AKPFD)**

- (1) The AKPFD notices (CP 77) are reviewed systemically through automated NRPS processing. In the event that NRPS processing is temporarily unavailable, review the notice manually before mailing.
- (2) Review each CP 77 that generates and all balance due tax modules (not just those appearing on the notice) using IDRS and Master File for one of the following:
  - –C freeze or un-reversed TC 500
  - –Z freeze or un-reversed TC 914
  - Un-reversed TC 480 or 780
  - Un-reversed TC 530 (CC 08)
  - Un-reversed TC 540 (IMF only)
  - Un-reversed TC 971 AC 043
  - Un-reversed TC 971 AC 063
  - Un-reversed TC 524 (TIF only)
  - Un-reversed TC 971 AC 086 or AC 087
  - Un-reversed TC 520
  - Un-reversed TC 976 or TC 977
  - Un-reversed TC 470 (CC 90, 92, 93, 94, 95, 97, or 98)
  - Killed in Terrorist Action (KITA)
  - Un-reversed TC 971 AC 630

**Note:** Review account for both pending and posted transactions.

- (3) If any of the criteria shown immediately above is met, do the following:
  - a. Void the notice.

- b. Input a TC 972 AC 069 for each tax module for CP 77 **only**. Input a TC 972AC 269 for each tax module for CP 78. The TC 972 date must have the same date as the TC 971 that is being reversed.
- (4) Review **only the notice tax modules** on IDRS and Master File for each CP 77 or CP 78 that generates for one of the following:
- Un-reversed TC 530 (CC 04, 05, 07 or 24-32)
  - CSED expires before October 1st of the current year
  - Removed or Un-reversed TC 971 AC 275 with DLN positions 6-13 not equal to all "9s" or Un-reversed TC 971 AC 275
  - Un-reversed TC 971 AC 065 or AC 071
  - Un-reversed TC 971 AC 018
  - Un-reversed TC 971AC 069 if previous Un-reversed TC 971 AC 069 posted before the TC 971 AC 069 generated for this CP 77. For CP 78 if there is no Un-reversed TC 971 AC 069 then proceed with instructions
  - Un-reversed TC 470 without a closing code (CC)

**Note:** Review account for both pending and posted transactions.

- (5) If any of the criteria shown immediately above is met, remove the affected tax module(s) from the notice. Retype the notice unless all tax modules on the notice are impacted. If all tax modules are impacted, void the notice for the affected tax module(s).
- (6) For each impacted tax module on the CP 77 **only**, input a TC 972 AC 069. The TC 972 date must have the same date as the TC 971 that is being reversed. Be sure to input the appropriate reversal for any spousal copies.

3.14.1.6.23.2  
(01-01-2017)  
**Federal Payment Levy  
Program (FPLP)**

- (1) The FPLP notices (CP 90 and CP 91) are reviewed systemically through automated NRPS processing. In the event that NRPS is temporarily unavailable, review the notices manually before mailing.
- (2) Review each CP 90 and CP 91 that generates and all balance due tax modules (not just those on the notice) on IDRS and Master File for the one of the following:
- -C freeze or Un-reversed TC 500
  - -Z freeze or Un-reversed TC 914
  - Un-reversed TC 480 or TC 780
  - Un-reversed TC 530 (CC 24-32)
  - Un-reversed TC 530 (CC 08)
  - Un-reversed TC 540
  - Un-reversed TC 971 AC 043)
  - Un-reversed TC 971 AC 063)
  - Un-reversed TC 524 (TIF only)
  - Un-reversed TC 971 AC 086 or AC 087)
  - Un-reversed TC 520
  - Un-reversed TC 976 or TC 977
  - Un-reversed TC 470 (CC 90, 92, 93, 94, 95, 97, or 98)
  - Killed in Terrorist Action
  - Un-reversed TC 971 AC 630)

**Note:** Review the account for both pending and posted transactions.

- (3) If any of the criteria shown immediately above is met:

- a. Void the notice.
  - b. Input a TC 972 AC 069 for each tax module on the CP 90. The TC 972 AC 169 should carry the same transaction date (notice date) and XREF SSN of the TC 971 being reversed. IRM 3.14.1.6.23, Automated Levy Program (ALP) Notices-Not Mailed Timely.
  - c. Input TC 972 AC 169 for each tax module on the CP 91. The TC 972 AC 169 should carry the same transaction date (notice date) and XREF SSN of the TC 971 being reversed. IRM 3.14.1.6.23, Automated Levy Program (ALP) Notices-Not Mailed Timely.
- (4) Review only the notice tax modules on IDRS and Master File for each CP 90 and CP 91 for one of the following:
- Module not in status 22, 23, 24, 26, or 53 (with CC 03, 06, 09, 10, 12, 13, or 39)
  - CSED within 3 months
  - Un-reversed TC 971 AC 061
  - Un-reversed TC 971 AC 071
  - Un-reversed TC 971 AC 065
  - Un-reversed TC 470 without a closing code (CC)
- Note:** Review the account for both pending and posted transactions.
- (5) If any of the criteria shown immediately above is met, remove the affected tax module(s) from the notice. Retype the notice unless all tax modules are impacted. If all tax modules are impacted, void the notice. Do the following for each tax module to be removed from the notice:
- a. Input a TC 972 AC 069 for each tax module on the CP 90. The TC 972 date must have the same date as the TC 971 that is being reversed. Be sure to input the appropriate reversal for any spousal copies. See IRM 3.14.1.6.24, Automated Levy Program (ALP) Notices-Not Mailed Timely.
  - b. Input a TC 972 AC 169 for each tax module on the CP 91. The TC 972 AC 169 should carry the same transaction date (notice date) and XREF SSN of the TC 971 being reversed. See IRM 3.14.1.6.24, Automated Levy Program (ALP) Notices-Not Mailed Timely

3.14.1.6.24  
(02-23-2021)  
**Command Code  
STAUPS**

- (1) Command Code (CC) STAUPS delays, skips, or accelerates balance due IDRS Notices. CC STAUPS is used on balance due accounts that are in Status 19, 21, 20, 56, 58, 76, or 77. CC STAUPS will generate a history item on the module and change the Submission Processing Campus Status to 48.
- (2) CC STAUPS is most commonly used when resolving undeliverables, processing balance due accounts with invalid SSNs or ITINs, and when reviewing non-math error balance due notices (CP14s). See the IRM references below:
  - IRM 3.14.1.6.10.2 - **Resolving Undeliverables**
  - IRM 3.14.1.6.1.1.2 - **Social Security Numbers**
  - IRM 3.14.1.6.1.1.3 - **Individual Taxpayer Identification Numbers (ITIN)**
  - IRM 3.14.1.6.15 - **Reviewing Non-Math Error Balance Due Notices — CP 14**
  - IRM 3.14.1.4.3.3 - **Notice Recreate Transcripts (CP 67)**
- (3) Input CC STAUPS for 8 cycles when any of the following apply:

**Note:** CC STAUP cycle input must always be two digits. Example 08 is 8 cycles.

- a. When a module contains one or more pending payments (AP, PN, UP, CU, or TEP) that will cause FTF or ES Penalty to be recomputed. This will allow the taxpayer adequate time to respond to the subsequent notice;
- b. Routing a balance due case and/or any related correspondence to another area;
- c. Reprocessing a balance due account
- d. Holding a notice on a balance due account (Status 19, 21, 20, 56, 58, 76, or 77) (i.e. the corrective action on an account cannot be accomplished within the notice cycle.)

**Note:** After working a balance due notice that has been held, re-input CC STAUPS for 6 cycles if the account (Status 19, 21, 20, 56, 58, 76, or 77) required an adjustment and remains a balance due account **and** the original notice was labeled or retyped.

**Caution:** Use the current status (other than 19 or 21) if the notice is voided or printed erroneously.

- (4) If STAUPS is required and none of the conditions in paragraph 3 above apply, input CC STAUPS for the number cycles that IDRS would normally delay the next notice, most commonly 5 cycles.

**Note:** See STAUPS Status Chart in the Notice Review Job Aid 2534-002.

**Caution:** Never input CC STAUPS to update the Status to 22 for zero cycles. This causes the account to immediately become Tax Delinquent Account (TDA).

- (5) CC STAUPS can be input for a maximum of 15 cycles, but it will be released after 9 cycles without a control base on the account.
  - a. If a control is opened on the module after CC STAUPS is input, it will be released nine cycles after the control base is closed.
  - b. CC STAUPS will never remain for more cycles than the number originally input.
- (6) Never input CC STAUPS for fewer cycles than the normal interval to the next notice. Be aware of the posting cycles of each notice, especially if using the same status.
- (7) CC STAUPS cannot be input when
  - a. The Collection Statute Expiration Date (CSED) is within six months of expiring;
  - b. An Account is in Status 22, 24, 26, 64, 60, 71, or 72.
- (8) CC STAUPS will only prevent an erroneous IDRS notice if it is input by the Friday before the erroneous notice is scheduled to generate (10 days prior to the 23C date).
  - a. If the Submission Processing Campus status has updated, it is too late to use CC STAUPS.



**Note:** If CC STAUPS is input prior to the 23C date, the notice will be selected for review on the IDRS Notice Review Register under the category 48 Status Update, and will be voided. If the same notice needs to be regenerated, input CC STAUPS in the same Submission Processing Status.

- b. If an erroneous notice has been mailed, send an apology letter (544C Letter) notifying the taxpayer to disregard the notice and that either the case has been resolved or that a correct notice will be sent.

3.14.1.6.25  
(01-01-2024)  
**Extensions**

- (1) Check for a misapplied extension of time to file (TC 460) that belongs on another account.

**Note:** Filing Status 2 extensions are often applied to the secondary taxpayer and will need to be applied to the primary.

- a. Use CC REQ77 to input a TC 462 to remove the extension from the incorrect account.
  - Input CC REQ77
  - When the FRM77 response screen displays, enter “462” in the TC>, and
  - In the “REMARKS” field, enter “ Extension removed”
- b. Use CC REQ77 to input a TC 460 to post the extension on the correct account. Input the Extension Date (use the latest extension date), the Transaction Date (use the received date of the extension), and the DLN-CD (enter 10).
  - Input CC REQ77
  - When the FRM77 response screen displays, enter “460” in TC> ,
  - In “EXTENSION-DT” enter the Extension Date (use the latest extension date)
  - In “TRANS-DT”, enter the received date of the extension
  - In “DLN-CD” , enter 10 (MFT 30)
  - In “Remarks”, enter “Extension applied”

**Note:** If penalties will recompute, input a TC 290 for .00 with a Hold Code “3” to suppress the recomputation notice.

- c. Input only one TC 460.
- d. Retype, label, or void the notice according to the effect that the posted TC 460 will have on the module. The TC 460 will cause a recomputation of the FTF penalty (TC 166 if posted) if the return is filed before five months after the extended due date.

3.14.1.7  
(01-01-2015)  
**Case Resolution**

- (1) The term “case resolution” refers to actions that are taken, or need to be taken, in order to close the case. There are several different elements that comprise case resolution:

- Preventing Refunds
- Controlling Cases
- Documenting Adjustment Cases
- Taxpayer Correspondence/Reply Procedures
- Entity Adjustments



- Tax Adjustments
- Credit Transfers
- Notice Disposition

**Note:** Not all of these items will be required on every case.

(2) This section breaks down each of the previously listed items in greater detail.

3.14.1.7.1  
(01-01-2015)  
**Preventing Refunds**

(1) Preventing refunds may be required prior to resolving a case.

3.14.1.7.1.1  
(01-01-2019)  
**Refund Intercepts**

- (1) With CADE 2 daily processing, the use of NOREFP for IMF accounts is limited. If a refund transaction (TC 846) is posted to the account, a NOREFP for IMF refunds will not be accepted.
- A seven calendar day systemic refund hold will be applied to all CP 12 and 24 notice accounts requesting paper check or direct deposit refunds. (Although, if the paper refund is part of a split refund request, the paper refund will not be held.) Instead of a refund transaction (TC 846) on the account, it will reflect the systemic hold with a TC 570 and blocking series "55555" present. The hold will systemically expire the following Thursday when IMF weekly processing occurs. Follow procedures outlined below to prevent any further refund from generating if necessary.
  - If a TC 570 with blocking series 55514 the systemic hold is 14 days, if a 55528 the systemic hold is 28 days.
  - A four business day systemic refund hold will be applied to all accounts that meet Priority Refund Transcript criteria. Instead of a refund transaction (TC 846) on the account, the account will reflect the systemic hold with a TC 570 and, blocking series "55555". The AMS system will systemically generate a subsequent TC 570 when the Priority Refund Transcript is one to three days old or a NOREFP on the fourth day when an action is taken to prevent the refund from generating.
  - If a TC 810/811 is present, see work leader.

If...	And...	Then...
The account has a TC 846 posted,	Not Applicable	A NOREFP request cannot be initiated on an IMF account. Erroneous Refund Procedures should be followed, if necessary.

If...	And...	Then...
The account has a TC 570 with blocking series "55555",	A TC 971/805 is also posted on the module indicating a Priority Refund Transcript has generated,	<ol style="list-style-type: none"> <li>1. A TC 570 can be input up to 3 business days after the systemically generated TC 570 Cycle Posted Date (up to 6 P.M. local time on day 3) to prevent the refund transaction from generating.</li> <li>2. A NOREFP can be input on the third business day after 6 P.M. local time or the fourth business day before 9 P.M. eastern time Friday - Wednesday (10 P.M. eastern time Thursday) from the systemically generated TC 570 cycle posted date.</li> <li>3. If it is after 9 P.M. eastern time Friday - Wednesday (10 P.M. eastern time Thursday) on the fourth business day or older, erroneous refund procedures should be followed, if necessary.</li> </ol>
The account has a TC 570 with blocking series "55555",	A TC 971/804 is also posted on the module indicating a CP 12 or 24 has been issued,	<ol style="list-style-type: none"> <li>1. A TC 570 can be input up through 6 P.M. local time the following Wednesday (6 calendar days after the systemically generated TC 570 cycle posted date to prevent the refund transaction from generating.</li> <li>2. A NOREFP can be input on the Wednesday after 6 P.M. local time or Thursday before 10 P.M. eastern to request IMF to reverse the refund and prevent the refund information from going to FMS.</li> <li>3. If it is after 10 P.M. eastern on Thursday or older, follow erroneous refund procedures, if necessary.</li> </ol>

- (2) NOREFP must be executed on the day the refund hold is set to expire (day 4 for Priority Refund Transcripts, Thursday for CP 12 and 24 Notices ). When CC NOREFP is initiated, the following table explains when the TC 846 and systemic TC 841 will be displayed:

**Note:** For IDRS input, "day 4" for Priority Refund Transcripts begins at 6 P.M. local time on day 3 and ends at 6 P.M. local time on day 4; "Thursday" for CP Notices begins at 6 P.M. local time on Wednesday and ends at 10 P.M. Eastern time on Thursday.

- (3) The chart below contains the daily account for TC 846/841 Posting.

Transaction Code	CFOL Command Codes	IDRS Command Codes
846	Next business day	Second business day
841	Two business days	Third business day

- (4) The chart below contains the weekly account for TC 846/841 Posting.

Transaction Code	CFOL Command Codes	IDRS Command Codes
846	Saturday after freeze releases	Monday after freeze releases
841	Second Saturday after freeze releases	Second Monday after freeze releases

3.14.1.7.1.2  
(01-01-2024)

**Use of Command Code  
NOREFP**

- (1) Use CC NOREFP to prevent the refund information from going to FMS under the conditions outlined in IRM 3.14.1.7.1.1(1)(a) and (b), **Refund Intercepts**. With the refund holds in place, IMF will systemically generate the refund transaction on the fourth day for Priority Refund Transcripts, or the seventh day for CPs 12 and 24.

**Note:** Follow normal review procedures, and if the TC 570 or NOREFP is not input on the days outlined in (1) or a refund transaction (TC 846) is already posted to the account, follow Erroneous Refund procedures, in conjunction with IRM 21.4.5, Erroneous Refunds.

<p> <b>1</b> NOREFP <b>2</b> 000-00-0640 <b>3</b> 30 <b>4</b> 202412 <b>5</b> FALC  <b>6</b> C#,202510F,M,RFDL  <b>7</b> 0010100000,03112025 <b>8</b> </p> <p> <b>9</b> 00  <b>10</b> 53         </p> <p>           *(Note: If TXMOD is accessed prior to CC NOREFP, the abbreviated NOREFP without entering the top line of information can be used.)         </p> <p> <b>NOREFP</b>  <b>C#, 202510F, M, RFDL</b>  <b>*,*</b> </p> <p> <b>00</b>  <b>53</b> </p>	<p> <b>1</b> <b>DEFINER:</b>  <b>P</b> - to indicate initial input         </p> <p> <b>2</b> SSN including dashes (-). <b>Note:</b> Not required if TXMOD was accessed prior to CC NOREFP (also applies to <b>3</b>, <b>4</b>, and <b>5</b>).         </p> <p> <b>3</b> <b>MFT</b> </p> <p> <b>4</b> <b>TAX PERIOD</b> </p> <p> <b>5</b> <b>NAME CONTROL</b> </p> <p> <b>6</b> <b>CASE CONTROL BASE</b> enter as:            C#, YYYYCCF, M, RFDL  <b>YYYYCC</b> overlays with the tax year and refund cycle (such as 202510)  <b>F</b> overlay the source of the request with <b>F</b> (for paper source)  <b>M</b> controls the case in <b>M</b> status.  <b>RFDL</b> controls the case as Refund Delete.         </p> <p> <b>7</b> <b>TAX EXAMINER NUMBER</b> (or asterisk “*”)         </p> <p> <b>8</b> <b>RECEIVED DATE</b> (or asterisk “*”)         </p> <p> <b>9</b> <b>PRIMARY LOCATION CODE</b> of the district (not the D.O. Code)         </p> <p> <b>10</b> <b>REFUND DELETION CODE.</b> See below.         </p>
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<b>IMF Refund Deletion Codes</b>			
00 No Signature 01 Filing Status to Single 02 Filing Status to Married Filing Joint 03 Filing Status to Married Filing Separate 04 Filing Status to Head of Household 05 Filing Status to Qualifying Widow(er) with Dependent Child 06 Exemptions 07 Income from Wages, Salaries, Tips, etc. 08 Interest Income 09 Dividend Income 10 Refund of State and Local Income Taxes 11 Alimony Received 12 Schedule C 13 Schedule D	14 Capital Gains Distributions 15 Supplemental Gains 16 Fully Taxable Pensions and Annuities 17 Other Pensions and Annuities 18 Schedule E Income (or loss) 19 Schedule F Farm Income (or loss) 21 Other Income 22 Total Income 23 Moving Expenses 24 Employee Business Expenses 28 Alimony Paid 30 Other Adjustments 31 Total Adjustments to Income 32 Adjusted Gross Income	34 Tax Computation 36 Credit for the Elderly 37 Child/Dependent Care 38 Investment Credit 39 Foreign Tax Credit 43 Total Credits 44 Self-Employment Tax 45 Alternative Minimum Tax 47 Social Security Tax on Tips 48 Tax on IRA 50 Other Credits or Taxes (Additional Child Tax also) 51 Withholding 52 Estimated Tax Payments 53 Earned Income Credit (EIC) 54 Amount Paid with Form 4868 55 Excess Social Security or RRTA Tax 56 Credit for Federal Tax On Special Fuels and Oils	58 Total Payments 75 Taxable Income (Standard Deduction also) 76 Schedule A 77 Credit Elect 78 Payment with Return 79 Incorrect Tax 80 Manual Refund 81 Refund Stop Request 82 Bad Check 83 FTD Payments 84 Misapplied Credit 85 Correspondence with Taxpayer 86 Assessment to Post 87 Duplicate Filing 88 670 Verification 89 Transfer Payment to another Tax Period 90 No Document 99 All Other Reasons, Including Sch H taxes

**Figure 3.14.1-12 CC NOREFP Format and IMF Refund Deletion Codes**

(2) CC NOREFP can only be used with the following circumstances:

- a. A CP 12 or 24 Notice in the current cycle between Wednesday 6 P.M. local time until Thursday 10 P.M. Eastern Time.
- b. A Priority Refund Transcript that is between 6 P.M. local time on the third business day until 6 P.M. Eastern time on the fourth business day.

The input time frame for CC NOREFP for CPs 12 and 24 is from Wednesday 6 P.M. local time to Thursday 10 P.M. (Eastern Time). The input time frame for Priority Refund Transcripts is from 6 P.M. local time when the transcript is three business days old to 6 P.M. local time when the transcript is four business days old.

- (3) CC NOREFP will automatically establish a control base and prevents the refund transaction from being sent to FMS for refund issuance.
- (4) CC NOREFP automatically creates a control base in the format, "PPyyyc-cRC." See below:

Code	Activity
PP	RP — Initial prevent refund from generating request
yyyc	TC 846 (refund) posting cycle (e.g., 201709)
RC	Refund Deletion Code: Document 6209, IRS Processing Codes and Information

**Example:** "C01,RR20170407,M,RFDL" is an example of a NOREFP-generated control base, on a Cycle 201704 case using Reason Deletion Code 07.

- (5) After CC NOREFP is input and if no adjustments are pending, take the following action:
  - a. Input your adjustment with the appropriate blocking series, hold code, and posting delay code.
  - b. Monitor the account and maintain the M or B status.

**Note:** If a NOREFP is input in error, it cannot be deleted and the taxpayer should receive the refund, input TC 290 for .00 and Posting Delay Code 1 to release the refund.

#### 3.14.1.7.1.3 (11-12-2019)

##### Direct Deposit Refunds

- (1) Instead of having a refund mailed, taxpayers can request that their refund be deposited into a checking or savings account via Electronic Funds Transfer (EFT). Refunds that are electronically deposited are available approximately four days from the posting of the transaction that produced an overpayment (refund) on the module.
- (2) Taxpayers can have their direct deposit refunds split between multiple accounts, by attaching a Form 8888 to their return.
- (3) There are five ways to identify Direct Deposit Refunds:
  - CC TXMOD shows the RSN directly below the TC 846. The 11th and 12th digits identify the method of payment for the refund. A "Z" in the 11th position indicates a Direct Deposit.
  - The CC REINF response screen shows "GENERATED REFUND EFT" if a Direct Deposit Refund was issued in lieu of a paper check.
  - CC TXMOD and CC IMFOLT indicator will appear near the right margin either on the same line as the TC 846 or the next line as: DD: "0" (paper check) or "9" (direct deposit).

- CC TXMOD and CC IMFOLT display a “10” in the “DIR-DEP-REJ-RSN-CD>” and “DDRC:” fields, respectively.
- CC IMFOBT and CC TRDBV displays the bank ABA (routing) number and the bank account number receiving the direct deposit.

**Caution:** A Direct Deposit Refund can be rejected during processing and a paper check refund issued instead. A Direct Deposit Reject Reason Code will appear in the “DIR-DEP-REJ-RSN-CD>” field on TXMOD and in the “DDRC:” field on IMFOLT. See IRM 21.4.1.5.8.1, Direct Deposit Reject Reason Codes for a list of reject reason codes. A CP 53 may be present on TXMOD.

3.14.1.7.1.4  
(01-01-2024)

#### **Split Direct Deposit Refund — Form 8888**

- (1) When taxpayers elect to split their direct deposit refunds into multiple accounts, they must attach Form 8888 to their return. The form will contain all the routing transit numbers (RTN) and bank account numbers necessary for the direct deposit. The percentage of the refund split is at the taxpayer’s discretion.
- (2) A refund may be split among no more than three accounts. Each honored split refund request will reflect separate TC 846s on CC TXMOD.
- (3) In CC IMFOLT, however, each account’s information will be present.
- (4) If any issue arises from the accuracy of the RTN or bank account numbers, the refund will default to a paper check, and a CP 53 will be issued to the taxpayer.
- (5) If a refund is reduced during processing, direct deposits from the Form 8888 will still be honored, applying credit to each bank account in a 1st-2nd-3rd account priority, as credit is available.
- (6) A paragraph will automatically be inserted into the notice text to notify the taxpayer if changes were made to the direct deposit amounts. A split refund table will also accompany the text, and will show how much was requested to go into each account (taken from Form 8888), and how much was actually applied.
- (7) A Direct Deposit tab will appear on OLNK retype screens for all notices upon which a Form 8888 was attached to the return. This data will rarely be altered, but is available in the event of a notice conversion.
- (8) The systemic hold does not apply to split refunds. If the case needs to be adjusted erroneous refund procedures will need to be followed.

3.14.1.7.2  
(01-01-2021)

#### **Controlling Cases**

- (1) Pending transactions may require some cases to be monitored prior to an adjustment.
- (2) Establish a control on all cases held in suspense past the notice cycle. This will cause the case to appear on the weekly Adjustment Overage Report.
- (3) Monitor the overage listing so the case can be worked and closed within one week of all the transactions posting including the TC 841, except cases awaiting correspondence. After one week, the case will count as an aged case. See IRM 3.30.123.6, Processing Timeliness Criteria.
- (4) To control a Turnaround (other than refund deletion) case:

- a. Work these cases in the notice cycle. Input all adjustments, retype, label, or print notices in the notice cycle to ensure that every taxpayer receives the full benefit of the penalty and/or interest free period.
- b. For cases not worked in cycle, use CC ACTON to control the case under Category Code "OURV". Input CC STAUPS for eight cycles on balance due cases not worked in cycle to prevent Collection (500 series) notices. Reduce the STAUPS after resolving the case, depending on the notice disposition.
- c. Turnaround cases are considered aged after one week.

(5) If the case is controlled by another Tax Examiner:

- a. Contact the Tax Examiner with the open control or see lead to determine who will resolve the case.
- b. If the other Tax Examiner agrees to accept the case, close your control base. Use CC ESTABDT to recharge the return. Route the return and all pertinent documents to the controlling examiner.

**Note:** Include documentation of your discussion as part of the case.

- c. If a case is controlled on IDRS to a group but not to a Tax Examiner then resolve the case per your research.

3.14.1.7.3  
(03-31-2023)  
**Documenting  
Adjustment Cases**

(1) Attach documentation of all telephone contacts to the return.

If...	Then...
The return or other documents, such as a taxpayer letter, is available as a source document (SD)	Attach an explanation, which might include calculations, worksheet prints, or screen shots of REQ54 etc., to the document to leave a paper trail for other Tax Examiners to follow. Make sure to use the correct blocking series and associate the document and adjustment back to files. Enter the explanation in the remarks section of the CC REQ54 or credit transfer screen.
A document is not available as a source document (NSD)	Enter a complete explanation of the adjustment in the remarks section of the CC REQ54 or credit transfer screen on IDRS.

3.14.1.7.4  
(01-01-2024)  
**Taxpayer  
Correspondence/Reply  
Procedures**

(1) If additional information is needed, send the request in writing:

- a. Send the appropriate letter in the notice cycle to allow adequate time for the taxpayer to respond. If the requested information is not received before the close of the cycle, the notice may be held.
- b. Cases must be controlled and held in a suspense file while awaiting the taxpayer's reply.
- c. Continue processing the case when the reply is received. Upon receipt of reply, ensure that action is taken immediately to close the case. Input CC STAUPS as necessary.

**Note:** Do not correspond again if the IRS already corresponded. Treat as a no reply.

- (2) The chart contains the requests for missing information of verification for payments.



If the taxpayer...	Then...
Replies within 45 days and the refund is frozen, which now needs to be released	<p>Input a TC 290 for .00, Hold Code <b>3</b>, and Blocking Series <b>05</b> to release the refund. If the reply was received after the normal or extended Return Due Date, overlay the <b>RET-PROC-DT&gt;</b> field with the IRS received date stamped on the reply to set a new 45-day interest-free period. If a MEF return, select "Y" for source doc attached to create a filing DLN to associate any documents.</p> <p><b>Note:</b> Documents received with and including the correspondence need to be associated with the original paper return.</p>
Replies within 45 days to a payment verification letter and states that the payment is for a forthcoming amended return	<p>Input a TC 290 for .00 with a Hold Code <b>4</b> to set a –K freeze. Close the control base as <b>TP 1040X</b> and print the notice.</p>
Does not reply within 45 days to a request for missing information and the account requires no adjustment. and P– freeze is holding an overpayment.	<ul style="list-style-type: none"> <li>Input a TC 290 for .00 with a Hold Code <b>4</b> to set a –K freeze. Close the control base.</li> </ul>
Does not reply within 45 days to a request for missing information and the account requires no adjustment and -K or -R freeze is holding an overpayment.	<ul style="list-style-type: none"> <li>Close the control base. Do not release the freeze.</li> </ul> <p><b>Note:</b> Both the –K and the –R freeze will generate a transcript to Accounts Management</p>
Does not reply within 45 days, but the account requires an adjustment, and a P– or –R freeze is holding an overpayment	<p>Input CC REQ54 adjustment with Hold Code <b>4</b> to set a –K freeze to hold any credit balance. Retype Notice</p>

If the taxpayer...	Then...
Does not reply within 45 days to a payment verification letter, or denies having made the payment	If it cannot be determined to whom the payment belongs, then determine which account the payment should be moved to. See IRM 3.14.1.6.8, Excess Collection (XSF) and Unidentified Remittance (URF) Files
Replies after 45 days and the control base is already closed	Complete Form 3465, Adjustment Request , requesting that the return processable date be updated. Route the case to Accounts Management.

- (3) The chart contains the requests for Court Documents or Form 1310.

If the taxpayer...	Then...
Replies within 45 days and NRPS does not show a second name line with a CCC L or W	<ol style="list-style-type: none"> <li>1. A manual refund is not necessary</li> <li>2. Use the Form 1310 or court appointment documentation to verify the second name line and address. Update the entity portion of the notice records. See IRM 3.14.1.6.1.1.6, Verifying and Correcting Name Information. See IRM 3.14.1.6.1.1.7, Verifying and Correcting Address Information. Retype if other changes to the notice are necessary</li> <li>3. Input a TC 290 for .00, Hold Code "3", Blocking Series "05", to release the freeze. If the reply was received after the normal or extended Return Due Date, overlay the RET-PROC-DT field on the CC REQ54 screen with the IRS received date stamped on the reply, If a MEF return, select "Y" for source doc attached to create a filing DLN to associate any documents.</li> </ol> <p><b>Note:</b> Documents received with the correspondence need to be associated with the original return,</p>
Replies after 45 days and NRPS does not show a CCC L or W	<ol style="list-style-type: none"> <li>1. A manual refund is not necessary.</li> <li>2. Use the Form 1310 or court appointment documentation to verify the second name line and address. Update the entity portion of the notice records. See IRM 3.14.1.6.1.1.6, Verifying and Correcting Name Information. See IRM 3.14.1.6.1.1.7, Verifying and Correcting Address Information. If the notice has been mailed, change the address on ENMOD using CC ENREQ. Retype the notice, if available, when other changes are necessary.</li> <li>3. If the reply was received after the normal or extended due date, input a TC 290 for .00, Hold Code "3", Blocking Series "05". Overlay the RET-PROC-DT field on the CC REQ54 screen with the IRS received date stamped on the reply</li> </ol>
Does not reply within 45 days	<ol style="list-style-type: none"> <li>1. Follow the no reply procedures for signature letters that apply to the freeze code on the module and whether an adjustment is needed on the case IRM 3.14.1.7.4, Taxpayer Correspondence/Reply Procedures</li> <li>2. Close the control base "NR1310"</li> </ol>

If the taxpayer...	Then...
Replies after 45 days and the control base is closed	Complete Form 3465. Indicate the Return Processable Date and whether a manual refund is necessary. Route the reply and the case to Accounts Management

3.14.1.7.5  
(02-09-2024)  
**Entity Adjustments**

- (1) Tax Examiners should determine if the Entity Adjustment is critical or non-critical and/or if the refund should be prevented from generating and reissued.
- (2) A **non-critical** entity adjustment is when the taxpayer will receive and be able to cash the refund as addressed.

- Always correct the entity information in OLNLR.

**Note:** If a Prisoner number needs to be added to the Entity, add it on the Secondary Name line in the OLNLR Entity screen.

- OLNLR will update IDRS with the changes after the cycle closes.
- Be mindful of exceptions where automated updates may not occur, see IRM 3.14.1.6.1.1.8, NRPS Automated Entity Updating.

- (3) A **critical** entity adjustment is when the taxpayer **will not** receive or be able to cash the refund unless the name or address is corrected:

- a. Correct entity in OLNLR and IDRS using CC ENMOD/ENREQ.

**Note:** However, it is not necessary to update IDRS if the taxpayer requests a direct deposit. To identify direct deposit refunds in IDRS, see IRM 3.14.1.7.1.3(3), Direct Deposit Refunds.

- b. Prevent the refund from generating if the case is being worked after 6 P.M. local time on Monday. To release the refund, input a TC 290 for .00 with posting delay code 1 to ensure that the Entity has updated in the system.
- c. Monitor the account and maintain the "M" or "B" status until the TC 841 posts.

- (4) Review the tax return and module to determine the most current taxpayer information:

- a. If an invalid SSN condition exists because of an incorrectly transcribed name control or SSN, correct the entity. See IRM 3.14.1.6.1.1.2, Social Security Numbers.
- b. Use OLNLR "E" disposition to correct the name lines, address, and filing status on these accounts. If the refund is intercepted to correct Entity, select "EI" on the OLNLR disposition.

**Caution:** Never update a prior year name line with current processing year information.

3.14.1.7.5.1  
(01-01-2015)  
**Filing Status Changes**

- (1) If the only change to the entity is a change in Filing Status, the change must be made in both the OLNLR Entity Screen, and on CC ENMOD/ENREQ in IDRS.

3.14.1.7.6

(01-01-2025)

**Tax Adjustments**

- (1) Input CC REQ54 manually on IDRS to generate ADJ54 response screen or use the REQ54 IAT tool, which is used to input corrections to tax, penalty, interest, refundable credits, exemptions, self-employment tax, primary and secondary self-employment income, and other information. Figure 3.14.1-13

**REQ 54**

- Use to request ADJ54 format to adjust accounts.
- Overlay on CC TXMOD.

```

ADJ54 XXX-XX-XXXX 1 MFT>30 2 PLAN>000 TX-PRD>20XX12 3 NM-CTRL>XXXX 4
SEQ -NUM> 5 BLK> 6 DT-TRNSFR> CORSP-DT> INTCMP-DT>
CASE-STS-CD> 7 IRS-RCVD-DT> 8 CTRL-CAT> 9 2%-INT-DT>
ACTIVITY> 10 PYE-DT> TCB-DT> CR-INT-TO-DT>
RET-PROC-DT> 11 RVRSN-DT> OVERRIDE-CD> 12 RFSCDT> 13
DB-INT-TO-DT> COMP-INT-AMT> OTN> -
DATA-REF-1> REF-CHG-1>0 DATA-REF-2> REF-CHG-2>0
CUSIP> SIG> CR-BOND> CSED>
*****TRANSACTION CODES*****
TC> 14 AMT> 15 TC> AMT> TC> AMT>
TC> AMT> TC> AMT>
*****
SRCE-CD> 16 RSN-CDS> 17 - - RCA-IND> MTH-ERR-CDS> - FLC>
HOLD-CD> 18 PRT-CD> 19 PSTNG-DLAY-CD> 20 CP-NTC-SUPP-IND>AMD-CLMS-DT>
ACK-LTR?>N TRANS-REG-IND> DMF-AG> SUB-AG> XREF-TIN> -
*****ITEM-REF-CDS/ABST-CDS/CR-REF-CDS/FUTA-STATE-CD/DRI-CD*****
CD> AMT> CD> AMT> CD> AMT>
CD> 21 AMT> 22 CD> AMT> CD> AMT>
CD> AMT> CD> AMT>
*****
CIS-IND> SOURCE-DOC-ATTACHED?> 23 REMARKS> 24

```

- |  |  |
|--|--|
| 1 Social Security Number                             | 12 Override Code                                     |
| 2 Master File Tax Code                               | 13 RFSCDT (RET-RCVD date from TXMOD)                 |
| 3 Tax Period   | 14 Transaction Code (required)                       |
| 4 Name Control                                       | 15 Amount of Tax Change (required)                   |
| <b>Note:</b> Items 1-4 are generated from TXMOD data |  |
| 5 Sequence Number (required)                         | 16 Source Code (required)                            |
| 6 Blocking Series (required)                         | 17 Reason Code(s) (required)                         |
| 7 Case Status Code (required)                        | 18 Hold Code (required)                              |
| 8 IRS Received Date (required)                       | 19 Priority Code                                     |
| <b>Note:</b> An * generates the current date.        |  |
| 9 Control Category (required)                        | 20 Posting Delay Code                                |
| 10 Activity (required)                               | 21 Item Reference Number or Credit Reference Number  |
| 11 Return Processing Date                            | 22 Amount of Item Change (required if 21 is present) |
|  | 23 Source document (Y/N) Indicator (required)        |
|  | 24 Remarks (required)                                |

**Figure 3.14.1-13 CC REQ54/ADJ54 Format Overlay on CC TXMOD.**

3.14.1.7.6.1  
(01-01-2022)  
**Blocking Series**

- (1) The Blocking Series determines whether a DLN will be a re-file or a non-refile DLN. When an incorrect Blocking Series is used on an adjustment, the Files Function will return the source document and adjustment printout (Form 5147) for correction.
- (2) Use Blocking Series “00” is used only on Category B erroneous refunds with return as source document.
- (3) Use Blocking Series “05” when making an adjustment to a return and the resulting final tax amount is the same or less than that shown by the taxpayer and/or any resulting refundable credit is the same or more than the original figures declared on the return.
  - a. The original return will not be renumbered.
  - b. This Blocking Series must be used when making adjustments to electronically filed (e-file) returns. See the note after (5) below for exception.
- (4) Use Blocking Series “18” when making an adjustment that does not use the original return as the source document.
  - a. Use this Blocking Series only if the adjustment should be associated with the original return.
  - b. A CP 55 will generate to the Files Function requesting that the original return be pulled and associated with the adjustment.

**Note:** Do not use this Blocking Series for Penalty or Interest adjustments without the original return. These adjustments do not need to be associated with the return.

- (5) Use Blocking Series “77” when:
  - a. The return is adjusted, and the resulting final tax amount is greater than the tax shown by the taxpayer and/or
  - b. Any resulting refundable credit, as shown in the list below, is less than that shown by the taxpayer.
    - Child and Dependent Care Credit- refundable for 2021 only
    - Additional Child Tax Credit
    - American Opportunity Credit
    - Earned Income Credit
    - Fuel Credit
    - Health Coverage Tax Credit
    - Recovery Rebate Credit
    - First-Time Home buyer Credit
    - Premium Tax Credit

**Caution:** If you are reducing a credit not listed above use Blocking Series “05”.

**Note:** Use Blocking Series “77” on the e-filed returns meeting the above criteria. Attach print of CC TRDBV or CC IMFOLR to the adjustment form.

**Note:** Use Blocking Series “78” instead of “77” if making the adjustment without the original return.

- a. This will set a “-G” freeze or extend an existing one, allow the taxpayer 60 days from the 23C date to appeal the assessment, and suspend Collection activity for 12 cycles.
- b. The original paper return will be renumbered using the adjustment DLN.
- c. Line through the original DLN on the return.
- d. Retype or label the notice as appropriate.

3.14.1.7.6.2  
(01-01-2015)

#### Source Codes

- (1) Source Codes appear on Adjustment notices to explain whether the taxpayer or the IRS made the error.
  - Use Source Code “2” when the adjustment results from a taxpayer error or when neither Source Code “4” nor “7” apply.
  - Use Source Code “4” when the adjustment results from an IRS error.
  - Use Source Code “6” when the adjustment has a Blocking series of “77” or “78”.
  - Use Source Code “7” when the adjustment is for a TOP offset.

3.14.1.7.6.3  
(01-01-2024)

#### Reason Codes

- (1) Reason Codes appear on Adjustment notices to describe the adjustment or other changes made to the taxpayer’s account.
  - a. Choose the Reason Code(s) that best describes the error or the area of the return affected by the adjustment.
  - b. Use at least one, but no more than three reason codes with a CC REQ54 adjustment.
  - c. Input Reason Code(s) using three digits.

**Note:** The fourth position is only used for in-house data on penalties and will not print on the notice.

**Caution:** Do not enter Source Codes, Reason Codes, or Item Reference Numbers on a TC 290 for .00 input when releasing a P- freeze.

- d. See Document 6209, Master File Codes, Section 8C, for a complete list of IMF Adjustment Reason Codes.

3.14.1.7.6.4  
(01-01-2015)

#### Priority Codes

- (1) Priority Codes bypass certain unpostable checks.
- (2) Use Priority Code “1” when entering a CC REQ54 adjustment on an account with a -L freeze (open TC 420 or TC 424).

**Note:** Use Priority Code “1” if both “1” and “8” are required to adjust an account.

- (3) Use Priority Code “8” when entering:
  - A TC 29X adjustment within \$10 of a previous adjustment to bypass UPC 158-1.
  - An EIC adjustment (TC 764) and there is a previous TC 29X adjustment to bypass UPC 180-2.

**Exception:** Priority Code 8 is unnecessary if the previous TC 29X is a TC 29X for .00 with Priority Code “6”.

- A withholding adjustment (TC 806 or TC 807) and there is a previous TC 170 or TC 171 with a Doc Code of 17, 18, 24, 47, 51, or 54.

**Note:** This action will not force the computer to recompute the ES Penalty. Compute the penalty manually, if needed.

- (4) Use Priority Code “3” when inputting an adjustment which is IRS initiated for the 45-day interest-free period.

3.14.1.7.6.5  
(11-12-2019)

**Hold Codes**

- (1) Use a Hold Code for one of the following reasons:
- To suppress a CP 21 or CP 22 Adjustment Notice.
  - To prevent a refund from generating.
  - To prevent a notice from generating.
- (2) Use a Hold Code “0” on a CC REQ54 adjustment when the taxpayer needs to receive an adjustment notice.
- a. If an adjustment will create a second refund, then the taxpayer needs an Adjustment notice to explain the adjustment and the second refund.
  - b. If an original notice was mailed in error, the taxpayer needs an Adjustment notice to explain the nature of the change.
- (3) Notice Review may only use the following Hold Codes:



Hold Code	Prevents Notice	Prevents Refund	Description
0	No	No	Use when an overpayment is increased and the original notice is labeled.
1	No	Yes	<p>Sets a –K freeze to hold the overpayment until one of the following occurs:</p> <ul style="list-style-type: none"> <li>• A Doc Code 24 or 34 credit transfer posts</li> <li>• A TC 830 or TC 820 posts</li> <li>• A Doc Code 51 with a secondary TC 300</li> <li>• The module balance becomes zero or a debit</li> <li>• A TC 29X or TC 30X posts</li> </ul> <p><b>Caution:</b> The –K freeze will not be set if any of these conditions post in the same cycle as the adjustment with the Hold Code.</p> <p><b>Example:</b> A Doc Code 24 transfer posting in the same cycle as a CC REQ54 adjustment needs a TC 570 to hold the credit.</p>
3	Yes	No	<p>Use when retyping or voiding the original notice to reflect an adjustment, other than a math error increase, in the taxpayer's liability.</p> <p><b>Note:</b> Therefore, hold code 3 or 4 should <b>not</b> be used when increasing tax above the amount shown of the taxpayer's return as originally filed.</p> <p>Select Label #1 for notice disposition.</p>
4	Yes	Yes	Use when the original notice will be retyped or voided, because of an adjustment that will result in an overpayment, and the overpayment is to be held. Sets a –K freeze. See Hold Code 1, above.

**Note:** IRC 6303 requires a notice of assessment and demand for payment after the making of an assessment. A retyped notice cannot meet this criteria because it is dated prior to the date of the assessment. Therefore, hold code 3 or 4 should **not** be used when increasing tax above the amount shown of the taxpayer's return as originally filed. See IRM 20.1.2.2.10, Hold Code and Notices.

3.14.1.7.6.6  
(11-12-2019)

**Posting Delay Codes**

- (1) Use of proper posting delay codes is necessary when performing multiple IDRS transactions, and the order in which they post is key to preventing un-postables. (See Posting Cycle Chart in the Notice Review Job Aid 2534-002)
- (2) Be aware of the timing of IDRS transactions so that they post either in the same cycle or in consecutive cycles, as needed, and utilize the posting delay code to stagger the posting of those transactions accordingly.

3.14.1.7.6.7  
(01-01-2015)

**Debit Interest to Date  
(DB-INT-TO-DT)**

- (1) Input the Debit Interest To Date when entering a TC 34X on a CC REQ54 adjustment.
- (2) Overlay the "DB-INT-TO-DT" field with the Interest To Date.

**Note:** The computer will not accept a TC 34X adjustment unless the "DB-INT-TO-DT" field is overlaid.

- (3) If no interest is assessed, but a TC 340 for .00 is needed to address an –I freeze:
  - a. Input a TC 340 for .00.
  - b. Overlay the "DB-INT-TO-DT" field with the Interest to Date.
- (4) The Interest To date is usually the 23C date of the adjustment.

3.14.1.7.6.8  
(11-05-2021)

**Return Processable Date  
(RPDT)**

- (1) A return is not considered complete and processable until the required information is received from the taxpayer on a permitted form, schedule, or attachment to allow for mathematical verification of tax liability shown on the return.
- (2) A return is not considered complete and processable until all missing information (such as taxpayer's name(s), address, identification number(s), required signatures, Form 1310 or court appointment documentation, or other forms or schedules) is received.
- (3) When the taxpayer sends the necessary correspondence, enter the correspondence received date in the "RET-PROC-DT" field on IDRS to update the Return-Processable-Date field on CC TXMOD. See IRM 20.2.4.5, Unprocessable Returns.
  - This will also restrict overpayment interest for 45 days. Future computations of overpayment interest will be figured from this date.

3.14.1.7.6.9  
(01-01-2024)

**Credit/Item Reference  
Numbers**

- (1) A Credit/Item Reference Number is a three-digit code input in the lower portion of the ADJ54 response screen that refers to specific areas of each type of tax return. The areas include:
  - Adjusted Gross Income (AGI)
  - Taxable Income (TXI)
  - Exemption
  - Self-Employment Income, Medicare Income, and Tax
  - Withholding

**Note:** See Document 6209 , IRS Processing Codes and Information, "Section 8C", for a complete list.

- (2) Keep the following information in mind when using Credit/Item Reference Numbers:

- a. Use a trailing minus (–) to decrease a credit amount.

**Example:** Use TC 336 for 200.00– to decrease ACTC by \$200.00.

**Caution:** Reducing any figure (other than AGI) to an amount less than zero will generate an Unpostable.

- b. Include all relevant item and credit codes in the adjustment.

**Example:** A change to the AGI usually changes the TXI. A change to Schedule C generally changes the SE Tax, SE Income, and Medicare Income.

- c. Use Item Reference Number 888 when changing the AGI. Master File will automatically change the TXI for the same amount. If a TXI change for the same amount is not needed, input a TC 886 for the correct TXI amount.

3.14.1.7.6.10  
(01-01-2018)  
**Source Document  
(SD/NSD) Field**

- (1) Enter “Y” if attaching a Source Document to the adjustment form.
- (2) Enter “Y” if creating a Source Document on an MeF return.
- (3) Enter “N” if not attaching a document.
- (4) The Blocking Series used in a CC REQ54 adjustment works in conjunction with whether a Source Document field entry is an “N” or a “Y”.

Blocking Series 77 = “Y”

Blocking Series 78 = “N”

3.14.1.7.6.11  
(01-01-2015)  
**Remarks Field**

- (1) Enter a descriptive statement identifying the reason for the adjustment.
- (2) The “Remarks” field of the ADJ54 response screen becomes a permanent part of the document. The adjustment information appears on the Form 5147 cover sheet, and is associated by Files to the return.
- (3) Detailed information is essential for a complete audit trail, and the remarks allow anyone referring to the document at a later date to fully understand the nature of the adjustment.

3.14.1.7.7  
(02-09-2022)  
**Credit Transfers**

- (1) Use a credit transfer to move credits from one tax module to another. Refer to the following when transferring a credit:

**Note:** IAT tool (Credit transfer is recommended for optimal processing).

- Verify that the transfer has not been input by another Tax Examiner.
- Do not transfer a pending payment until it posts.
- Dates must be exact. Any discrepancy will create an unpostable.
- Money amounts can be split; however the money amount transferred cannot exceed the posted amount.
- When transferring two or more credits with the same date, transfer the credits in order from the largest to the smallest.

- When manually doing a credit transfer enter A or @ if needed in the non-IDRS indicator field.
  - Use current CC IMFOL/TXMOD information.
- (2) There are three Credit Transfer Doc Codes. Use them in conjunction with the credit transfer Command Code format ADDnn/ADCnn, where nn is the Document Code. Each Document Code identifies the different types of credits to be moved.
- a. Use **Doc Code 24** to transfer a single payment, a lump sum, an overpayment, or to reverse an offset. Both the debit and credit sides of the transfer post in two or three cycles (depending on the day of input), unless a posting delay cycle is used. When using Doc code 24, the EFTPS-ELEC-DPST-IND "1" **must** be present when the original payment was received through EFTPS. For non-electronic payments, the EFTPS-ELEC-DPST-IND indicator **must** be blank. **Reminder: When using IAT to transfer credits the indicator 1 is input automatically by the IAT credit transfer tool.**

**Note:** Doc Code 24 can move the same payments as the Doc Code 34.

- b. Use **Doc Code 34** to transfer up to four payments at once. The debit side of the transfer posts in two or three cycles (depending on the day of input). The credit side posts one cycle later.
- Caution:** When using Doc Code 34 in conjunction with other Doc Codes (24, 48, or 54), make sure that multiple transactions will all post in the same cycle. Use a Posting Delay Code "1" on the credit side of both the 24 and 48 transactions, to prevent erroneous notices, offsets, and refunds.
- c. Use **Doc Code 48** to transfer or reverse Credit Elect. Both the debit and credit sides of the transfer post in the same cycle, unless a Posting Delay Code is used. Both sides normally post in two or three cycles, depending on the day of input.

- (3) Consider the timing issues unique to Doc Code 34 transfers. The credit side of a Doc Code 34 transfer posts one cycle after:

- A CC REQ54 adjustment.
- Both sides of Doc Code 24 and 48 transfers.
- The debit side of a Doc Code 34 transfer.
- A CC REQ77 transaction.

**Note:** If the credit side of a Doc Code 34 transfer needs to post in the same cycle as any of the above transactions, use a Posting Delay Code "1" immediately after "PSTNG-DLAY-CD>\_\_" to avoid erroneous notices, offsets, and refunds.

- (4) A credit transfer affects two different tax modules unless the only purpose of the transfer is to change specific payment information, such as the date, designated payment code or transaction code. See IRM 3.14.7.7 below for information on a single tax module credit transfer.
- a. The debit side, which always appears on the upper part of the screen, reflects the module the credit will be transferred **from** (ADD).
  - b. The credit side, which always appears on the bottom part of the screen, reflects the module the credit will be transferred **to** (ADC).

- (5) The last module requested with CC TXMOD (the primary module) determines which command code to use to move the credit. To reduce the chance for errors, use the notice module as the primary module. Determine if the module shown on the IDRS screen is to be debited or credited:

If the module is to be	Then use
Credited	CC ADCnn (nn=Doc Code 24, 34, or 48)
Debited	CC ADDnn (nn=Doc Code 24, 34, or 48)

- (6) When reversing an offset, the debit and credit sides may have different dates. Input an Override Code "2" when using different dates. Use the TC 826 date for the TC 821 and the TC 706 date for the TC 701.
- (7) Reverse multiple offsets separately. Do not combine them.
- (8) Use a posting delay code to delay the posting of a transaction by up to six cycles.
- (9) When transferring a credit into a zero balance (full-paid) module, or a balance due module that will create an overpayment, use a Bypass Indicator "1" on the credit side of the transfer to prevent an Unpostable Condition 198.
- (10) To hold a credit (prevent a refund or offset), use a Credit Freeze Code "1" on Doc Code 34 or a TC 570 on Doc Code 24 or 48 as the secondary transaction code on the credit side of the transfer to set an -R freeze on the module.

**Caution:** Use this only when the credit module must be frozen.

- TC 570 may only be used as a secondary transaction on a Doc Code 24 transfer. Enter it on the IDRS screen immediately after the second "TC>\_\_\_."
- Never leave an unnecessary -R freeze on a module. Use CC REQ77 to input a TC 571 with the appropriate posting delay code or a TC 290.00 to release any remaining TC 570, allowing any available credit to refund after the transfer posts.

If the transfer is Doc Code	Then use a Posting Delay Code
24 or 48	1
34	2

- (11) Use the correct reversal transaction codes when transferring payments. Use:
- TC 662 to reverse TC 660 or TC 430
  - TC 672 to reverse TC 670
  - TC 821/701 to reverse TC 826/706

**Note:** See Document 6209, IRS Processing Codes and Information for a complete list of IDRS Transaction Codes and Credit Reference table in the Notice Review Job Aid 2534-002.

- (12) TC 640, TC 670, and TC 700 must have a Designated Payment Code (DPC), used only for terminal input.
  - a. When transferring these payments, input “00” on the credit side of the Doc Code 24 or 34 screen immediately after “DESG-PYMT-CD>\_\_” unless the payment has another code (01–14 or 99).
  - b. IRC 965 payments require a DPC 64. See IRM 3.14.1.6.9.16.1 for more information.
  - c. See Document 6209, IRS Processing Codes and Information for a complete listing of DPCs.
- (13) A TC 820 or TC 830 on a Doc Code 24 or 48 transfer will release –K and P–freezes. Verify that the transfer does not inadvertently release a freeze and cause an erroneous refund. When using CC REQ54 to decrease an overpayment or increase the balance due on an account, be sure to use appropriate hold codes on your adjustment and posting delay codes (as needed) on your credit transfer to prevent an erroneous refund and/or notice, use either a Hold Code “4” or a Posting Delay Code “1” to prevent an erroneous refund and/or notice.
- (14) If a misapplied credit posted to a settled module (containing a TC 150), input a TC 570 on the debit side of the transfer to suppress the CP 60 if transferring the credit will leave a debit balance of \$5 or more. See IRM 3.14.1.6.18.4, for CP 60 information
- (15) If transferring a credit into the notice module will resolve the credit discrepancy with no other misapplied credit, do not input a TC 570 on the credit transfer. Use CC REQ54/ADJ54 to input a TC 290 for .00 with Hold Code 3 to prevent an adjustment notice.
- (16) If transferring a TC 660 or TC 670 into a module will create an overpaid condition, be sure to use Bypass Indicators and Designated Payment Codes as appropriate to avoid creating an unpostable condition.
  - a. Use a Bypass Indicator “1” on the Doc Code 24 or 34 IDRS screen, if necessary.
  - b. If the credit should be held and not refunded, input a TC 570 as a secondary transaction on the credit side of a Doc Code 24 transfer or a Credit Freeze on the credit side of a Doc Code 34 transfer.
- (17) To hold a credit (prevent a refund or offset), use a Credit Freeze Code “1” on Doc Code 34 or a TC 570 on Doc Code 24 or 48 as the secondary transaction code on the credit side of the transfer to set a -R freeze on the module.
- (18) If a payment needs to be corrected (date, DPC, transaction code, etc.), but not moved, this is called an in-module or single tax module credit transfer.
  - a. The credit transfer is input with the SSN, MFT, and tax period the same on both the debit and credit sides of the transfer.
  - b. A TC 570 is **required** on the debit side of the transfer. Apply a TC 570 to the credit side only if a credit freeze is needed to prevent a refund from being issued.
  - c. If you are using the IAT tool you will receive error messages on a single module transfer. Review the IDRS screen carefully before transmitting.

3.14.1.7.7.1  
(01-01-2021)

**Penalty Recalculations  
Caused by Credit  
Transfers**

- (1) Transferring timely credits into a module containing a TC 166 (FTF penalty) or TC 176 (ES Penalty) will cause these penalties to recompute and generate an adjustment notice CP 21 or CP 22. Other penalties may also recompute, but will not generate an adjustment notice.
- (2) Review CC PIEST and INTST to determine whether the penalties will recompute. The Estimated Tax Penalty may have to be addressed manually. See IRM 3.14.1.6.20.4, Estimated Tax Penalty.
- (3) When transferring timely payments into the module to resolve an ES discrepancy condition that causes the TC 166 or TC 176 to recompute, input a TC 290 for .00 with Blocking Series "05". Use Hold Code "3" to prevent the subsequent CP 21 or CP 22. Retype your current notice to reflect any changes or void if returning to taxpayer figures with no balance due.
  - a. If the credit transfer is under Doc Code 34, use a Posting Delay Code "1" on the TC 290 so both adjustments will post in the same cycle.
  - b. If the credit transfer is under Doc Code 24 or 48, a posting delay code is unnecessary. Both sides of the credit transfer will post in the same cycle as the CC REQ54 transaction.

3.14.1.7.8  
(01-01-2024)

**Notice Disposition**

- (1) All Tax Examiners are responsible for understanding the tax module conditions that generate a notice, the notice elements, and what effect any change to the module will have on a notice.
- (2) All math error returns must receive the appropriate math error notice even if the refund or balance due is what the taxpayer expects, unless returning to **ALL** of the taxpayer's original figures.
- (3) If the taxpayer is in balance due status after all account actions have been taken, they must receive a notice, even if the taxpayer figures are correct, and no math errors remain. Send CP 14.
- (4) If an incorrect notice was mailed, a corrected notice along with the apology label 13 or the apology letter (Letter 544C) **must be sent** to the taxpayer.
- (5) When making any adjustment or credit transfer to an account, Tax Examiners are responsible for determining:
  - The disposition of all affected associated notices in addition to the selected notice
  - Whether to generate or suppress a subsequent notice
  - If FTF, FTP, ES, penalties, and or interest will recompute
  - The proper use of LCF to prevent subsequent notices
  - Proper use of hold codes or transaction codes to allow or prevent future notices .
- (6) Every Tax Examiner who inputs:
  - A Doc Code 54 adjustment must determine (prior to the adjustment) whether to generate or suppress a subsequent notice.
  - An adjustment or credit transfer that will cause the FTF or the ES penalties to recompute, must determine if a subsequent notice will generate.

**Note:** Proper use of hold codes is important during the adjustment process. See IRM 3.14.1.7.6.5, Hold Codes. Proper use of the Local Control File (LCF) is



important when a hold code or a TC 570 cannot be used to prevent a subsequent notice. See IRM 3.14.1.3.8, Local Control File

- (7) Consider the notice elements that will exist after a Doc Code 54 adjustment or a credit transfer, to correctly determine whether to void, retype, label, or print based on these elements.
- (8) An adjustment notice (CP 21 or CP 22) will generate when:
  - A Doc Code 54 or 47 adjustment posts with Hold Code “0” or with a Hold Code “1”.
  - A payment is transferred into or out of a module, and FTF or ES penalties will be assessed or recomputed.
  - A payment is transferred out of a settled (Full Paid) credit balance module and creates a balance due. This will generate a CP 60.
- (9) If an account action will generate a subsequent notice, label the original notice. If the original notice must be voided or retyped, prevent the subsequent notice:
  - a. Use Hold Code “3” with a CC REQ54 adjustment to prevent a subsequent notice. Use Hold Code “4” to prevent a notice and to prevent an overpayment from refunding.
  - b. Use a TC 570 on the debit side of a credit transfer to prevent a CP 60 from generating on a settled module.
  - c. Use CC REQ54 to input a TC 290 for .00, Blocking Series “05,” Hold Code “3,” to prevent an adjustment notice from generating on a penalty recomputation caused by a credit transfer. Time the adjustment to post in the same cycle as the credit transfer.

**Note:** Use a Posting Delay Code “1” on the REQ54 if the credit transfer was a Doc Code 34.

**Exception:** An adjustment with a Hold Code “3” will suppress a CP 21 or CP 22, but will not suppress a CP 60. A TC 570 on the debit side of a credit transfer will suppress a CP 60, but will not suppress a CP 21 or CP 22 generating as the result of a penalty recomputation.

- (10) Follow procedures for inputting multiple corrective actions such as a tax adjustment and a credit transfer, or an “in and out” credit transfer. See IRM 3.14.1.7.7, Credit Transfers.
- (11) Any Tax Examiner reviewing a pending transaction on the notice module must be able to answer the following questions:
  - Which penalties, if any, will recompute?
  - Which subsequent notices, if any, will (or should) generate?
  - Will the notice module be overpaid, refunding, underpaid, or even-balance?
  - If the module balance becomes overpaid, should the overpayment be released or prevented from generating?
  - What is the proper disposition of the original notice?

**Note:** Use CC IMFOL to view the posting of transactions one cycle before they appear on CC TXMOD.



- Review the IMFOL screen for the posting of pending credit or debit transactions.
- If a transaction posts on the IMFOL screen, any recomputation of penalties and interest will also show on that module. However, any balance showing on CC IMFOL is computed to the date indicated on that module and should not be used on a retyped or labeled notice. Use CC INTST or CC COMPA/COMPAF.
- If a transaction is posted on IMFOL screen, any refund or offset occurring as a result will also show.

**Note:** Use CC IMFOL to verify the result of a pending transaction whenever possible.

- (12) The NRPS content sheet will indicate if an Examination (Unallowable Codes) CP 12E or CP 24E was issued. Notify the Examination Function in cycle of any change to the account that will affect the notice.

3.14.1.7.8.1  
(01-01-2025)  
**Notice Disposition  
Categories**

- (1) There are five Notice Disposition categories:

- Print
- Void
- Retype
- Label
- Entity

**Note:** Refer to IRM 3.14.1.4.2.2, Notice Disposition Code Table for a complete list.

- (2) Refer to the **Notice Disposition/CP Conversion Chart**. Figure 3.14.1-14 below for disposition instructions on each notice.

**Note:** Do not input a history item when retyping a notice only to change or add a TPNC. Do not use CC MFREQC to create a dummy module only to input a history item.

**IMF Notice Disposition/CP Conversion Chart**

Complete instructions for Notice Disposition are found in IRM 3.14.1.6.12.7, *Math Error Notice Disposition*, IRM 3.14.1.6.13.2, *Estimated Tax Discrepancy Notice Disposition*, and IRM 3.14.1.6.15, *Reviewing Non-Math Error Balance Due Notices* CP 14

Original Notice	***New Module Balance	If new CP has:			With new conditions of:	Then Disposition is:
		ES Discrep.	Math Error	No Math Error		
CPs 10, 11, 12, 13, and 14	Bal Due (even after reversing any TC 836)		X		Bal due of \$5 or more	Correct/Convert to CP 11
				X	Bal due of \$5 or more	Correct/Convert to CP 14
	Even*		X		* (See note below)	Correct/Convert to CP 13
	Overpaid		X		Reduced credit elect	Correct/Convert to CP 10
					Overpaid \$1 or more and credit elect (if present) matches TP's	Correct/Convert to CP 12**
				X	ES Pen greater than TP's	Convert to CP 30
					TP's ES Pen reduced	Convert to CP 30A
					Exact refund TP expects on <u>one</u> check	Void**
CP 16	Bal due		X		All offsets reversed	Convert to CP 11
				X	All offsets reversed	Convert to CP 14
	Even*		X		All offsets reversed and *	Convert to CP 13
	Even			X	All offsets reversed	Void CP 16
	Overpaid		X		Offset(s)	Correct CP 16 or insert a Label
				X	Exact refund TP expects	Void CP 16
CPs 23, 24, and 25 **	Bal Due	X	either		Bal due of \$5 or more and FTF or ES Penalty will not recompute	Correct/Convert to CP 23
			X		Bal due of \$5 or more and FTF or ES Penalty will recompute	Insert a Label
				X	Bal due of \$5 or more	Convert to CP 11
				X	Bal due of \$5 or more	Convert to CP 14
	Even*	X	either		* (See note below)	Correct/Convert to CP 25
			X		* (See note below)	Convert to CP 13
				X	* (See note below)	Void**
	Overpaid	X	either		Overpaid \$1 or more and FTF or ES Penalty will not recompute	Correct/Convert to CP 24 or Insert a Label
					Overpaid \$1 or more and FTF or ES Penalty will recompute	Insert a Label
			X		Reduced credit elect	Convert to CP 10 or Insert a Label
					Overpaid \$1 or more and credit elect (if present) matches TP's	Convert to CP 12 or Insert a Label
				X	ES Pen greater than TP's	Convert to CP 30
					ES Pen reduced from TP's	Convert to CP 30A
					Exact refund TP expects	Void or insert a label
					Reduced credit elect	Convert to CP 45

\* Even Balance includes balance due of less than \$5 and overpayment of less than \$1.

\*\* Void the notice if conditions in IRM 3.14.1.7.8.3, *Voiding Notices*, are met.

\*\*\* If statute case, see IRM 3.14.1.6.11.2, *STEX Freeze (-B)*

**Figure 3.14.1-14 Notice Disposition/CP Conversion Chart**

3.14.1.7.8.2

(01-01-2015)

**Printing Notices**

(1) **Print** the notice when:

- a. All the notice elements are correct, no adjustment is pending, and no correction will be made to the account.
- b. There is a requirement to print the notice.

**Note:** Do not input a history item on IDRS for printing a notice.

3.14.1.7.8.3  
(01-01-2025)  
**Voiding Notices**

(1) **Void** the notice when:

- a. An adjustment results in:
  - No math error (TPNC)
  - No Estimated Tax (ES) discrepancy
  - A refund, even balance, or have a balance due of less than \$5
  - Match the taxpayer's figures including any refund or credit elect expected
  - An erroneous refund has been held and subsequently deleted
- b. The taxpayer does not need to receive the notice information.

**Example:** Returning to the taxpayer's original tax figures and the resulting refund is what the taxpayer expected or there is no balance due.

- c. It would confuse the taxpayer, such as receiving an unnecessary notice.

**Example:** Taxpayer received an erroneous notice.

- d. The return will be reprocessed. Refer to IRM 3.14.1.6.21, Reprocessing Returns.
- e. The return will be reprocessed. Refer to IRM 3.14.1.6.9.5, (RIVO) Return Integrity and Verification Operation.

(2) Prevent any subsequent Adjustment notice with a Hold Code or use the LCF to intercept and void the subsequent notice. Refer to IRM 3.14.1.3.8, NRPS Local Control File (LCF).

(3) Allow any subsequent Adjustment notice if the notice should be sent to the taxpayer according to IRM 3.14.1.7.8.2, Printing Notices or the original notice is retyped.

(4) If a balance due notice was erroneously voided and a subsequent CP 21 or CP 22 generated, use Label 98 only after Lead tax examiner approval.

(5) Input a history item with CC ACTON on the appropriate tax year in CC TXMOD when voiding a notice.

**Example:** H, VOIDCP14

3.14.1.7.8.4  
(03-01-2023)  
**Retyping Notices**

(1) **Retype** a notice when the notice elements are no longer correct due to changes in the tax module information. The retyped notice must be complete and accurate. Some conditions which require a retype of the original notice:

- The tax is increased or the credits are decreased to other than the taxpayer's figures. **Exception: Hold Code 3 or 4 should not be used when increasing tax above the amount shown of the taxpayer's return as originally filed. Select Label #1 for notice disposition.**
- The balance due changes

- The module balance changes from a balance due to an overpayment because of a CC REQ54 adjustment
- The TPNC needs to be corrected or added

**Note:** If the overpaid amount will increase causing a second refund, the notice should be labeled, not retyped.

- (2) Retype a notice to a CP 30 when the computer assessed an ES Penalty and there is no ES discrepancy or math error on an overpaid module.
- (3) Use a hold code when retyping the original notice to prevent the subsequent notice or use the LCF to intercept the subsequent notice.
- (4) If a Balance Due Notice is held past the notice cycle, retype the notice with the correct Pay By Date. Input a history item and CC STAUPS for six cycles.
  - a. Change the balance due amount **only** if there is a \$5 or greater increase over the original balance due. Use CC INTST to obtain an updated balance when no restrictive conditions exist on IDRS.
  - b. Use CC ACTON to enter a history item on the notice module, using "UPDATECP\_\_"  
Exception: History items are not necessary for correcting TPNCs.
- (5) The date printed on the notice is the 23C date (current cycle assessment date). This date is **rarely** changed. For those notices held past the notice cycle, the notice mail date will update prior to printing.
- (6) The following keys will usually result in a retyped notice:
  - **Key 100** — IRM 3.14.1.6.17.12, (TPNC 100 for five or more TPNCs needed on the notice ).
  - **Key 061** — IRM 3.14.1.6.17.8., (Five or more TPNCs needed on the notice).
  - **Key 004** — IRM 3.14.1.6.17.3., (ES payments on notice print incorrectly).
- (7) Input a history item on IDRS when retyping a notice.

#### 3.14.1.7.8.5 (01-01-2023) Labeling Notices

- (1) Under certain conditions, a label may be inserted to update information on the notice or to notify the taxpayer to expect additional account actions. Label insertion must only be done when necessary and used only for the specific situations listed in this section. As Labels are selected online, they are inserted directly into and printed as part of the notice.

**Note:** Hold Code 3 or 4 should not be used when increasing tax above the amount shown of the taxpayer's return as originally filed. Select Label #1 for notice disposition.

- (2) **Label a notice** when the tax is being increased.
- (3) If a name and/or address change is required in addition to a label, select "R" to update the entity. The updated entity will be printed on the notice and NRPS will pass the update to Master File to correct the TP account. See IRM 3.14.1.6.1.1.6, Verifying and Correcting Name Information.

- (4) The labels shown in this text have been approved for the situations listed. Do not insert a label for any other situation. Submission Processing Campus management has the option of requiring a notice to be retyped instead of labeled. **Any additional labels must be approved by National Office prior to use.** The following labels are approved. Refer to the appropriate figures for each label.
- (5) Input a history item on IDRS when labeling a notice.

3.14.1.7.8.5.1  
(01-01-2015)  
**Label 1**

- (1) Use **Label 1** when the notice module has a pending AP, PN, CU, UP, or RS Doc Code 54/47 adjustment, with either Hold Code "0" or with Hold Code "1" that was input by another area. If the adjustment was input by a different Notice Review Tax Examiner, refer the notice to that Tax Examiner for proper notice disposition. Figure 3.14.1-15

**Note:** Do not apply this label for a posted or pending TC 976 or TC 977. Adjustments/Correspondence will initiate all required correspondence.

**Exception:** A TC 290 for .00 without a Credit Transaction code will not generate an adjustment notice.

**Caution:** Refundable credit transactions (TC 806/807, TC 764/765, and TC 766/767) will generate an adjustment notice.

Code	Description
1	We're making an adjustment to your account. You will receive a separate notice explaining the correction.

Figure 3.14.1-15

3.14.1.7.8.5.2  
(01-01-2015)  
**Label 2**

- (1) Use **Label 2** when:
- A credit transaction is pending (AP, PN, UP, CU, RS, or on the TEP file) and not shown on the notice.
  - The resulting balance on the notice will be a reduced balance due.
  - Failure to File (TC 166) or Estimated Tax (TC 176) penalties will recompute and will generate a subsequent adjustment notice CP 21.
- (2) Instead of labeling the original notice, **void** it and prevent the subsequent notice, if **all** of the following conditions will be present on the notice module:
- No math error or ES discrepancy
  - Module balance becomes overpaid, even, or balance due of less than \$5
  - Returning to the taxpayer's figures

Figure 3.14.1-16

Code	Description
2	We applied an additional credit of \$_____ to your account. You will receive a separate notice reflecting this credit and a revised payment due date in 3-4 weeks.

Figure 3.14.1-16

3.14.1.7.8.5.3  
(01-01-2015)  
**Label 3**

(1) Use **Label 3** when:

- a. The notice cannot otherwise be easily retyped in OLNLR.

**Note:** Since this label was introduced prior to the advent of OLNLR Retypes, it has now become nearly obsolete. In rare situations when a retype on OLNLR is not possible or practical, the use of this label is permitted.

**Example:** When the OLNLR system produces excessive response time on retype screens, or when the volumes are very high for certain Selection Keys that meet the criteria below.

- b. The notice module is in balance due status.  
c. Payments or credits are pending but are not showing on the notice. The payments or credits may be AP, PN, UP, CU, or RS transactions.  
d. Failure to File (FTF, TC 166) or Estimated Tax (ES, TC 176) penalties will **NOT** recompute. A subsequent notice will **NOT** generate.  
e. The resulting balance on the notice module will be a reduced balance due.

**Reminder:** Use CC INTST/INTSTD and/or CC COMPA/COMPAF to compute the new balance.

**Caution:** If the resulting balance due will be less than \$5 with no math error or credit discrepancy, **VOID** the notice.

Figure 3.14.1-17

Code	Description
3	We applied a credit of \$_____ to your account. Your new balance is \$_____.

Figure 3.14.1-17

3.14.1.7.8.5.4  
(01-01-2016)  
**Label 4**

(1) Use **Label 4** when:

- Payments or credits are pending, but are not showing on the notice (they may be shown as pending AP, PN, UP, CU, or RS transactions)
- The resulting balance on the notice module will be an overpayment
- Failure to File (FTF, TC 166) or Estimated Tax (ES, TC 176) penalties will **NOT** recompute

- **NO** subsequent notice will generate. Figure 3.14.1-18

**Note:** Use CC INTST/INTSTD and/or COMPA/COMPAF to compute a new balance.

Code	Description
4	We applied a credit of \$_____ to your account. Your account has a credit of \$_____.

Figure 3.14.1-18

3.14.1.7.8.5.5  
(01-01-2021)  
**Label 5**

- (1) Use **Label 5** when inputting a CC REQ54 adjustment after 6 P.M. local time on Monday that will result in an additional refund on a notice module. Figure 3.14.1-19
- Only apply the label on an overpayment notice in the current cycle.
  - Make the adjustment in the notice cycle. Use a hold code "0". Allow the subsequent notice (CP 21B) to generate.
  - Do not prevent the current cycle refund from generating.

Code	Description
5	Due to a processing error, you didn't receive the correct refund. You will receive an additional refund in 3-4 weeks.

Figure 3.14.1-19

3.14.1.7.8.5.6  
(01-01-2021)  
**Label 6**

- (1) Use **Label 6** when:
- A credit transfer or payment is pending (AP, PN, UP, CU, RS, or on the TEP file)
  - There is **no** subsequent notice, Doc Code 54 adjustment, or recomputation of the Failure to File (FTF, TC 166), or Estimated Tax (ES, TC 176) penalties
  - There will be an additional refund from the notice module

Figure 3.14.1-20

- (2) Insert the label into an overpayment notice and print it in the notice cycle. Do not prevent the current cycle refund from generating.

Code	Description
6	We applied a credit of \$_____ to your account. If you don't owe any other taxes, you will receive a refund in 3-4 weeks.

Figure 3.14.1-20

3.14.1.7.8.5.7  
(01-01-2015)  
**Label 7**

- (1) Use **Label 7** when:
- A credit elect (TC 830) or lump-sum offset (TC 820) is shown as a pending (AP, PN, CU, UP, or RS) transaction on an overpaid notice module.
  - The notice is a CP 21 adjustment notice.

Figure 3.14.1-21

**Note:** If the notice module is refunding in the current cycle, delete the refund.

**Caution:** Ensure transaction is correct before using this label. The module must have available credit for the offset to post.

Code	Description
7	The overpayment of \$ _____ was applied to Form _____ for the tax period ending _____.

**Figure 3.14.1-21**

3.14.1.7.8.5.8  
(01-01-2015)  
**Label 8**

- (1) **Label 8** will automatically be inserted by the computer when the taxpayer is claiming a credit or payment(s) that refunded in the prior year. Print the notice.  
Figure 3.14.1-22

Code	Description
8	According to our records, the credit you claimed has already been refunded.

**Figure 3.14.1-22**

3.14.1.7.8.5.9  
(01-01-2015)  
**Label 9**

- (1) Use **Label 9** when a Balance Due Notice is returned undeliverable, and the date of the notice is more than seven days prior to the current date. Figure 3.14.1-23

**Note:** Use CC INTST/INSTD and/or COMPA/COMPAF to recompute penalties and interest. The "Interest To" and "Payment Due" dates are both the current 23C date plus ten days.



Code	Description
9	This notice was returned undeliverable. Additional penalties and interest have accrued on your account. The current balance due is \$ _____. To avoid additional penalties and interest, please pay by _____.

Figure 3.14.1-23

3.14.1.7.8.5.10  
(02-02-2018)  
**Label 9H**

- (1) Use **Label 9H** when a CP14H Notice is returned undeliverable, and the date of the notice is more than seven days prior to the current date.

**Note:** Use CC INTST and/or COMPA to recompute interest. only.

- (2) Label 9H states- This notice was returned undeliverable. Additional interest has accrued on your account. The current balance due is \$ \_\_\_\_\_. To avoid additional interest, please pay by \_\_\_\_\_.

3.14.1.7.8.5.11  
(03-07-2016)  
**Label 10**

- (1) Use **Label 10** when all of the following conditions exist:
- A balance due notice is returned undeliverable,
  - The recomputed balance due changes by less than \$5, and
  - The taxpayer needs to receive a new pay-by date.

Figure 3.14.1-24

- (2) Use this label in conjunction with Label #11, in restricted cases only.

Code	Description
10	Please pay by _____ to avoid additional penalties and interest.

Figure 3.14.1-24

3.14.1.7.8.5.12  
(02-02-2018)  
**Label 10H**

- (1) Use **Label 10H** when all of the following conditions exist:
- A CP14H is returned undeliverable,
  - The recomputed balance due changes by less than \$5, and
  - The taxpayer needs to receive a new pay-by date.
- (2) Label 10H states- Please pay by \_\_\_\_\_ to avoid additional interest.

3.14.1.7.8.5.13  
(01-01-2015)  
**Label 11**

- (1) Use **Label 11** when:
- Unable to calculate an accurate payoff amount
  - CP 71 is the selected notice - Restricted Interest/Penalty - Key 016

**Note:** The NRPS and print programs will systemically select and apply Label 11 to the notice. Figure 3.14.1-25

Code	Description
11	Penalty and interest are not calculated to the due date shown on the enclosed notice. Please call us for the accurate amount of your payment.

Figure 3.14.1-25

3.14.1.7.8.5.14  
(01-01-2015)  
Label 12

- (1) Use **Label 12** when an overpayment notice with a TC 846 on the notice module is returned undeliverable. Figure 3.14.1-26 Use this in conjunction with Label 19.

Code	Description
12	Due to a processing error, your refund check may be delayed.

Figure 3.14.1-26

3.14.1.7.8.5.15  
(01-01-2015)  
Label 13

- (1) Use **Label 13** when a Master File or IDRS notice was erroneously mailed to the taxpayer and the original notice should be printed, retyped, or labeled. Figure 3.14.1-27

**Caution:** Never label an IDRS Collection Notice. If an erroneous IDRS notice is mailed, use Letter 544C to send an apology.

**Note:** The proper use of CC STAUPS is to prevent the generation of IDRS Collection Notice, and will reduce the need to apologize to the taxpayer for those notices issued erroneously.

Code	Description
13	This notice is being sent to you in place of the incorrect notice(s) you received. We apologize for our error and any inconvenience this may have caused you.

Figure 3.14.1-27

3.14.1.7.8.5.16  
(01-01-2016)  
Label 14

- (1) Use **Label 14** when:
- The notice module is overpaid or refunding
  - A payment claimed on the notice module has posted or will post to a different module and/or the other module is in balance due status
  - Enter the form number and tax period of the posting module; for example: Form 1040 for Dec. 31, 20XX
- (2) Figure 3.14.1-28

Code	Description
14	The payment of \$ _____ was applied to the balance due on Form _____ for tax period ending _____.

Figure 3.14.1-28

3.14.1.7.8.5.17  
(01-01-2015)  
Label 15

- (1) Use **Label 15** when an erroneous refund was issued, and an adjustment/credit transfer is necessary that equals or exceeds the amount of the refund. Figure 3.14.1-29

Code	Description
15	You were issued an erroneous refund, due to a processing error. Please return the uncashed check or a substitute payment.

Figure 3.14.1-29

3.14.1.7.8.5.18  
(01-01-2015)  
Label 16

- (1) Use **Label 16** when an erroneous refund was issued, but the necessary adjustment/credit transfer is **less than** the amount of the refund. Figure 3.14.1-30

Code	Description
16	We sent you a refund in error. The correct amount of the adjustment is \$ _____. You will receive a separate notice explaining the correction. We apologize for any inconvenience this may have caused you.

Figure 3.14.1-30

3.14.1.7.8.5.19  
(01-01-2015)  
Label 17

- (1) Use **Label 17** when:
- The notice module is refunding
  - There is a pending 29X or 30X with Hold Code "3", resulting in a tax decrease or credit increase, with no adjustment notice being sent

Figure 3.14.1-31

- (2) **Do not** use Label 17 when:
- Freeze code exists on the notice module preventing credit from refunding
  - The notice module is in balance due status
  - Payments or credits are pending but are not showing on the notice. The payments or credits may be AP, PN, UP, CU, or RS transactions
  - Failure to File (FTF, TC 166) or Estimated Tax (ES, TC 176) penalties will **NOT** recompute

- A subsequent notice will **NOT** generate
- The resulting balance on the notice module will be a reduced balance due

**Note:** Use CC INTST/INTSTD and/or COMPA/COMPAF to compute the new balance.

**Caution:** If the resulting balance due will be less than \$5 with no math error or credit discrepancy, VOID the notice.

Code	Description
17	We will send you an additional refund, if you don't owe other taxes.

Figure 3.14.1-31

3.14.1.7.8.5.20  
(01-01-2015)  
Label 18

- (1) Use **Label 18** when a credit is being applied to an account, and another notice will generate as a result. Figure 3.14.1-32

Code	Description
18	We applied an additional credit of \$_____ to your account. You will receive a separate notice reflecting this credit in 3-4 weeks.

Figure 3.14.1-32

3.14.1.7.8.5.21  
(01-01-2015)  
Label 19

- (1) **Label 19** is a physical label, not contained in OLNLR for IMF. Add Label 19 when:

- An overpayment notice is returned undeliverable.
- Used in combination with other labels on an undeliverable balance due notice.

Figure 3.14.1-33

Code	Description
19	Your notice was originally mailed on the date of this notice; however, it was returned undeliverable.

Figure 3.14.1-33

3.14.1.7.8.6  
(01-01-2021)  
Entity Only Disposition

- (1) Use this disposition when the only change to the notice is to the entity. This includes changes to Primary or Spouse entity.

**Caution:** If a label and an entity is required, retype the notice.

- (2) Ensure that no other necessary action needs to be taken on the account before selecting this disposition.
- (3) Select "E" to update the entity. The updated entity will be printed on the notice. For critical entity changes on all refunding notices, it is also necessary to change the Entity on IDRS using CC ENMOD/ENREQ.
- (4) Changes to the Primary Entity tab in OLNR will be passed on the NRP 8520 file to End of Day (EOD) processing and will update the taxpayer's name and/or address on IDRS in two weeks.

**Exception:** If notice has a Joint Name line present and there is any change to the Joint Name line, the primary name line or the secondary name line, NRPS 8520 **will not** post the entity change. Tax Examiners must input change using CC ENREQ.

3.14.1.8

(01-01-2017)

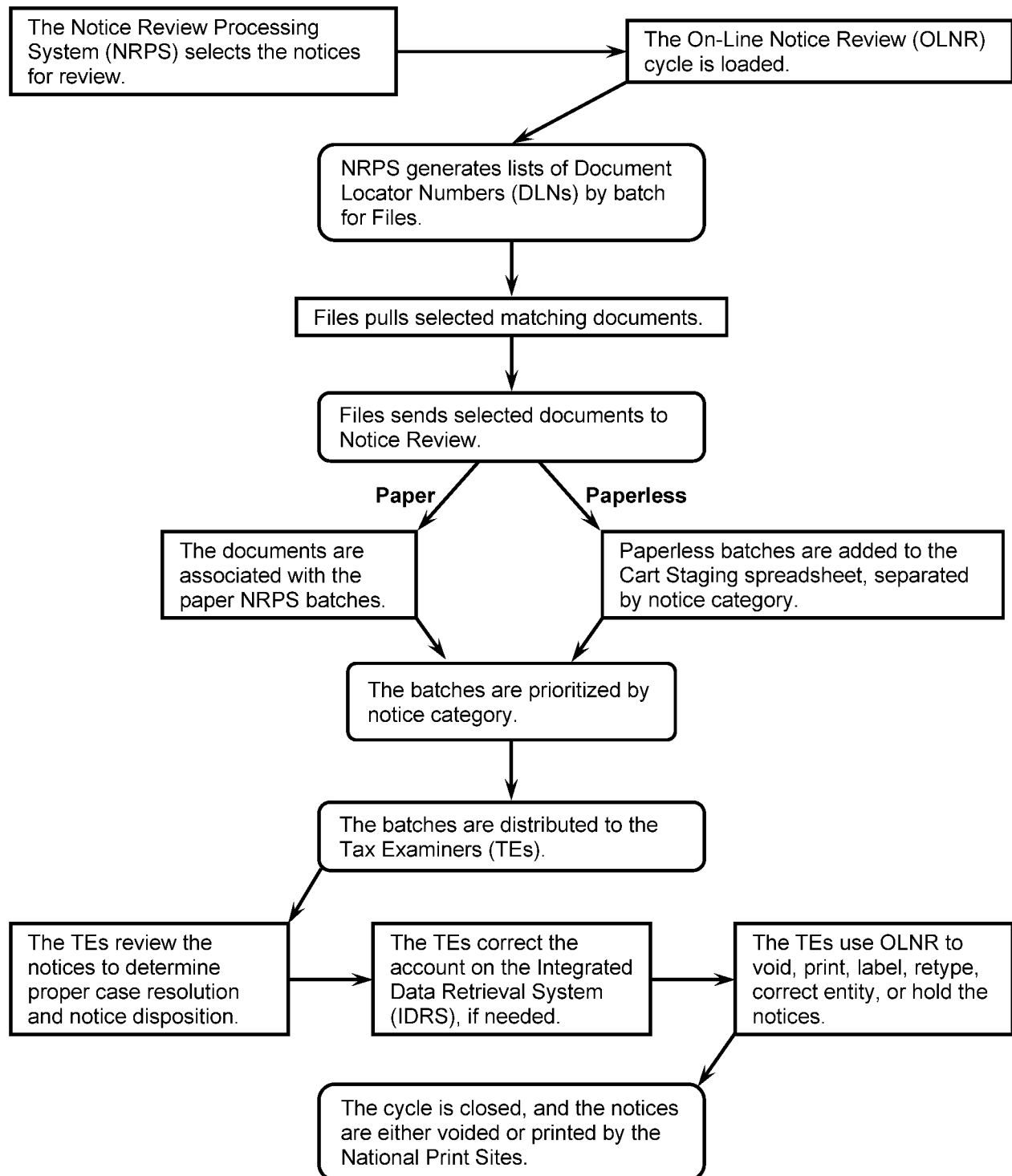
**Taxpayer Notice Codes**

- (1) List of taxpayer notice codes IRM 3.12.3-2

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## Exhibit 3.14.1-1 (01-01-2015)

## NOTICE REVIEW PROCESS FLOWCHART



**Exhibit 3.14.1-2 (01-01-2015)**  
**CONTROL D/QUICK PRINT HEADER**

## QUICK PRINT HEADER

1 B000884	2 A	3	4 00000-000-00000-X	5 20XX06	6 CP:30
 Department of the Treasury Internal Revenue Service Austin, TX 73301-0010			Date of this notice FEB. 20, 20XX Taxpayer Identifying Number 000-00-1024 Form: 1040 Tax Period: DEC. 31, 20XX		
			For assistance you may call us at: 1-800-555-1040		
JUNE DOVE 10101 ORCHID ST ATLANTA GA 30304-0000					

The following list describes the 15 items identified in this Exhibit.

- Notice sequence number's beginning alpha character. There are four possible alpha characters preceding a sequence number:  
 B- A sequence number beginning with a "B" indicates the notice was selected by NRPS.  
 A, C, or E- A sequence number beginning with an "A", "C" or "E" indicates the notice was **not** selected by NRPS.
- Notice Sequence number- A six digit number unique to only one notice, per campus, in a given cycle
- Appeal Rights Indicator- An "A" present after the notice sequence number indicates the Appeal Rights Indicator is set.
- Document Locator Number (DLN)
- Current ECC-MTB posting Cycle
- CP Number
- CAF Indicator- Present when there is a CAF copy of the original notice
- Spousal Indicator- Present when individual copies of the notice are being issued separately to each spouse.
- Current Cycle Assessment Date (23C date)
- SSN (A trailing asterisk (\*) indicates an invalid SSN)
- Submission Processing Campus Address
- Form Number
- Tax Period
- Customer Service Telephone Number
- Taxpayer name and address



## Exhibit 3.14.1-3 (01-01-2023)

## ON-LINE NRPS TAX MODULE TRANSCRIPT

```

#003349  TRANSCRIPT                BATCH: 0271  ASSN: 000-00-6789                202531

:IMF ENTITY DATA :
:SSN: 0-000-00-6789  NAME CONTROL: DOVE
:
:CURRENT YEAR INFORMATION:
:NAME LINE: 2023  JUNE DOVE                FSC: 3  SPOUSE SSN: 0-000-00-9876
:ADDRESS: 10101 ORCHID ST
:CITY AND STATE: ATLANTA GA                30304-0000
:
:TRANS CD: 152  CYCLE 202315  ADDR CHGD

***** NOTICE MODULE *****
*SSN: 0-000-00-6789  MFT: 30  PERIOD: 202412  BALANCE: $8,101.72
1TAX LIAB: $7,420.00  2ASSD PEN: $476.22  3ASSD INT: $205.50
4FREEZE CODES: N-
**
**
**5STATUS: 21  6DATE: 08-18-2025  7CYCLE: 202531  8$8,101.72
**
**TRANS  DATE      CYCLE      AMOUNT      DLN
**
**150  08-04-2025  202531      $13,162.00  00221-203-13122-5  9MONTHS DEL.: 0  10RPS: 0
**11ES TX BASE      $13,162.00  12PY ES TX BASE: $13,534.00
**13NET INC:        $82,300.00  14AGI: $96,900.00
**15CREDIT ELECT:    $105.00
**16ES CLAIMED      $9,900.00
**610  07-21-2025  202529      $0.00      00221-203-13122-5
**806  04-15-2025  202515      $3,267.00- 00221-203-13122-5
**430  04-15-2024  202415      $2,475.00- 00220-106-99424-4
**460  04-15-2025  202515      $0.00      00217-106-03255-5
**176  08-04-2025  202531      $327.82    00221-203-13122-5
**276  08-04-2025  202531      $148.40    00221-203-13122-5
**196  08-04-2025  202531      $205.50    00221-203-13122-5
*****
***** PAGE 004 OF 005 *****

*****
17SSN: 0-000-00-9876  MFT: 30  PERIOD: 202412  BALANCE $7,425.00-
*FREEZE CODES:
*
*TRANS  DATE      CYCLE      AMOUNT      DLN
**430  06-15-2024  202424      $2,475.00- 00220-166-00368-4
**430  09-17-2024  202438      $2,475.00- 00220-260-24779-4
**430  01-18-2025  202503      $2,475.00- 00220-016-27090-5
*
*****
***** PAGE 001 OF 001 *****

```

The following list describes the 17 items identified in this Exhibit.

1. Tax Liability – Tax Liability at the time of filing (minus prepaid credits)
2. Assessed Penalty – Sum of all penalties currently assessed
3. Assessed Interest – Total of all assessed underpayment interest
4. Freeze Codes – Freeze Codes in effect when the Master File data was extracted for NRPS
5. Master File Status Code – Generated as a result of computer analysis, after a transaction posts to the Master File, to designate the module Collection Status. The most common status codes are;
  - 04 – Extension of time for filing granted;
  - 12 – Full paid module
  - 19 – First Master File notice issued *before* the return due date (RDD)
  - 21 – First Master File notice issued *after* the return due date (RDD)
6. 23C date – Effective date of the Master File status

**Exhibit 3.14.1-3 (Cont. 1) (01-01-2023)****ON-LINE NRPS TAX MODULE TRANSCRIPT**

7. Cycle – Effective cycle of the Master File status
8. Status Amount – Module balance as of the 23C date
9. Months Delinquent – Number of months the return was filed late (up to 5). Used to compute Failure to File (FTF) penalty, TC 166
10. RPS – Remittance processing field.
  - A “0” indicates the return or payment is not covered under the RPS indicator.
  - A “2” indicates the return or payment is covered under the RPS Indicator.
11. ES Tax Base – Current year estimated tax base. Used for computing the ES Penalty (TC 176)
12. PY ES Tax Base – Last year’s estimated tax base. Compared against the current year estimated tax base when computing the ES Penalty.
13. Net Income – Taxable income as computed by ERS (TC 886 amount)
14. AGI – Adjusted Gross Income as computed by ERS (TC 888 amount)
15. Credit Elect– Amount transcribed from the return as a credit elect request to the subsequent year. Will show as “Unapplied C/E:” if less 100 percent of the requested amount was applied.
16. ES Claimed – Amount of ES Payment claimed on the return (Does not include extension payments)
17. Related SSN (XREF) Account Data – For example, tax modules from a spouse SSN.

## Exhibit 3.14.1-4 (01-01-2024)

## ON-LINE NRPS RETURN TRANSACTION FILE (RTF)

```

#001207    TRANSCRIBED RETURN    BATCH; 0037    ASSN; 000-00-9324    20XX30
SSN; 0-000-00-9324
MFT; 30    TAX PERIOD; 202412    CYCLE POSTED; 20XX30    FISCAL MONTH; 12
GMF RCVD DATE; 06-19-20XX    DUE/RCVD DATE; 06-19-20XX    CORR RCVD; 00-00-0000
RETURN PROC CODES;    B V
EXEMPTIONS;    PRIMARY TAXPAYER
FILING STATUS CODE 3 - MARRIED FILING SEPARATE

          ***** FORM 1040-INCOME *****

T  WAGES                $29,226.00    T  SCH F PROFIT/LOSS        $0.00
T  INTEREST INCOME      $6,889.00    T  SCH F PROFIT/LOSS        $0.00
T  TAXABLE DIVIDENDS    $0.00    T  TAXBL UNEMPMT COMP        $0.00
T  BUSINESS INCOME/LOSS $0.00    T  GROSS SOCIAL SECURITY     $0.00
C  BUSINESS INCOME/LOSS $0.00    C  TAXBL SOCIAL SECURITY     $0.00
T  CAPITAL GAIN/LOSS    $0.00    T  TOTAL INCOME              $36,115.00
C  CAPITAL GAIN/LOSS    $0.00    C  TOTAL INCOME              $36,115.00
T  SCH E PROFIT/LOSS    $0.00    T  F4563 INDICATOR          NO F4563 FILED
C  SCH E PROFIT/LOSS    $0.00    C

          ***** FORM 1040-ADJ/DED *****

T  TOTAL ADJUSTMENTS    $0.00    T  ELDERLY CREDIT           $0.00
C  TOTAL ADJUSTMENTS    $0.00    C  ELDERLY CREDIT           $0.00
T  ADJ GROSS INCOME     $36,115.00    C  MORTGAGE CERT CREDIT     $0.00
C  ADJ GROSS INCOME     $36,115.00    C  INC TX AFTER PRSNL CR    $0.00
C  TOTAL STANDARD DED    $14,600.00    T  FOREIGN TAX CREDIT       $0.00
C  TAX TABLE INCOME    $21,515.00    C  FOREIGN TAX CREDIT       $0.00
T  TAXABLE INCOME       $21,515.00    C  OTHER STAT CREDITS        $0.00
C  TAXABLE INCOME       $21,515.00    T  GEN BUSINESS CREDIT      $0.00
T  TAX-TABLE/SCH XYZ    $2,351.00    C  GEN BUSINESS CREDIT      $0.00
C  TAX-TABLE/SCH XYZ    $2,351.00    C  STANDARD DEDUCTION        $14,600.00
T  CHILD CARE CREDIT    $0.00    C  F6251 ADJUSTMENT PRF     $0.00
C  CHILD CARE CREDIT    $0.00    T  CHILD TC/CREDIT FOR OTHER DEP $0.00
T  EDUCATION CREDIT     $0.00    C  CHILD TC/CREDIT FOR OTHER DEP $0.00
C  EDUCATION CREDIT     $0.00

          ***** FORM 1040-TAX/CREDIT *****

C  INC TAX AFTER CR      $2,351.00    T  EARNED INCOME CRD        $0.00
T  COMBINED SE TAX       $0.00    C  EARNED INCOME CRD        $0.00
C  COMBINED SE TAX       $0.00    T  GAS TAX CREDIT           $0.00

```

**Exhibit 3.14.1-5 (01-01-2024)****ON-LINE NRPS PACKAGE/CONTROL D CONTENTS PAGE**

#002278            PACKAGE CONTENTS            BATCH; 0053            ASSN; 000-00-9324            20XX23  
SELECTED NOTICES

    #01 CP; 24 0-000-00-9324 30 20XX12 LARC 00209-116-95134-X  
    KEY029 ES PAYMENTS POSTED DIFFER BY 10% OR MORE FROM ES CREDITS CLAIMED BY TAXPAYER

          DOCUMENTS AND PAYMENTS REQUESTED; TC 150 00209-116-95134-X

          MANUAL INTERVENTION; NONE

REFUND TRANSCRIPTS TO AMS; NONE

ASSOCIATED NOTICES; NONE

PENDING TRANSACTIONS; NONE

## Exhibit 3.14.1-6 (01-01-2023)

## NRP 6130 — IMF NRPS BATCH CONTROL SHEET

**IMF NRPS Batch Control Sheet – 6130**  
**This sheet contains a listing of all NRPS 6110 batches**

#000073		IMF NRPS CONTROL SHEET - OUTPUT REVIEW						PAGE; 3	
1		2		3		4			
FILE; NRP6130		07-14-20XX		OVERPAID		KANSAS CITY		CYCLE; 20XX28	
BATCH		NOTICES		REQUEST		REVIEWER	SIGN-OUT	RETURNED	
NUMBER	SORT	SEL	ASSC	DOC	PMT				
5	6	7	8	9	10	11	12	13	
0051	KY051	14	06	00	00				
0052	KY051	02	00	02	00				
0053	KY052	20	00	00	00				
0054	KY052	17	03	00	00				
0069	KY052	18	02	18	00				
0070	KY052	19	00	17	02				
TOTALS		6832	648	3482	684				

- 1 File name
- 2 Overpaid or Not Overpaid
- 3 Submission processing campus
- 4 Cycle
- 5 Batch number
- 6 Key sort
- 7 Number of selected notices
- 8 Number of associated notices
- 9 Number of return documents requested from Files
- 10 Number of payment documents from Files
- 11 Name or employee number of reviewer
- 12 Date signed out
- 13 Date returned

**Exhibit 3.14.1-7 (01-01-2024)****NRP 6130 — NRPS SELECTION REPORT**

IMF NRPS SELECTION REPORT - YEAR TO DATE						#000899					
NRP6130		CYCLE: 20XX30		DATE: 7/24/XX		SERVICE CENTER: KANSAS CITY				PAGE: 2	
CP#		INPUT		SELECTED		NON-SELECT				ERRORS	
10		2,279		1,428		851				0	
COUNTS BY SELECTION KEY WITHIN CP NUMBER 10											
KEY	PRIMARY COUNT	SECNDRY COUNT	KEY	PRIMARY COUNT	SECNDRY COUNT	KEY	PRIMARY COUNT	SECNDRY COUNT	KEY	PRIMARY COUNT	SECNDRY COUNT
60	70	11	61	1	11	70	2383	32	73	1	1
87	0	55	88	0	5	91	6	1	92	0	0
94	0	13	100	26	0	186	1	0	122	2	2
121	0	1	133	4	0	138	2	3	132	1	1
179	3	0	156	2	0	164	1	0	166	1	1
194	4	1	175	3	0	176	1	0	177	3	3
COUNTS BY TPNC WITHIN CP NUMBER 10											
TPNC	INPUT	SELECTED	REQ %	SUPPRESSED	TPNC	INPUT	SELECTED	REQ %	SUPPRESSED	TPNC	INPUT
100	25	25		0	101	8	8		0	102	1
103	1	0		0	104	1	0		0	105	1

## Exhibit 3.14.1-8 (01-01-2025)

## NRP 40-80 TAXPAYER NOTICE CODE TREND LIST

This report shows the volume of each TPNC assigned by the Error Resolution System (ERS) for the current cycle by CP number.

IMF TAXPAYER NOTICE CODE TREND LIST								
FILE: NRP-40-80		CYCLE: 202534		DATE: 08252025		SC: KANSAS CITY		PAGE: 01
TAXPAYER NOTICE CODES FOR CYCLE 202534 BY CP NUMBER								
TPNC	CP 10	CP 11	CP 12	CP 13	CP 16	CP 23	CP 24	CP 25
100	0	17	8	1	2	1	1	1
101	0	12	3	0	0	0	0	0
102	0	1	2	0	0	0	0	0
103	0	1	1	0	0	0	0	0
104	0	1	0	0	0	0	0	0
106	0	0	0	0	0	0	1	0
108	0	118	4	1	2	1	1	0

This report shows the volume of each TPNC assigned by the Error Resolution System (ERS) for each cycle.

IMF TAXPAYER NOTICE CODE TREND LIST					
FILE: NRP-40-80		CYCLE: 202534	DATE: 08252025	SC: KANSAS CITY	PAGE: 01
TAXPAYER NOTICE CODES BY CYCLE					
TPNC	CYCLE 202534	CYCLE 202533	CYCLE 202532	CYCLE 202531	CYCLE 202530
100	31	34	30	44	41
101	15	22	26	50	28
102	0	3	1	3	2
103	2	5	7	14	10
104	1	2	2	2	1
106	1	1	0	1	1
108	127	246	194	286	171

## Exhibit 3.14.1-9 (01-01-2021)

## REMITTANCE TRANSACTION RESEARCH (RTR) SYSTEM

**RTR Research: enter criteria** HCLR?

**Directions:** Please enter your research criteria. When searching for a specific deposit date, transaction date, amount, or transaction code, enter the specific information into the corresponding 'from' form fields. When searching for a specific campus, regardless of the lockbox, select the campus from the dropdown and select the 'campus only search' checkbox. Note: When searching using a wildcard, please enter at least one character before the '\*', i.e. "8\*"

**Please choose your research criteria:**

**DLN:**  -  -  -  -  **Trace ID:**

**Deposit Date** **Transaction Date**

From: Julian Day  Month  Day  Year  From: Month  Day  Year

To: Julian Day  Month  Day  Year  To: Month  Day  Year

**Transaction Code:**  -  **Amount:** \$  - \$  ☒ Check ☐ Transaction

**Tax Period:** (YYYYMM)  **MFT:**

**Name Control:**  **TIN:**

**Batch Number:**  **Routing Number:**

**Site Code:** 00 - RS-PCC

☐ Campus Only ☐ Lockbox Only ☒ Both

Home | Research | Reports | Help | Logoff  
Limited Official Use 2007

The Remittance Transaction Research (RTR) system lets the Tax Examiner immediately view images of checks and vouchers processed by the Integrated Submission and Remittance Processing (ISRP) system and Lockbox Bank sites.

Entering the Document Locator Number (DLN) brings up the image without the need to enter any other research fields. See *arrow above*. Some electronic payments cannot be reviewed on RTR. If the DLN does not work, try the Trace ID.

**Note:** Enter the DLN without dashes.



**Exhibit 3.14.1-10 (01-01-2023)**  
**PENDING TRANSACTION FILES**
**GUF File – Generalized Unpostable File**

A transmission on the GUF File failed to post to an account at MCC and was returned to the submission processing campus for corrective action. Below is an example of a pending unpostable transaction.

```

PENDING TRANSACTION FILE
*****GUF FILE*****
1 2 3
TRANS CODE: 670 TRANS DATE: 03-17-20XX TRANS AMOUNT: $2,993.56-
4 5 6 7
MFT: 30 TAX PERIOD: 20XX12 NAME CNTL: SYCA PRIM. TIN: 0-000-00-7667
8 9 10
DLN: 00234-077-00237-X UNP SEQ: 20XX12345678 UNPOSTABLE 198-2
11 12 13
REF MFT: 30 XREF TXPER: 20XX12 XTIN: 000-00-5123
  
```

**TEP File- Tape Edit Processor File**

A transaction on the TEP File has passed all initial validity checks and is attempting to post to the taxpayer's account. The example below is a pending payment.

```

PENDING TRANSACTION FILE
*****TEP FILE*****
1 2 3
TRANS CODE: 660 TRANS DATE: 07-22-20XX TRANS AMOUNT: $4,371.00
4 5 6 7
MFT: 30 TAX PERIOD: 20XX12 NAME CNTL: CATA PRIM. TIN: 0-000-00-1492
8
DLN: 00220-204-20010-X
  
```

**Resequene File (RSQ)**

A transaction on the Resequene File was removed from Master File, applied to a new Sequence, and is attempting to post again. The example below is a pending payment that was originally posting incorrectly and has since been corrected.

```

PENDING TRANSACTION FILE
*****RESEQUENCE FILE*****
1 2 3
TRANS CODE: 660 TRANS DATE: 07-22-20XX TRANS AMOUNT: $4,371.00
4 5 6 7
MFT: 30 TAX PERIOD: 20XX12 NAME CNTL: YEW PRIM. TIN: 0-000-00-8551
8
DLN: 00220-204-20010-X
  
```

**Reject File**

A transaction that was unable to be resolved in Unpostables and has been sent to Rejects for further correction.

```

*****REJECT FILE*****
1 2 3
TRANS CODE: 150 TRANS DATE: 07-22-20XX TRANS AMOUNT: $.00
4 5 6 7
MFT: 30 TAX PERIOD: 20XX12 PRIM. TIN: 0-000-00-1492
8
DLN: 00207-210-20010-X
RPS: 0 14 CTL TAX STMT: ERRONEOUS
15 16 17
CORR REC: 08-20-XX NOTICE CODES: 00-00-00 COND. CODES:
  
```

**Block Out of Balance (BOB) File**

A return processed through ISRP that did not meet the validation criteria for processing that must be corrected by Accounting.

```

PENDING TRANSACTIONS
*****BOB FILE*****
1 2 3
TRANS CODE: 150 TRANS DATE: 07-22-20XX TRANS AMOUNT: $950.00
4 5 6 7
MFT: 30 TAX PERIOD: 20XX12 PRIM. TIN: 0-000-00-1492
8
DLN: 00207-210-20010-X
  
```

- 1 Transaction Code
- 2 Transaction Date
- 3 Transaction Amount
- 4 MFT
- 5 Tax Period
- 6 Name Control
- 7 Primary/Posting TIN (0 = valid, 1 = invalid)
- 8 DLN
- 9 Unpostable Sequence Number
- 10 Unpostable Code
- 11 Reference MFT
- 12 Cross-Reference Tax Period
- 13 Cross-Reference TIN
- 14 RPS Indicator (0 = Non-RPS, 2 = RPS)
- 15 Correspondence Received Date
- 16 Notice Codes
- 17 Computer Condition Codes

## Exhibit 3.14.1-11 (01-01-2023)

## TRANSFERRING CREDITS TO THE PUBLIC DEBT FUND

Miscellaneous Adjustment Voucher				DLN	
Debit	Name and address <b>John T. Eagle</b> <b>2510 Crow St.</b> <b>Reno, NV 89510</b>	X-ref. TIN <b>000-00-1234</b>	X-ref. MFT <b>30</b>	Route to <input type="checkbox"/> MF <input type="checkbox"/> NMF	
		Plan Report Number		1st T.C. <b>672</b> Debit amount <b>2,500.00</b>	
		X-ref. tax per. <b>20XX12</b>	Transaction date <b>061720XX</b>	3rd T.C. Debit amount	
		2nd T.C.	Amount		
Credit	Name and address <b>6400 Account</b> <b>2350 Fund-Public Debt</b>	TIN	MFT	Route to <input type="checkbox"/> MF <input type="checkbox"/> NMF	
		Plan Report Number		1st T.C. Credit amount <b>2,500.00</b>	
		Tax period	Transaction date	3rd T.C. Credit amount	
		2nd T.C.	Amount		
Explanation <b>TP indicates Public Debt.</b> <b>Copy of note attached.</b>		Split Refund Indicator <input type="checkbox"/>	Bypass Indicator <input type="checkbox"/>	Prepared by <b>0010500003</b>	
				Date prepared <b>071320XX</b>	

Form 3809 (Rev. 8-2012) Catalog Number 22475R Part 1 - Credit Copy Department of the Treasury Internal Revenue Service

## Debit Portion

- 1 Name and Address - Enter the name and address of the taxpayer making the request.
- 2 X-ref-TIN - Enter the taxpayer's SSN.
- 3 X-ref MFT - Enter 30.
- 4 X-ref Tax Period - Enter the Tax Period to which the payment posted.
- 5 Transaction Date - Enter the date of the payment.
- 6 1<sup>st</sup> TC - Enter TC 820 for prepaid credits or the appropriate reversal TC.
- 7 Debit Amount - Enter the exact money amount in dollars and cents.

## Credit Portion

- 8 Name and address - Enter information indicating that the payment be applied to the Public Debt.
- 9 Credit amount - Enter the money amount in dollars and cents. This should match the amount in 7.
- 10 Explanation - Note that the taxpayer requested application to the Public Debt.
- 11 Prepared by - Enter the TE number of the person preparing the form.
- 12 Date prepared - Enter the current date.

## Exhibit 3.14.1-12 (01-01-2023)

## NOTICE REVIEW MANUAL ACTION SHEET

<b>TIN:</b> Transcript Type: Name Control: Tax Year:	<b>Suspend</b> <input type="checkbox"/> NOREFP <input type="checkbox"/> TC570 <input type="checkbox"/> Suspend for Additional Research <input type="checkbox"/> Suspend for Return <input type="checkbox"/> Suspend to Convert Transcript to Notice <input type="checkbox"/> Suspend for Miscellaneous	<b>Close Reason</b> <input type="checkbox"/> NOREFP <input type="checkbox"/> TC570 <input type="checkbox"/> Release Refund <input type="checkbox"/> Close to AUR/URP <input type="checkbox"/> TC 290 .00 Hold Code 4 <input type="checkbox"/> Credit Transfer Needed  <input type="checkbox"/> Module Situation Revolved	<b>Close Action</b> N/A N/A N/A Please choose below <input type="checkbox"/> ADD24-TC612/610 <input type="checkbox"/> ADD24-TC642/640 <input type="checkbox"/> ADD24-TC662/660 <input type="checkbox"/> ADD24-TC672/670 <input type="checkbox"/> ADD24-TC682/680 <input type="checkbox"/> ADD24-TC820/700 <input type="checkbox"/> ADD34-TC612/610 <input type="checkbox"/> ADD34-TC662/660 <input type="checkbox"/> ADD34-TC672/670 <input type="checkbox"/> ADD48-TC830/710 Please choose below <input type="checkbox"/> REQ54-TC290 <input type="checkbox"/> REQ54-TC290 .00 <input type="checkbox"/> REQ54-TC290 .00HC4 <input type="checkbox"/> REQ54-TC291 <input type="checkbox"/> REQ77-TC571 <input type="checkbox"/> REQ77-TC971/AC264	<b>Date Performed</b>  <b>History Notes</b>
<b>TIN:</b> Transcript Type: Name Control: Tax Year:	<b>Suspend</b> <input type="checkbox"/> NOREFP <input type="checkbox"/> TC570 <input type="checkbox"/> Suspend for Additional Research <input type="checkbox"/> Suspend for Return <input type="checkbox"/> Suspend to Convert Transcript to Notice <input type="checkbox"/> Suspend for Miscellaneous	<b>Close Reason</b> <input type="checkbox"/> NOREFP <input type="checkbox"/> TC570 <input type="checkbox"/> Release Refund <input type="checkbox"/> Close to AUR/URP <input type="checkbox"/> TC 290 .00 Hold Code 4 <input type="checkbox"/> Credit Transfer Needed  <input type="checkbox"/> Module Situation Revolved	<b>Close Action</b> N/A N/A N/A Please choose below <input type="checkbox"/> ADD24-TC612/610 <input type="checkbox"/> ADD24-TC642/640 <input type="checkbox"/> ADD24-TC662/660 <input type="checkbox"/> ADD24-TC672/670 <input type="checkbox"/> ADD24-TC682/680 <input type="checkbox"/> ADD24-TC820/700 <input type="checkbox"/> ADD34-TC612/610 <input type="checkbox"/> ADD34-TC662/660 <input type="checkbox"/> ADD34-TC672/670 <input type="checkbox"/> ADD48-TC830/710 Please choose below <input type="checkbox"/> REQ54-TC290 <input type="checkbox"/> REQ54-TC290 .00 <input type="checkbox"/> REQ54-TC290 .00HC4 <input type="checkbox"/> REQ54-TC291 <input type="checkbox"/> REQ77-TC571 <input type="checkbox"/> REQ77-TC971/AC264	<b>Date Performed</b>  <b>History Notes</b>
<b>TIN:</b> Transcript Type: Name Control: Tax Year:	<b>Suspend</b> <input type="checkbox"/> NOREFP <input type="checkbox"/> TC570 <input type="checkbox"/> Suspend for Additional Research <input type="checkbox"/> Suspend for Return <input type="checkbox"/> Suspend to Convert Transcript to Notice <input type="checkbox"/> Suspend for Miscellaneous	<b>Close Reason</b> <input type="checkbox"/> NOREFP <input type="checkbox"/> TC570 <input type="checkbox"/> Release Refund <input type="checkbox"/> Close to AUR/URP <input type="checkbox"/> TC 290 .00 Hold Code 4 <input type="checkbox"/> Credit Transfer Needed  <input type="checkbox"/> Module Situation Revolved	<b>Close Action</b> N/A N/A N/A Please choose below <input type="checkbox"/> ADD24-TC612/610 <input type="checkbox"/> ADD24-TC642/640 <input type="checkbox"/> ADD24-TC662/660 <input type="checkbox"/> ADD24-TC672/670 <input type="checkbox"/> ADD24-TC682/680 <input type="checkbox"/> ADD24-TC820/700 <input type="checkbox"/> ADD34-TC612/610 <input type="checkbox"/> ADD34-TC662/660 <input type="checkbox"/> ADD34-TC672/670 <input type="checkbox"/> ADD48-TC830/710 Please choose below <input type="checkbox"/> REQ54-TC290 <input type="checkbox"/> REQ54-TC290 .00 <input type="checkbox"/> REQ54-TC290 .00HC4 <input type="checkbox"/> REQ54-TC291 <input type="checkbox"/> REQ77-TC571 <input type="checkbox"/> REQ77-TC971/AC264	<b>Date Performed</b>  <b>History Notes</b>

**Exhibit 3.14.1-13 (01-01-2023)**  
**INTEREST RATES**

**INTEREST RATES**

The interest rates on underpayment and overpayment of taxes are as follows:

Periods	Percentage Rates	
	Underpayment	Overpayment
October 1, 2011, through March 31, 2016 .....	3	3
April 1, 2016, through March 31, 2018 .....	4	4
April 1, 2018, through December 31, 2018 .....	5	5
January 1, 2019, through June 30, 2019 .....	6	6
July 1, 2019, through June 30, 2020 .....	5	5
July 1, 2020, through March 31, 2022 .....	3	3
April 1, 2022, through June 30, 2022 .....	4	4
July 1, 2022, through September 30, 2022 .....	5	5
October 1, 2022, through December 31, 2022 .....	6	6
January 1, 2023, through September 30, 2023 .....	7	7
October 1, 2023, through December 31, 2024 .....	8	8

---

**A**

**A TIN is a taxpayer identification number. This broad category includes SSN's, ITIN's, ATIN's, and IRSN's. Valid SSN's, ATIN's, and ITIN's qualify for exemptions and, if other criteria are met, for Child Tax Credit (CTC), Additional Child Tax Credit (ACTC), and Child and Dependent Care . Only valid SSN's qualify for Earned Income Credit.....212**

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**F**

**For Balance Due Notices .....175**

