EFFECTIVE DATE

(01-01-2025)

PURPOSE

(1)   This transmits revised IRM 3.14.2, Notice Review - Business Master File (BMF) Notice Review.

MATERIAL CHANGES

(1)   IRM 3.14.2 - Revised throughout to update organizational title Wage and Investment to Taxpayer Services - IPU 24U0535 issued 04-17-2024.

(2)   IRM 3.14.2 - Added Form 709-NA throughout the IRM as a new form for 2025.

(3)   IRM 3.14.2 - Removed # from label numbers throughout to assist in employee IRM research.

(4)   IRM 3.14.2 - Changed Office of Taxpayer Correspondence (OTC) to Taxpayer Correspondence Services throughout due to an organizational name change.

(5)   IRM 3.14.2.1.7 - IRM reference for the deviation process updated from IRM 1.11.2.2.4(3) to IRM 1.11.2.2.3 - IPU 24U0535 issued 04-17-2024.

(6)   IRM 3.14.2.1.7(1) - Updated per director direction.

(7)   IRM 3.14.2.1.7(2) - Deleted paragraph per director direction.

(8)   IRM 3.14.2.1.8 - Updated to notate IPF was repealed December 31, 2020.

(9)   IRM 3.14.2.2.2(1) - Updated to clarify notices need to be marked before cycle closeout.

(10)   IRM 3.14.2.4.1.2(4) - Corrected output file report spacing and names for Control D input - IPU 24U0369 issued 03-08-2024 .

(11)   IRM 3.14.2.4.1.3(1) - Corrected the IRM order to match the NRPS batch figure.

(12)   IRM 3.14.2.4.1.3(2) - Clarified that the figure is the batch header sheet and not the whole NRPS package.

(13)   IRM 3.14.2.4.2.4(2) - Clarified notice disposition example.

(14)   IRM 3.14.2.4.2.5(2) - Added that manual intervention cases are included in systemic helds for clarification.

(15)   IRM 3.14.2.5.2.2(1) b - Added that a lead or clerk should be inputting the ERS request for notice capture on NRP97 by DLN.

(16)   IRM 3.14.2.5.2.2(1) c - Clarified that once the notice is captured for the ERS DLN case that the return and the case should be put in inventory to be worked by a tax examiner.

(17)   IRM 3.14.2.5.3(1) - Added Note that all Manual Intervention cases will be systemically held by OLNR if not closed.

(18)   IRM 3.14.2.5.4 - Clarified report names and reordered section to be in numerical order by LCF file type.

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(19)   IRM 3.14.2.5.4.1 - Added section to include instruction for NRP97 input.

(20)   IRM 3.14.2.6 - Reordered the section to follow correct tax examiner review steps for each notice and moved IDRS access to this section from IRM 3.14.2.6.1.

(21)   IRM 3.14.2.6(2) - Added specific language for notice and account review for tax examiner instruction.

(22)   IRM 3.14.2.6(3) - Added that all issues need to be resolved before marking notice disposition.

(23)   IRM 3.14.2.6(5) - Added instruction for when the return needs to be ordered.

(24)   IRM 3.14.2.6(8) - Removed "contact lead" from tax examiner review section, lead review is not warranted.

(25)   IRM 3.14.2.6.1 - Renamed to Verifying Return and Account Information so tax examiners understand the section and subsections are all for reviewing account data.

(26)   IRM 3.14.2.6.1(1) - Added statement that each section of verifying return and account information is required for all notices.

(27)   IRM 3.14.2.6.1(2) - Updated email contact information.

(28)   IRM 3.14.2.6.1.1 - Moved Account Information here including all subsections part of Account Information and moved Additional Requirements to 3.14.2.6.1.3 so tax examiners follow review procedures in correct steps.

(29)   IRM 3.14.2.6.1.1.1(1) - Added an input example.

(30)   IRM 3.14.2.6.1.1.1(2) - Split former paragraph 1 information into a second paragraph to be clearer for tax examiners.

(31)   IRM 3.14.2.6.1.1.1(3) - Added Entity Control routing information.

(32)   IRM 3.14.2.6.1.1.3(1) - Changed wording from primary name line to name so all information could be included.

(33)   IRM 3.14.2.6.1.1.3(2) - Ordered the paragraphs by what entity changes need to be routed to Entity and what can be done by Notice Review personnel.

(34)   IRM 3.14.2.6.1.1.3(3) - Removed instructions for IDRS input as this section is for research and review. Action steps are in 3.14.2.7.5.

(35)   IRM 3.14.2.6.1.1.3.1 - Updated section to correct BMF identity theft indicators.

(36)   IRM 3.14.2.6.1.1.6(1) - Removed 501(d) organizations due to outdated information.

(37)   IRM 3.14.2.6.1.1.6(3) - Updated to clarify paper returns versus electronic returns and added IRM 10.10.1.

(38)   IRM 3.14.2.6.1.3.4(1) - Updated received date section due to Executive order changes for received date stamps - IPU 24U0369 issued 03-08-2024.

(39)   IRM 3.14.2.6.1.3.4(3) - Added because the return was not stamped in error due to Executive order changes - IPU 24U0369 issued 03-08-2024.

(40)   IRM 3.14.2.6.1.7.2(3) - Added IAT credit transfer tool is mandated for all credit transfers.

(41)   IRM 3.14.2.6.1.8 - Added information that Notice Review must initiate the manual refund.

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(42)   IRM 3.14.2.6.1.9.2.2(2) - Added IAT credit transfer tool is mandated for all credit transfers.

(43)   IRM 3.14.2.6.2(3) - Added IAT credit transfer tool exception to manually using IDRS when IAT is not functioning.

(44)   IRM 3.14.2.6.2(4) - Updated caution with excess taxes at GATT rate and corrected IRM reference.

(45)   IRM 3.14.2.6.3.2(2) - Added instructions to void the subsequent notice using NRP97.

(46)   IRM 3.14.2.6.4.1 - Updated title to Taxpayer Advocate Service (TAS) as criteria is linked and not provided.

(47)   IRM 3.14.2.6.4.1 - Updated with the TAS standard language from the TAS document that contains the most current approved language.

(48)   IRM 3.14.2.6.4.1(2) - Removed a-c TAS case retention and phone numbers since tax examiners will not be contacted.

(49)   IRM 3.14.2.6.4.4(2) - Updated note to include checking the disaster area and year.

(50)   IRM 3.14.2.6.4.5(1) d - Form 709 decision table updated to clearly explain when IMF refunds can be intercepted.

(51)   IRM 3.14.2.6.4.5(1) f - Updated with how to identify when IMF refunds can be intercepted.

(52)   IRM 3.14.2.6.4.6(3) a - Changed entity module to ENMOD for clarity.

(53)   IRM 3.14.2.6.4.6(3) c - Changed the statement to periods beginning prior to 2016.

(54)   IRM 3.14.2.6.4.8(1) - Added form title and filing due date and added that amounts over $1,000 for any or all taxes the taxpayer can receive a notice.

(55)   IRM 3.14.2.6.4.9(1) - Removed words general review and replaced with information.

(56)   IRM 3.14.2.6.4.9(1) - Updated due date information for type of bon for the Form 8038-CP.

(57)   IRM 3.14.2.6.4.9(2) - Disposition is limited so added information to follow specific guidelines.

(58)   IRM 3.14.2.6.4.10(2) - Updated associated credits statement to calendar quarter.

(59)   IRM 3.14.2.6.4.10(3) - Updated amended to extended for section 3134 of IRC and added amended certain provisions.

(60)   IRM 3.14.2.6.4.10.1(5) - Clarified that the credit was only available through 2023.

(61)   IRM 3.14.2.6.4.10.1.1(1) - Clarified that the credit was only available through 2023.

(62)   IRM 3.14.2.6.4.10.1.2(1) - Clarified that the credit was only available through 2023.

(63)   IRM 3.14.2.6.4.10.1.3(1) - Clarified that the credit was only available through 2023.

(64)   IRM 3.14.2.6.4.10.2(4) b - Clarified requirements for an employer to avoid FTD penalty.

(65)   IRM 3.14.2.6.4.11 - Deleted section as it was outdated.

(66)   IRM 3.14.2.6.4.11.1(1) - Updated to clarify the due dates for EPE claims.

(67)   IRM 3.14.2.6.4.12.2(6) - Added identifying information TC 971 AC 831 for EPE issues requiring review by other areas and added a caution to prevent adjustments to EPE credits - IPU 24U0369 issued 03-08-2024.

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(68)   IRM 3.14.2.6.4.12.3(1) - Clarified that TRE is a cash buyout transfer from an entity that is unable to use their EPE credits - IPU 24U0369 issued 03-08-2024.

(69)   IRM 3.14.2.6.4.12.3(1) - Removed the word taxpayer placed in the section in error - IPU 24U0535 issued 04-17-2024.

(70)   IRM 3.14.2.6.5(5) - Added "from the S corporation" to the second bullet for clarity.

(71)   IRM 3.14.2.6.5.2.1(1) - Updated to state a lead or manager needs to email to HQ for review.

(72)   IRM 3.14.2.6.5.3.1(1) - Updated IRC 965 adjustments should only be performed with HQ approval and cases that appear to need adjustment should be forwarded for review and possible routing.

(73)   IRM 3.14.2.6.5.3.1(5) - Updated the table for correct input of DPC 64.

(74)   IRM 3.14.2.6.5.3.1(9) - Updated to state a lead or manager needs to email to HQ for review.

(75)   IRM 3.14.2.6.5.3.1(9) - Deleted Note as IRC 965 tool is being removed from the BMF Notice Review Portal since adjustments are not allowed without approval.

(76)   IRM 3.14.2.6.6.14(2) - Corrected 971 AC 086 and AC 087 information.

(77)   IRM 3.14.2.6.6.16(2) - Added caution for three cycle limitation on Q- freeze transactions.

(78)   IRM 3.14.2.6.6.17(3) - Added caution to look for open controls and 971 action codes - IPU 24U0369 issued 03-08-2024.

(79)   IRM 3.14.2.6.6.17(4) - Added EPE information to avoid inadvertent release of refund - IPU 24U0369 issued 03-08-2024.

(80)   IRM 3.14.2.6.6.25 - Added X- refund freeze requiring manual refunds.

(81)   IRM 3.14.2.6.6.26 - Updated -X freeze to include criteria and release information.

(82)   IRM 3.14.2.6.7(3) - Added Spanish Forms and CP notices.

(83)   IRM 3.14.2.6.7(4) - Removed CP 161 and CP 162 non-math error notice description from math error section.

(84)   IRM 3.14.2.6.7(5) - Removed CP 267, CP 173 and CP 210 non-math error notice description from math error section.

(85)   IRM 3.14.2.6.7.1(1) c - Clarified to reflect correct TPNCs the notice must be retyped.

(86)   IRM 3.14.2.6.7.1(2) - Defined point of error.

(87)   IRM 3.14.2.6.7.1(5) - Moved decimal pint information to 3.14.2.6.7.1.2.

(88)   IRM 3.14.2.6.7.1.1 - Added Math Error Processes for Specific Issues and Forms.

(89)   IRM 3.14.2.6.7.1.2 - Added section for Corporate Alternative Minimum Tax.

(90)   IRM 3.14.2.6.7.1.3 - Added Decimal Point Errors Review and Correction.

(91)   IRM 3.14.2.6.7.1.4 - Added Employment forms, Review and Retype Instructions.

(92)   IRM 3.14.2.6.7.1.5 - Added Estate and Gift Tax Forms, CP 105 and CP 115, Review and Routing Instructions.

(93)   IRM 3.14.2.6.7.2(11) - Updated to clearly state the subsequent notice is being captured for voiding.

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(94) IRM 3.14.2.6.7.3(3) - Added (a) and (b) to explain Key 40 selection and following the missing credit research pattern.

(95) IRM 3.14.2.6.8(4) a - Clarified that signature requests are for paper-filed returns.

(96) IRM 3.14.2.6.8(6) b - Removed incorrect reference to blocking series 05.

(97) IRM 3.14.2.6.8(13) - Updated to clearly state the subsequent notice is being captured for voiding.

(98) IRM 3.14.2.6.9 - Added CP 861 for Spanish to the section since they are worked the same as CP 161.

(99) IRM 3.14.2.6.9(11) a - Added 11a and a table to the example to further clarify tax period and date of transfer for MFT 17.

(100) IRM 3.14.2.6.9(17) - Added processing steps to the section for Form 2290 and clarified how to verify correct tax period and tax rates.

(101) IRM 3.14.2.6.9(18) - Added IMF refund interception information to the table for Form 709.

(102) IRM 3.14.2.6.10(2) - Removed the word only since there are two instances when CP 162 will generate - IPU 24U0217 issued 02-05-2024.

(103) IRM 3.14.2.6.10(2) a - Updated wording to clarify when the CP 162 will generate for MFT 06 - IPU 24U0217 issued 02-05-2024.

(104) IRM 3.14.2.6.10(5) - Added new CP 162C notice to the 162 series - IPU 24U0217 issued 02-05-2024.

(105) IRM 3.14.2.6.10(6) - Added new CP 162E notice added to the 162 series - IPU 24U0217 issued 02-05-2024.

(106) IRM 3.14.2.6.10.1(1) - Added "ending within the taxable year of partnership" for clarity.

(107) IRM 3.14.2.6.10.1(2) - Removed if they are able to do so to the Partnership requirement to file electronically if more than 100 partners - IPU 24U0217 issued 02-05-2024.

(108) IRM 3.14.2.6.10.1(2) - Clarified the difference in penalty transaction codes for returns filed before 2021 and after 2021.

(109) IRM 3.14.2.6.10.1(4) - Corrected 2021 maximum penalty amount to $3,392,000.

(110) IRM 3.14.2.6.10.1(5) - Clarified the penalty being referred to and changed reminder to "is" instead of "should be" - IPU 24U0217 issued 02-05-2024.

(111) IRM 3.14.2.6.10.1(5) - Updated note to clarify that two types of failure to file penalties can apply with applicable TCs.

(112) IRM 3.14.2.6.10.1(5) - Added that Notice Review does not make these adjustments in the reminder section.

(113) IRM 3.14.2.6.10.1(6) - Added instructions on how to review the CP 162 and how to adjust the penalty if necessary.

(114) IRM 3.14.2.6.10.2(1) - Added as an original assessment to clarify the CP 162A generation criteria due to programming updates - IPU 24U0217 issued 02-05-2024.

(115) IRM 3.14.2.6.10.2(2) - Added assessment to adjustment due to generation programming updates - IPU 24U0217 issued 02-05-2024.

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(116)   IRM 3.14.2.6.10.2(2) - Changes note to assessment of the penalty due to programming updates - IPU 24U0217 issued 02-05-2024.

(117)   IRM 3.14.2.6.10.2(2) - Updated note to include CP notices 162C and 162E for current programming.

(118)   IRM 3.14.2.6.10.2(9) - Changed the wording in the table from after December 2023 to After January 1, 2024.

(119)   IRM 3.14.2.6.10.2(10) - Added field for OLNR and removed the sum of the statement since a multiplication formula does not equal a sum - IPU 24U0217 issued 02-05-2024.

(120)   IRM 3.14.2.6.10.3(1) - Added upon original assessment of the penalty due to programming changes - IPU 24U0217 issued 02-05-2024 .

(121)   IRM 3.14.2.6.10.3(3) - Added assessment to adjustment due to programming updates, MFT to table, and Form identification for MFT 06 in the table - IPU 24U0217 issued 02-05-2024 .

(122)   IRM 3.14.2.6.10.3(3) - Deleted reminder as it is incorrect due programming updates - IPU 24U0217 issued 02-05-2024.

(123)   IRM 3.14.2.6.10.3(6) - Deleted due to change in adjustment programming for penalties - IPU 24U0217 issued 02-05-2024.

(124)   IRM 3.14.2.6.10.4 - Added new section for 162C Adjustment of Previously Assessed Penalty Even or Balance due - IPU 24U0217 issued 02-05-2024.

(125)   IRM 3.14.2.6.10.4(4) - Deleted follow general review procedures to determine timeliness and replaced with only working CP 162C as manual intervention for 2024 - IPU 24U0535 issued 04-17-2024.

(126)   IRM 3.14.2.6.10.4(5) - Deleted due to programming constraints - IPU 24U0535 issued 04-17-2024.

(127)   IRM 3.14.2.6.10.5 - Added new section for CP 162E Adjustment of Previously Assessed Penalty Even Balance - IPU 24U0217 issued 02-05-2024.

(128)   IRM 3.14.2.6.10.7 - Added CP 162C and CP 162E to title to be included in the 162 series selection key 53 - IPU 24U0217 issued 02-05-2024.

(129)   IRM 3.14.2.6.10.7(1) - Added CP 162C and CP 162E added to 162 series for LCF- IPU 24U0217 issued 02-05-2024.

(130)   IRM 3.14.2.6.10.8(1) - Added TC 460 to identify an extension on IDRS.

(131)   IRM 3.14.2.6.12.1 - Updated Note to refer the user to see IRM 3.14.2.7.2.2 for more information - IPU 24U0535 issued 04-17-2024.

(132)   IRM 3.14.2.6.12.1 - Added "If there is no open control base to another area, Notice Review must initiate the manual refund" for clarity.

(133)   IRM 3.14.2.6.12.2(4) - Removed type a settlement notice from the table due to outdated information.

(134)   IRM 3.14.2.6.13(1) - Added Caution that Notice Review can see these cases in sample.

(135)   IRM 3.14.2.6.13(6) - Added key 40 and others for Notice Review inventory.

(136)   IRM 3.14.2.6.13(9) - Added Caution for routing cases in need of reprocess.

(137)   IRM 3.14.2.6.14 - Added CP 910 and CP 920 to CP 210 and CP 220 adjustment notices since they are worked the same.

(138)   IRM 3.14.2.6.14.1 - Added CP 910 and CP 920 to CP 210 and CP 220 adjustment notices since they are worked the same.

(139)   IRM 3.14.2.6.14.1(1) b - Updated reminder to remove tepping slang and replaced with Tape Edit Processing - IPU 24U0217 issued 02-05-2024.

(140)   IRM 3.14.2.6.14.1(6) - Combined the data in a and b into an if/then chart.

(141)   IRM 3.14.2.6.14.1(7) a - Updated note to remove tepping slang and replaced with Tape Edit Processing - IPU 24U0217 issued 02-05-2024.

(142)   IRM 3.14.2.6.14.1(9) a - Added LCF cutoff time.

(143)   IRM 3.14.2.6.14.1(12) f - Added unless contacted by Headquarters staff to the note for clarity.

(144)   IRM 3.14.2.6.15(1) - Added information for returns located at a different service center and added a caution about not deleting TPNC 90 without verification.

(145)   IRM 3.14.2.6.15(2) - Clarified the need to research IMF for extensions that should be applied to Form 709 also including research steps and notice information.

(146)   IRM 3.14.2.6.17.9(7) - Added "subsequently determined deficiency" to clarify the need for computing interest.

(147)   IRM 3.14.2.6.18(4) - Added "for routing "to the procedures to clarify the steps needed and that NR does not adjust.

(148)   IRM 3.14.2.7.1(1) - Updated to state the reason for reviewing math errors.

(149)   IRM 3.14.2.7.1(2) - Moved information to 2 from 1 and updated to parallel grammatical structure and restructured to tax examiner review steps.

(150)   IRM 3.14.2.7.1(7) - Added maintain an open control base until all actions after NOREF input have occurred and the refund has been released.

(151)   IRM 3.14.2.6.7.2 - Updated section to follow tax examiner steps and added statements to aid in research path.

(152)   IRM 3.14.2.7.2(11) - Converted tables to if/then chart for clarity.

(153)   IRM 3.14.2.7.2.1(9) a - Corrected wrong disposition instructions.

(154)   IRM 3.14.2.7.2.1(9) d - Added bring back offsets if applicable.

(155)   IRM 3.14.2.7.2.2.3(5) - Updated section charts to refer to specifics in IRM 20.2.4 due to incorrect information.

(156)   IRM 3.14.2.7.3(1) - Added aged list report information and updated reminder to include releasing refunds as needed - IPU 24U0369 issued 03-08-2024.

(157)   IRM 3.14.2.7.3(1) - Added to not hold a notice without HQ notification to the Caution.

(158)   RM 3.14.2.7.3(1) - Added information about maintaining open control bases until refunds are released.

(159)   IRM 3.14.2.7.3(3) - Clarified if account actions will decrease the overpayment not just adjustments - IPU 24U0369 issued 03-08-2024.

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(160)   IRM 3.14.2.7.3(3) b - Clarified when to input adjustments and use posting delay codes - IPU 24U0369 issued 03-08-2024.

(161)   IRM 3.14.2.7.5(1) - Added review information IRM 3.14.2.6.1.1.3 before considering an entity adjustment.

(162)   IRM 3.14.2.7.5(2) - Clarified the difference between a critical and non-critical entity issue and why it is important.

(163)   IRM 3.14.2.7.5(3) - Added direct deposit information as pertains to full identification of a critical or non-critical entity change.

(164)   IRM 3.14.2.7.5(4) - Added instructions for how to prepare a case to be routed to Entity.

(165)   IRM 3.14.2.7.5(5) - Added instructions for resolution of cases that were routed to Entity.

(166)   IRM 3.14.2.7.5(6) - Added instructions for critical entity issues that can be resolved by Notice Review.

(167)   IRM 3.14.2.7.5(7) - Added instructions for non-critical entity issues that can be resolved by Notice Review.

(168)   IRM 3.14.2.7.6(1) - Added do not access REQ54 without first calculating the adjustment.

(169)   IRM 3.14.2.7.6.1(3) - Removed incorrect blocking series 05 and changed the MFT 05, Form 1041 blocking series information to an exception.

(170)   IRM 3.14.2.7.6.1(4) - Deleted blocking series 18 caution to not use since it has not been used since 2007.

(171)   IRM 3.14.2.7.6.1(4) - Updated wording to clearly describe appeals rights and made the note an exception for blocking series 78.

(172)   IRM 3.14.2.7.6.6.1 - Added information for all Forms 706 and 709 and removed IRNs due to confusion and stated clearly these are not adjusted by NR and must be routed instead.

(173)   IRM 3.14.2.7.7(1) - Added that IAT is mandatory for credit transfers.

(174)   IRM 3.14.2.7.7(1) - Added Exception for TC 620 MFT 50 cases that require correction by the accounting function.

(175)   IRM 3.14.2.7.7(2) - Added c information that not all transaction codes are allowed on all MFTs.

(176)   IRM 3.14.2.7.7(12) - IAT uses the correct transfer codes and updated the citations as informatory.

(177)   IRM 3.14.2.7.9(2) - Added Caution for Form 709 extensions.

(178)   IRM 3.14.2.7.9(2) a - Included extension addition and deletion information and added link to exhibit 3.14.2-11.

(179)   IRM 3.14.2.7.10.6.2(3) - Added LCF cutoff time and instructions.

(180)   IRM 3.14.2.7.10.6.2(6) - Clarified that the subsequent notice is being captured and the current cycle notice needs to be retyped.

(181)   IRM 3.14.2.7.10.6.19(3) - Added LCF cutoff time.

(182)   IRM 3.14.2.7.10.7 - Updated title to match other notice disposition categories.

(183)   IRM 3.14.2.8 - Deleted former paragraph 2 and added an explanation that international notices are reviewed the same as domestic except for the differences in IRM 3.14.2.9.

(184)   IRM 3.14.2.8.1(3) - Deleted Publication 900 as it is obsolete.

(185)   IRM 3.14.2.8.2(1) - Clarified that two forms are processed at KCSPC.

(186)   IRM 3.14.2.8.2(2) - Deleted redundant management controls information kept when international and domestic IRMs were combined.

(187)   IRM 3.14.2.8.2(3) - Deleted redundant security guideline information kept when international and domestic IRMs were combined.

(188)   IRM 3.14.2.8.3 - Deleted redundant NRPS information kept when international and domestic IRMs were combined.

(189)   IRM 3.14.2.8.4 - Deleted redundant OLNR information kept when international and domestic IRMs were combined.

(190)   IRM 3.14.2.9.1 - Updated title to remove Ogden only information as Forms 706-NA and Forms 709-NA are processed in Kansas City.

(191)   IRM 3.14.2.9.1(1) - Added processing information that Forms 706-NA and Forms 709-NA are processed in Kansas City.

(192)   IRM 3.14.2.9.1(2) - Updated note to encompass all employment forms and not by specific form number.

(193)   IRM 3.14.2.9.2 - Updated title to General International Information for clarity.

(194)   IRM 3.14.2.9.2(2) - Updated section to advise following general review instructions and specific international steps in the section.

(195)   IRM 3.14.2.9.2(3) - Deleted redundant international entity instructions as these are the same instructions for all notices.

(196)   IRM 3.14.2.9.2(4) - Deleted redundant international general review instructions as these are the same instructions for all notices.

(197)   IRM 3.14.2.9.4 - Deleted redundant international payment review instructions as these are the same instructions for all notices.

(198)   IRM 3.14.2.9.4(5) - Added research IDRS for erroneous duplicate credits.

(199)   IRM 3.14.2.9.5 - Deleted redundant international manual intervention review instructions as these are the same instructions for all notices.

(200)   IRM 3.14.2.9.6 - Deleted redundant international math error review instructions as these are the same instructions for all notices.

(201)   IRM 3.14.2.9.6(1) - Added information about international notices having domestic CP numbers unless in Spanish and they are located in 8XXX batches in OLNR tridoc was 3.14.2.9.13 before subsection deletions.

(202)   IRM 3.14.2.9.6(2) - Added table to display CP notices and Spanish corresponding numbers tridoc was 3.14.2.9.13 before subsection deletions.

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(203)   IRM 3.14.2.9.7 - Deleted redundant international overpayment review instructions as these are the same instructions for all notices.

(204)   IRM 3.14.2.9.8 - Deleted redundant international balance due review instructions as these are the same instructions for all notices.

(205)   IRM 3.14.2.9.9 - Deleted redundant international labeling instructions as these are the same instructions for all notices.

(206)   IRM 3.14.2.9.11(3) - Added to retype the notice to a CP 161 if no math error and remaining balance due.

(207)   IRM 3.14.2.9.13(3) - Updated the example for due date to be more clear to tax examiners and added "unless an extension of time to file was granted."

(208)   IRM 3.14.2.9.13(4) - Updated delegate order information to add clarity and correct comma input.

(209)   IRM 3.14.2.9.14 - Deleted old CP 801 section and included CP 801 review in 3.14.2.6.7.1.3.1.

(210)   IRM 3.14.2.9.14 - Added new Form 709-NA information.

(211)   IRM 3.14.2.9.15 - Deleted CP 802 section and included CP 802 review in 3.14.2.6.7.1.3.2.

(212)   IRM 3.14.2.9.16 - Deleted CP 811 section and included CP 811 review in 3.14.2.6.7.1.3.1.

(213)   IRM 3.14.2.9.17 - Deleted CP 812 section and included CP 812 review in 3.14.2.6.7.1.3.2.

(214)   IRM 3.14.2.9.18 - Deleted CP 861 section and included CP 861 review in 3.14.2.6.9.

(215)   IRM 3.14.2.9.19 - Deleted CP 910/920 section and included review in 3.14.2.6.14.1.

(216)   IRM 3.14.2.9.19(1) - Updated income which is effectively connected income (ECI) and clarified the difference between ECI and non-ECI and restructured section.

(217)   IRM 3.14.2.9.19(3) - Deleted incorrect paragraph.

(218)   IRM 3.14.2.9.20(3) - Moved paragraph 3 to 1 and added more background information.

(219)   IRM 3.14.2.9.20(6) - Corrected for Schedule J errors increase to applicable maximum corporate tax rate.

(220)   IRM 3.14.2.11.1 - Updated IRM exhibit from 3.12.13-27 to 3.12.13-30 due to ERS IRM changes - IPU 24U0217 issued 02-05-2024.

(221)   IRM 3.14.2.11.5 - Removed obsolete Form 709-A from the title.

(222)   IRM 3.14.2.11.6 - Added section for new Form 709-NA.

(223)   IRM 3.14.2.11.7 - Updated IRM exhibit from 3.14.154-15 to 3.12.154-16 due to ERS IRM changes - IPU 24U0217 issued 02-05-2024.

(224)   IRM 3.14.2.11.8 - Updated IRM exhibit from 3.12.13-25 to 3.12.13-28 due to ERS IRM changes - IPU 24U0217 issued 02-05-2024.

(225)   IRM 3.14.2.11.9 - Updated IRM exhibit from 3.12.13-26 to 3.12.13-29 due to ERS IRM changes - IPU 24U0217 issued 02-05-2024.

(226)   IRM 3.14.2.11.10 - Updated IRM exhibit from 3.12.12-20 to 3.12.12-11 due to ERS IRM changes - IPU 24U0217 issued 02-05-2024.

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(227) IRM 3.14.2.11.11 - Updated IRM exhibit from 3.12.12-22 to 3.12.12-13 due to ERS IRM changes - IPU 24U0217 issued 02-05-2024.

(228) IRM 3.14.2.11.15(1) - Updated to link to IRM 3.12.15 for TPNC information and removed all other data.

(229) IRM 3.14.2.11.15.2 - Updated IRM exhibit from 3.12.12-21 to 3.12.12-12 due to ERS IRM changes - IPU 24U0217 issued 02-05-2024.

(230) IRM 3.14.2.11.15.3 - Updated IRM exhibit from 3.12.217-21 to 3.12.217-24 due to ERS IRM changes - IPU 24U0217 issued 02-05-2024.

(231) IRM 3.14.2.11.16 - Updated IRM exhibit from 3.12.12-23 to 3.12.12-14 due to ERS IRM changes - IPU 24U0217 issued 02-05-2024.

(232) Exhibit 3.14.2-2 - Corrected due date for Form 1120.

(233) Figure 3.14.2-4 - Split into 2 parts and created new 3.14.2-5 figure so all other figures will renumber.

(234) Exhibit 3.14.2-5 - Removed outdated acronyms for select keys 18, 28, 51 and 84.

(235) Exhibit 3.14.2-6 - Updated exhibit to match NRPS batch.

(236) Exhibit 3.14.2-7 - Updated exhibit to match NRPS batch.

(237) Exhibit 3.14.2-8 - Updated exhibit example.

(238) Exhibit 3.14.2-9 - Updated exhibit example.

(239) Exhibit 3.14.2-12 - Added exhibit for deleting Extensions separated from 3.14.2-11.

(240) Exhibit 3.14.2-13 - Moved from former exhibit 25 and added exhibit for Form 11-C due date information.

(241) Exhibit 3.14.2-14 - Added exhibit for Forms 706 and 709 due date information.

(242) Exhibit 3.14.2-15 - Added exhibit for Form 720 due date information.

(243) Exhibit 3.14.2-16 - Added exhibit for Form 730 due date information.

(244) Exhibit 3.14.2-17 - Added exhibit for Form 940 due date information.

(245) Exhibit 3.14.2-18 - Added exhibit for Form 941 due date information.

(246) Exhibit 3.14.2-19 - Updated former exhibit 15 for Form 990, 990-PF, and 990-T combined payment information and added due date information.

(247) Exhibit 3.14.2-20 - Updated former exhibit 14 for Form 990-T with org code 3 due date information.

(248) Exhibit 3.14.2-21 - Updated former exhibit 12 for Form 1041 combined payment information with due date information.

(249) Exhibit 3.14.2-22 - Added exhibit for Form 1065 due date information.

(250) Exhibit 3.14.2-23 - Added exhibit for Form 1066 due date information.

(251) Exhibit 3.14.2-24 - Updated former exhibit 17 with all necessary payment and return due date information and citations.

(252) Exhibit 3.14.2-25 - Added exhibit for Form 1120-C due date information.

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(253)   Exhibit 3.14.2-26 - Added exhibit for Form 1120-F due date information.

(254)   Exhibit 3.14.2-27 - Added exhibit for Form 1120-POL due date information.

(255)   Exhibit 3.14.2-28 - Updated former exhibit 16 with all necessary payment and return due date information and citations.

(256)   Exhibit 3.14.2-29 - Updated to include July tax rates for Form 2290 filers (formerly exhibit 26) - IPU 24U0369 issued 03-08-2024.

(257)   Exhibit 3.14.2-29 - Removed link to Form instructions due to processing confusion and added return and extension due date information.

(258)   Exhibit 3.14.2-31 - Updated former exhibit 21 to have clearer instructions.

(259)   Exhibit 3.14.2-32 - Updated former exhibit 22 to have clearer instructions.

(260)   Exhibit 3.14.2-33 - Added for specific IDRS input for MFT 46 and 76.

(261)   Minor editorial changes have been made throughout this Internal Revenue Manual (IRM) (e.g., line number updates, spelling, punctuation, links, etc.) and editorial changes to tables to ensure 508 compliance - IPU 24U0369 issued 03-08-2024.

(262)   Minor editorial changes have been made throughout this Internal Revenue Manual (IRM) (e.g., line number updates, spelling, punctuation, citations, links, etc.) and editorial changes to tables to ensure 508 compliance.

EFFECT ON OTHER DOCUMENTS

IRM 3.14.2, Notice Review - Business Master File (BMF) Notice Review, dated November 6, 2023, effective January 1, 2024, is superseded. This IRM incorporates the following IRM Procedural Updates (IPU): IPU 24U0217 issued 02-05-2024, IPU 24U0369 issued 03-08-2024, and IPU 24U0535 issued 04-17-2024.

AUDIENCE

Business Master File (BMF) Notice Review tax examiners primarily in Kansas City and Ogden, Submission Processing Campuses.

James L. Fish
Director, Submission Processing
Taxpayer Services Division

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Notice Review - Business Master File (BMF) Notice Review

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3.14.2.1
(01-01-2020)
Program Scope and Objectives

(1) This section provides instructions to the Submission Processing Notice Review function for reviewing Business Master File (BMF) Computer Paragraph (CP) notices. These notices are selected for review by the Notice Review Processing System (NRPS).

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

(2) **Purpose:** This section provides BMF Notice Review personnel with instructions for reviewing CP notices that have been selected by the Notice Review Processing System (NRPS). Reviews are conducted with the goal of improving both the accuracy and quality of information the IRS sends to the taxpayers. The Notice Review process helps to ensure the information received by taxpayers is complete and correct.

(3) **Audience:** These procedures apply to Taxpayer Services (TS) Submission Processing (SP) Business Master File (BMF) Notice Review personnel, located primarily in Kansas City and Ogden:

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

(4) **Policy Owner:** Director, Submission Processing

(5) **Program Owner:** Specialty Programs Branch, Post Processing Section

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

- Accounts Management (AM)
- Chief Counsel
- Compliance
- Information Technology (IT) Programmers
- Large Business and International (LB&I)
- Submission Processing (SP)
- Tax Exempt and Government Entities (TEGE)

3.14.2.1.1
(01-01-2024)
Background

(1) Notice Review is the process where tax accounts with specific, pre-determined account activity, are selected for manual review. Most cases involve review of a generated notice, but some account conditions trigger a review to intercept and correct possible processing errors and potential erroneous refunds (example: refund transcript). This process allows tax examiners (TEs) to analyze the account and the notice to decide if the information on the notice is complete and represents the most current account information before the BMF Computer Paragraph (CP) notice is mailed to the taxpayer. Notice Review employees use the Notice Review Processing System (NRPS) Package, Control D, and Integrated Data Retrieval System (IDRS) to ensure the information for each notice and account is correct. Any changes to the notices are made using the Online Notice Review (OLNR) system.

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(2) The ultimate goal of this process is to allow the IRS the opportunity to change inaccurate information on the notice before mailing to reduce taxpayer inquiries, both written and by phone. The end result will give the taxpayer the most accurate and current tax account information available at the time of mailing. The review of refund transcripts can decrease taxpayer burden and reduce the cost to the IRS for recovery efforts of erroneous refunds.

3.14.2.1.2
(01-01-2023)
Authority

(1) The following provide authority for the instructions in this IRM:

    a. Title 26 of the United States Code (USC) or more commonly known as the Internal Revenue Code (IRC).

    b. All Policy Statements are contained in IRM 1.2.1, Servicewide Policies and Authorities, Servicewide Policy Statements. All Policy Statements for Submission Processing are contained in IRM 1.2.1.4 , Policy Statements for Submission Processing Activities.

3.14.2.1.3
(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 the performance of their assigned 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.

3.14.2.1.4
(11-09-2017)
Program Management and Review

(1) **Program Goals**: Review Computer Paragraph (CP) notices to verify the accuracy of the information to ensure notices received by the taxpayer are complete and correct.

(2) **Program Reports**: The NRPS system produces several types of reports, which can be accessed on Web Control-D. See IRM 3.14.2.4.1.2, NRPS Output Files, for more information.

(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.

3.14.2.1.5
(01-01-2024)
Acronyms/ Abbreviations/ Definitions

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

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Acronyms and Abbreviations	Definition
AC	Action Code
AM	Accounts Management
BFS	Bureau of Fiscal Services
BMF	Business Master File
CADE	Customer Accounts Data Engine
CAF	Centralized Authorization File
CC	Command Code
CNM	Contact Not Made
COB	Close of Business
CP	Computer Paragraph
CRD	Correspondence Received Date
CRN	Credit Reference Number
DC	Document Code
DLN	Document Locator Number
DP	Data Processing
DPE	Deemed Payment Election
EFT	Electronic Funds Transfer
EFTPS	Electronic Federal Tax Payment System
EIN	Employer Identification Number
ELF	Electronic Return Filing
EPE	Elective Payment Election
ERS	Error Resolution System
ES	Estimated Tax
EUP	Employee User Portal
FTD	Federal Tax Deposit
FTF	Failure to File
HCTC	Health Coverage Tax Credit
IAT	Integrated Automation Technologies
IDRS	Integrated Data Retrieval System
IRC	Internal Revenue Code
IRM	Internal Revenue Manual
IRN	Item Reference Number

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Acronyms and Abbreviations	Definition
LB&I	Large Business and International
LCF	Local Control File
MEC	Math Error Code or Minimum Essential Coverage
MeF	Modernized Electronic Filing
MFT	Master File Tax Code
MMDDYY	Month Month Day Day Year Year
NR	Notice Review
NRPS	Notice Review Processing System
OLNR	Online Notice Review
OSPC	Ogden Submission Processing Center
POA	Power of Attorney
RA	Reporting Agent
RAF	Reporting Agent's File
RDD	Return Due Date
RPC	Return Processing Code
RPD	Return Processable Date
RPS	Remittance Processing System
RTF	Return Transaction File
RTR	Remittance Transaction Research System
SERP	Servicewide Electronic Research Program
SSN	Social Security Number
TAS	Taxpayer Advocate Service
TBOR	Taxpayer Bill of Rights
TC	Transaction Code
TE	Tax Examiner
TEGE	Tax Exempt & Government Entities
TIGTA	Treasury Inspector General for Tax Administration
TIN	Taxpayer Identification Number
TOP	Treasury Offset Program
TPNC	Taxpayer Notice Code
TRS	Transcript Request System
TS	Taxpayer Services formerly Wage and Investment (WI)

Acronyms and Abbreviations	Definition
UPC	Unpostable Code
XREF	Cross Reference

3.14.2.1.6
(01-01-2024)
Related Resources

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

- Servicewide Electronic Research Program (SERP)
- Notice Review Processing System (NRPS)
- Online Notice Review (OLNR)
- Integrated Data Retrieval System (IDRS)
- Employee User Portal (EUP)
- Remittance Transaction Research (RTR) System
- Control D
- Account Management System (AMS)

3.14.2.1.7
(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.

3.14.2.1.8
(01-01-2025)
Prioritization of Work for BMF Service Centers

(1) The goal of the Notice Review Departments is to complete their BMF selected notices by the established cutoff times.

(2) The cycle will load Friday and will close out the second Monday at 2:00 AM.

(3) If there is a possibility that the entire cycle will not be reviewed, the centers cannot extend the cycle and must prioritize the work in the following order:

- TPNC (sometimes referred to as Math Error Code) 90 (Key 009)
- Large Corp Notices (Key 006). These are worked by the Large Corp Teams but should be completed in their entirety each cycle.
- IRC 965 Keys (Keys 16, 50)
- Manual Intervention Listing. If listings are not processed within cycle, they will default to "held" inventory creating a backlog of inventory in Notice Review.
- Any notice selected through the LCF (Keys 82, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99).
- Branded Prescription Drug (BPD) and Insurance Provider Fee (IPF-repealed December 31, 2020) Notices (Key 18) **OGDEN ONLY**.

(4) If after the priorities listed above are completed and resources are available to continue cycle processing, then process the remaining notices in the following order:

- Follow any priority updates provided by Headquarters if 100% of sample cannot be completed.
- Refund Selection Keys (start with refund transcripts)- Be mindful of command code NOREF cutoff times.
- Balance Due Keys (start with Keys 40, 42, 43, 44, 45, 46, 47, 48, 49).

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- CP 267 (Keys 11, 12, 34, 36, 71, 72, 83).
- All other selected notices not mentioned above.

(5) Notify the BMF Notice Review HQ analyst if cycle review will not be completed. Provide the HQ analyst with the reason why the cycle was not completed.

Note: These priorities may be modified by the HQ analyst based on organizational requirements.

| 3.14.2.2 (01-01-2024) **Notice Review Program Guidelines** | (1) Notice Review employs the following to achieve its goal: |

- Quality
- Timeliness
- Interest Reduction
- Effectiveness
- Completeness

| 3.14.2.2.1 (01-01-2024) **Quality** | (1) The Notice Review area performs reviews on the following products: |

- Math Error Notices - These notices are generated as a result of the assignment of taxpayer notice codes (TPNCs) also known as math error codes(MECs) by ERS/Rejects. Review is conducted to ensure the return was processed correctly and the appropriate Taxpayer Notice Code/Math Error Code was assigned during processing. MEC is often used synonymously with TPNC throughout the IRM and in Notice Review training.
- Adjustment Notices - These notices are generated as a result of adjustments input by areas throughout the IRS. Review is conducted to ensure the adjustment was input correctly and is correctly reflected on the notice.
- Settlement Notices - These notices generate based upon specific conditions of issuance upon settlement/posting of the return. Review is conducted to ensure the return was processed/posted correctly and the appropriate notice was issued.
- Associated Notices - If a notice is selected for review, any additional notice that generated for the same taxpayer as the selected notice is reviewed for accuracy.
- CAF/RAF Notices - These are notices that are issued to an authorized representative. Research is performed to ensure the recipient is listed as an authorized representative for the return and tax period listed on the notice and whether or not they are authorized to receive notices.
- BMF Refund Transcripts - These are service center notices that contain information on pending refunds. Review is conducted to ensure the accuracy of the refund prior to issuance to minimize erroneous refunds.

(2) Notice accuracy is increased when appropriate feedback is provided to all areas that contribute to the generation of erroneous notices or refunds.

(3) An effective method must be developed to provide feedback to the responsible processing functions at a local level.

Reminder: This feedback must be provided weekly during the current filing season.

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(4) **For the process to work, Notice Review TEs must be allowed time to assemble and provide feedback information to the team lead, who will contact the appropriate functional area.**

(5) The Online Notice Review (OLNR) Disposition Reports can be used as a tool to identify error trends with CPs and keys that could indicate processing issues. There are two basic formats for these reports:

   a. The **CP Format** provides a breakdown of each selection key by CP number for a given cycle.
   b. The **Key Total Format** provides a breakdown of each notice by selection key for a given cycle.

(6) The Cumulative history reports show year-to-date totals for the above reports. The weekly reports only show data for those keys with current cycle activity. The history reports show data for keys that have had activity at any time during the year.

(7) The historical records are used to assist in **feedback** sessions with functional areas that cause the generation of notices. Provide your Headquarters Analyst a monthly list of error trends so that it can be shared with the appropriate Headquarters processing analyst.

(8) **If the IRM contains inconsistencies and/or conflicting information, immediately submit this information to the Headquarters Analyst for resolution. Be sure to include all applicable local analysts and personnel.**

Caution: Do not establish local procedures without first contacting the Headquarters Analyst.

(9) The Servicewide Electronic Research Program (SERP) is the program used to distribute IRM changes and IRM alerts to the service centers. IRM changes are sent to the SERP Area who then posts the updated version on SERP the next business day. IRM alerts are issued for a variety of reasons and generally will not update the IRM. These include changes that affect only the current cycle. Examples can be Command Code NOREF day or time change due to Holiday processing.

3.14.2.2.1.1
(01-01-2023)
Quality Assurance Research

(1) The following resources are utilized to review and correct notices, transcripts and accounts for accuracy:

   • Paper Tax Return (as appropriate)
   • Employee User Portal (to review electronic returns)
   • IDRS
   • OLNR
   • RTR
   • IAT
   • Control D
   • SERP (IRM Research/Job Aids/Tools)

(2) Information common to all returns must be verified and compared to the CP notice and the information contained in IDRS and the NRPS package.

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Research is required to ensure that the tax return was processed correctly and accurately reflected in IDRS. The notice, IDRS or both are updated as appropriate.

(3) Some of the most common IDRS research command codes used by Notice Review can be found in IRM 3.14.2.6.2, Common Command Codes Used in Notice Review.

3.14.2.2.2
(01-01-2025)
Timeliness

(1) **ALL** selected notices must be reviewed, corrected and timely mailed to minimize any negative impact to the taxpayer. For Notice Review, **timely** means **ALL** of the following:

- Marking the disposition of **ALL** selected notices using the OLNR web-based application before cycle closeout .
- Completing **ALL** adjustments affecting refunds within one week of the transaction code (TC) 841 posting
- Inputting adjustment actions on **ALL** other cases by the notice 23C Date

Caution: Every effort should be made to input all necessary IDRS transactions during the notice cycle.

3.14.2.2.3
(01-01-2023)
Interest Reduction

(1) To help reduce the amount of interest IRS pays on refunds:

a. IRS has a 45-day interest-free period (from the later of the return due date, return received date, or the date the return was received in processable form) in which to process taxpayer refunds. By law, refunds not issued within the 45-day period (180 days for qualifying overpayments resulting from tax deducted and withheld under Chapter 3 and Chapter 4 of the Internal Revenue Code) must include credit interest.

b. Revisions to the process are made when necessary to review **AND** correct overpaid accounts without paying unnecessary interest.

(2) Reviewing, correcting, and mailing **ALL** notices timely allows the taxpayer the full allotted time to pay any outstanding balances. Generally, a taxpayer has 21 calendar days from the date of the notice and demand for payment (10 business days for notice amounts of $100,000 or more) to pay the outstanding balance without incurring interest charges after the date of the notice and

#

(3) For proper guidance when reducing, computing or discussing interest, refer to IRM 20.2, Interest.

(4) BMF Refund Transcript (CP 388) is reviewed to ensure the interest being paid on applicable refunds is accurate and corrected if necessary prior to issuance. See IRM 3.14.2.6.12 for more information on BMF Refund Transcripts.

3.14.2.2.4
(01-01-2023)
Effectiveness

(1) The review of Math Error notices helps to identify those notices that historically have high error rates. It also provides valuable feedback that is used to refine selection criteria.

(2) The review of adjustment notices helps to identify and correct erroneous adjustments to ensure the accuracy of the module and the notice.

3.14.2.2.2

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(3) The review of settlement notices allows the Notice Review area to identify deficiencies in programming changes to ensure that all notices are generated in accordance with established conditions of issuance.

(4) The review of CAF/RAF and manual intervention notices ensures that only authorized representatives receive a copy of the notice to prevent unauthorized disclosure.

(5) The review of BMF Refund Transcripts ensure the accuracy of refunds and interest paid on refunds (as applicable) prior to issuance. Refund Transcript selection criteria can be modified to address and combat fraud, schemes, etc. to prevent erroneous refunds.

(6) The LCF can be utilized to select notices based on specific criteria to ensure accuracy with regard to the implementation of new legislative changes and/or the creation of new notices, etc.

3.14.2.2.5
(01-01-2023)
Completeness

(1) Generally, you must review the *entire* tax return, and ***ALL*** tax modules related to a notice or transcript selected for review by utilizing **the NRPS Package and IDRS**. The review can include, but is not limited to the review of items below:

- Entity Module(s)
- Outstanding Credit Balance Modules
- Cross-reference Taxpayer Identification Numbers (TINs)
- Related Names
- Freeze Conditions

(2) See IRM 3.14.2.6 (General Review Procedures), for additional guidance.

(3) The ultimate goal of Notice Review is to verify the accuracy of the information contained in all notices selected for review before mailing. All changes made to the taxpayer's account must be correct and completed before the cycle close out. (There are some exceptions.)

3.14.2.3
(01-01-2024)
Computer Paragraph (CP) Notices

(1) A CP notice is a computer-generated message resulting from:

- A tax examiner entering taxpayer notice codes (TPNCs) on a return
- A Master File analysis of a taxpayer's account
- Certain transactions posting to an account

(2) Notices can generate to:

- Request information or payment from a taxpayer
- Educate a taxpayer
- Clarify an issue (i.e., explain a Math Error identified on their tax return)

(3) Most notices contain the following information:

- Taxpayer's name
- Address
- Taxpayer Identification Number (TIN)
- Tax period
- Tax form
- A computer generated message

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Note: An EIN, SSN, ITIN or IRSN can be used for Form 8288. An IRSN will have a **W** following the number and an SSN or ITIN will have a **V** following the number. An SSN will be used for Forms 706 and 709. Valid SSNs will be input with a **V** following the number and invalid SSNs will be input with a **W** following the number.

(4)   Three types of notices worked in Notice Review are:

- •   Settlement
- •   Information
- •   Campus

a.   **Settlement Notices** tell the taxpayer of payments due, interest and/or penalties due, math errors, or adjustments the Campus has made to the taxpayer's account. The three types of settlement notices reviewed by Notice Review are:

- •   **Math Error Notices** generate when a tax return, containing a math error, posts to the Master File. Error Resolution normally identifies the math errors. The tax module may include math, clerical, or credit errors.
- •   **Non-Math Error Balance Due 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. The CP 161 is the balance due notice for all BMF forms (Spanish CP 861).
- •   **Adjustment Notices** generate when certain types of Data Processing (DP) or Examination adjustments post to an account. All adjustments made in Notice Review are Data Processing adjustments.

    Reminder: All types of Settlement Notices are subject to review.

b.   **Information Notices** generate when information needs to be sent to a taxpayer. Notice Review selects Informational type notices that explain credit elect and the offsetting of money to other balance due tax modules within the account. These notices are referred to as Associated Notices.

c.   **Campus Notices** generate to notify the Campus, Territory Office, or Area Office of a condition that needs further action to bring the taxpayer's Master File account into current status. This category includes Refund Transcripts, which are the only Campus notices reviewed in Notice Review.

    Note: For a description of all notices, see *Document 6209 Section 9*. To view an exhibit of a notice, refer to the *Servicewide Notice Information Program*.

3.14.2.4
(01-01-2024)
Notice Review
Processing System
(NRPS) and Online
Notice Review (OLNR)

(1)   The Notice Review Processing System (NRPS) selects settlement notices, adjustment notices, associated notices and refund transcripts for review by analyzing data from the following sources:

a.   **CP Notice Records**: NRPS also uses this information to print a copy of selected notices for the review.

b.   **Entity and Tax Modules**: NRPS uses the Transcript Request System (TRS) to obtain data. This information is sent to each campus exclusively for NRPS processing. NRPS prints this information in transcript format as part of the NRPS package.

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c.   **Return Transaction File (RTF)**: NRPS extracts RTF data records for each selectable settlement notice. NRPS packages also contain printouts of this information.

d.   **Pending Transactions**: NRPS uses data from transactions that have not yet posted at the campus as part of the selection criteria for certain keys. See table below for Pending Transaction Sources and Possible Pending Transactions.

Pending Transaction Sources	Possible Pending Transactions
Enterprise Computing Center at Martinsburg (ECC-MTB) Resequence File	Adjustments (TC 29X/30X)
Unidentified Remittance Files (URF)	Extensions (TC 460)
Tape Edit Program (TEP) (pipeline and corrected unpostable files)	Merge Transactions (TCs 001, 011, and 04X)
Generalized Unpostable Framework (GUF) and Current Cycle ECC-MTB Unpostable Files	Credit Transfers [Document Codes (DC) 24, 34, 48, or 58 transactions]
Excess Collection (XSC) File	Credit Transfers [Document Codes (DC) 24, 34, 48, or 58 transactions]
Generalized Mainline Framework (GMF) Error File	All other significant (non-zero) transactions
Reject File	Rejected transactions

(2)   The Online Notice Review (OLNR) System allows Tax Examiners to review notice elements, determine notice disposition, and retype notices online. OLNR is used in conjunction with NRPS. It does not replace the need to review the NRPS package for each notice.

a.   Selected taxpayer notices are not printed until after the NRPS batches have been reviewed and OLNR 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 after cycle closeout will be printed and mailed to the taxpayer. 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.

3.14.2.4.1
(01-01-2024)
Notice Selection Process

(1)   Notices are selected by NRPS based on established selection criteria. These criteria are divided into categories. Each category contains a list of Keys that have been assigned specific selection criteria. The categories were established to separate notice types and help establish a priority of review. Notices are selected in category order as follows:

- •   Category A - Special Handling Required
- •   Category B - High Priority Selection-Local Selection
- •   Category C - Federal Tax Deposit (FTD) Rollover
- •   Category D - Balance Due and Even Balance Notices

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- • Category E - Overpaid Notices
- • Category F - Adjustment Notices
- • Category G - Refund Transcripts
- • Category H - Low Priority Local Selection
- • Category I - Balance Due Low Priority

(2) Within each category the notice is analyzed in sequence by selection priority. Once a notice meets the criteria for a key within a category, the remaining selection keys in that category are bypassed and the analysis continues through the remaining categories. If the notice meets selection criteria in another category, it is assigned a secondary selection key; all remaining categories are bypassed, and analysis stops. (Analysis is limited to one primary and one secondary selection key.)

(3) The selection process continues from category to category in alphabetical order. When completed, the process will result in one of the following conditions:

   a. All selection criteria was applied to the notice, but the notice was not selected for review.
   b. The notice was selected for review meeting only one selection criteria.
   c. The notice was selected for review meeting two selection criteria.

(4) The NRPS selection criteria is only applied to selectable notices and transcripts.

   a. The selection criteria is divided into categories containing similar conditions or notice types.
   b. Each category is assigned a priority based on the importance of the selection criteria within the category.
   c. Each selection criteria is assigned a two-digit numerical selection key and a numerical priority.
   d. The selection criteria is applied against the notice in ascending priority order until either the notice is selected for review or the selection criteria for the category is exhausted.
   e. If the notice is selected for review, the remaining selection criteria for the category is not applied against the notice.

Note: A numerical group number is assigned during the selection analysis, and is used to sort and batch the NRPS packages. The group number is decided by the priority of the review and is used to associate similar selections together.

(5) The selection process requires the following:

   a. Entity and Tax Modules: The Transcript Request System provides Master File data for use in the analysis process. This data is separated from other Master File data, then shipped to each Campus for use by NRPS processing and displayed in transcript format as part of the NRPS package.
   b. Transcribed Tax Return Data: an RTF data record is extracted for each settlement notice subject to NRPS selection. This data is used in the selection process and included in the NRPS package for selected notices.

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(6) The selection process requires in-house transactions-certain transactions which have not posted to the Master File by the notice cycle are required by NRPS processing, they include:

- Adjustments (TC 29X) (TC 30X)
- Credit Transfers (Document Codes 24, 34, 48, and 58)
- Merge Transactions (TCs 001, 011, 04X)
- Extensions of Time to File (TC 460)
- Any transactions with non-zero transaction amounts

(7) The transactions listed above are extracted from the following files:

- ECC-MTB Resequence
- Unpostables (current cycle at ECC-MTB and GUF)
- TEP (all pipeline transactions)
- Unidentified Remittance File
- Excess Collections (XSC)
- GUF Error
- Rejects (Transaction failed campus validity check)
- FTD File

(8) Notice Data-All selected notices are displayed in the NRPS package.

(9) The NRPS package will include all current cycle notices, selected/associated notices and/or refund transcripts.

(10) A contents sheet will be included with each package, and will provide the following information:

- Selected notice
- Selection Key and literal key description
- Pending transactions
- Documents requested
- Other (non-selected) notices

(11) A NRPS batch consists of the following:

- NRPS Batching Sheet: Identifies the beginning of each batch
- NRPS Packages: 1 to 20 notices per batch
- NRPS Selection List: A list of the notices contained within the batch

(12) Manual Intervention List-This list will show, in notice sequence number order, all notices that were not selected for review but require manual intervention for any of the following conditions:

a. Central Authorization File (CAF) Mismatch: Central Authorization File name/address information to be added.

b. Reporting Agent File (RAF) Mismatch: Reporting Agent File name/ address information to be added for Form 940, Form 941, Form 944, and Form 945.

c. Both CAF and RAF Mismatch (MM): Central Authorization File name/ address information to be added and Reporting Agent File name/address information to be added for Form 940, Form 941, Form 944, and Form 945.

d. Service Center Mismatch Address File (SC): address information needs to be reviewed and verified.

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(13)   NRPS Batch Control Sheet: Contains a line for each batch (Notice Review copy) or a line for each batch with a document request (Files copy). It is also used as an assignment control document.

3.14.2.4.1.1
(01-01-2024)
NRPS Selection Keys

(1)   For specific information on NRPS Selection Keys, see Exhibit 3.14.2-5.

Note: For detailed information on the Local Control File, see IRM 2.4.45, Command Code NRP97. For detailed information on the Notice Review Processing system, See Program Requirement Package (PRP) 160 Section 54. Valid percentages for Local Control File: 1%, 10%, 25%, 33%, 50%, 75%, and 100%.

3.14.2.4.1.2
(03-08-2024)
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 Batching Sheet**
- **NRPS Packages**
- **NRPS Selection List**

(2)   NRPS are viewed using Control-D. See BMF Job Aids for additional information on NRPS.

(3)   NRPS produces several additional types of output:

- **NRPS Batch Control Sheet**
- **NRPS Document Charge-Out**
- **NRPS Batch Return Request List**
- **Manual Intervention List**
- **NRPS Selection Report**
- **NRPS Non-package Selection List**
- **NRPS Duplicate Selection List**
- **NRPS Associated Notice Listing**

Note: A description of each of these is in IRM 3.14.2.4.1.6 (Other Output).

(4)   All of the above print-outs generate from the following **Listing of Output Files**:

Control D Job Name	Control D Report Name	Description
NRP1310*	NRP1310 CHARGEOUTS	Files Chargeouts
NRP1320*	BATXXXX	Notice Review Tax Examiner Batches by 4-digit number
NRP1330*	BMF CP-267 VOID LIST, BMF SELECT LIST DUPL, BMF BATCH CNTL SHEET, BMF SELECT REF TRANS, BMF MANUAL INV LIST, BMF SEL NOTICE LIST, BMF PAYMNT ASSOC LIST, BMF CP-207L SEL LIST	267 Void List, NRPS Selection List, Batch Control Sign out, Manual Intervention List, BMF Selected Notices List, Payment list and CP 207 list
NRP1420*	BMF NRPS SELECT LIST	NRPS Selected and Associated Report
PRTNRP*	NRP9841*	Local Control File records

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Control D Job Name	Control D Report Name	Description
PRTNOR*	NOR0142*	Refund Intercept

3.14.2.4.1.3
(01-01-2025)
NRPS Batch Sheet

(1) The Batch Sheet is the first sheet of each batch. It contains the following information:

    a. Batch Number - Batch numbers are four digits. Batches will start with preceding zeros with the batch numbers getting larger throughout the sample. Example: Batch 001, Batch 0501, Batch 8001, etc.

    b. Sort Group - The number assigned to indicate priority sorting of selected notices see IRM 3.14.2.4.1, Notice Selection Process, for more information.

    c. Batch Type - Types are special, miscellaneous, overpaid, or balance due.

    d. Cycle Information - A six-digit cycle number which contains the year and cycle.

(2) See figure below for the information contained in the first or header page of a NRPS Batch.

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```
 a BATCH NUMBER; 0426  b SORT GROUP; 30  c OVERPAID        d CYCLE; 20XX12  e BMF NR


        ######  ##   ## #######          ##    ## ######  ######   ####
         ##  ## ### ###  ##   #          ###  ##  ##  ##   ##   ## ## ##  ##
         ##  ## #######  ## #           #### ##   ##  ##   ##   ## ## ###
         ##### #######   ####           ## #### #####   #####    ###
         ##  ## ## # ## ## #            ##  ### ## ##    ##          ###
         ##  ## ##   ## ##              ##    ## ## ## ##     ## ##   ## ##
        ###### ##   ## ####            ##    ## ### ## ####    ####


             ######    ##    ######   ####  ## ##
             ##  ## ####  # ## #  ## ## ##  ##
             ##  ## ## ##   ##     ##       ## ##
             ##### ## ##    ##     ##      ######
             ##  ## ######   ##     ##       ## ##
             ##  ## ## ##    ##     ## ## ##  ##
            ###### ## ##   ####    #### ## ##


        ####  ####### ######   ##   ######    ##   ######   ###   ######
      ##  ##  ##   # ## ## ####   ## ## #### # ## # ## ##  ## ##
      ###     ## #  ## ## ## ##   ## ## ## ##    ##    ## ## ## ##
      ###     ####  ##### ## ##   ##### ## ##    ##    ##  ## #####
        ###   ## #   ##   ######  ## ## ######   ##    ## ## ## ##
      ##  ##  ##  # ##    ## ## ## ## ## ##    ##     ## ## ## ##
        #### ####### #### ## ## ### ## ##  ##   ####   ### ### ##


             ####  ##  ## ####### ####### ######
            ## ## ## ## ##  # ##  # # ## #
            ###    ## ## ## #   ## #   ##
            ###    ###### ####  ####    ##
             ### ## ## ## # ## #   ##
            ## ## ## ## ## # ## #   ##
            ####  ## ## ####### #######  ####


 CP    DLN       f      PRI KEY  SEC KEY    CP    DLN             PRI KEY  SEC KEY

 112   00141-193-80917-5  67      00        112   00141-193-81130-5  67      00
 112   00141-193-80923-5  67      00        112   00141-193-81142-5  67      00
 112   00141-193-80926-5  67      00        112   00141-193-81145-5  67      00
 112   00141-193-80931-5  67      00        112   00141-193-81148-5  67      00
 112   00141-193-80935-5  67      00        112   00141-193-81207-5  67      00
 112   00141-193-80942-5  67      00        112   00141-193-81208-5  67      00
 112   00141-193-81040-5  67      00        112   00141-193-81216-5  67      00
 112   00141-193-81041-5  67      00        112   00141-193-81219-5  67      00
 112   00141-193-81046-5  67      00        112   00141-193-81220-5  67      00
 112   00141-193-81102-3  67      00        112   00141-193-81227-5  67      00

 TOTAL NUMBER OF CPS IN BATCH;        20
```

Figure 3.14.2-1 NRPS Batch Sheet

3.14.2.4.1.4
(01-01-2024)
NRPS Packages

(1)   NRPS packages contain various types of information needed to review each selected CP Notice or Refund Transcript. Each batch may contain up to 20 selected notices.

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Note: Packages for overpayment notices must be viewed online first. Most packages contain only one notice. However, the NRPS Package will contain **all** Selectable or Associated CP Notices that generate in the current cycle for a taxpayer if one or more is selected for review. Each NRPS package contains the following:

a. **Package Contents Page** : View online as the first page of each NRPS Package. This page contains the following information:

NRPS Package Contents:
A list of all Selected or Associated CP Notices or Refund Transcripts in the package with CP number and Document Locator Number (DLN)
The Selection Key Number along with a brief description of the Key
A list of pending transactions
A list of requested vouchers and documents
Manual Intervention Indicators

b. **Online Notice Information** : Depending on the CP number of the selected notice, this may either be a duplicate of the live notice, or a shortened version. The shortened version, displays only the notice record information, such as dollar amounts and TPNC numbers, as opposed to Taxpayer Bill of Rights language and TPNC explanations.

c. **Entity Transcript**: This displays the entity information for the notice Taxpayer Identification Number (TIN).

d. **Tax Module Transcript** (optional) : This displays the tax module transactions for the notice TIN.

e. **Transcribed Posted Return Data**: This displays transcribed return fields for selected Settlement Notices

f. **813 List**: This list displays only for Remittance Processing System (RPS) Discrepancy cases.

3.14.2.4.1.5
(01-01-2024)
NRPS Selection List

(1) This list is the last page of each batch. It shows the following information for each Selected CP Notice in the batch:

- Count (item number on the list)
- Sequence Number
- DLN
- CP Number
- Primary Selection Key
- Secondary Selection Key

3.14.2.4.1.6
(01-01-2024)
Other NRPS Output

(1) NRPS produces two different (but related) **Batch Control Sheets**.

a. The Notice Review copy has one line for each batch, showing the number of Selected and Associated CPs and Document Requests in each batch.

b. The Files Function copy has a line for each batch, showing the number of Document Charge-outs in each batch.

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(2) The **NRPS Document Charge-out** provides information that the Files Function needs to pull documents for Notice Review to 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 contains a line for each charge-out.

(4) The **Manual Intervention List** provides a list (in notice sequence number order) of all notices that were not selected for review but may require manual intervention.

    a.   See IRM 3.14.2.5.3 (Manual Intervention CAF/RAF/MM/SC) for additional information and procedures.

(5) The **NRPS Selection Report** contains various statistical data including the number of CPs selected. This report is sorted by CP Number and Selection Key. See Exhibit 3.14.2-6 (BMF NRPS Selection Report-NRP1420).

3.14.2.4.2
(01-01-2024)
OLNR Information

(1) The OLNR program was developed to eliminate manual correction of physical notices. Before OLNR, Notice Review clerks were required to pull paper notices and retype or use sticker labels to update the notice.

(2) OLNR allows users to easily monitor and track production of notice inventory.

(3) OLNR allows access to disposition reports that provide year-to-date information and allow managerial users to track patterns in notice changes.

3.14.2.4.2.1
(01-01-2024)
OLNR Retype Capabilities

(1) OLNR allows users to edit most notice fields so that notices can be retyped to reflect current account data in IDRS.

(2) Some specific OLNR retype capabilities are:

    a.   the ability to correct entity on selected and associated notices.
    b.   the ability to correct data fields on most selected notices including Penalties and Interest fields.
    c.   the ability to add, change or delete MECs/TPNCs using a drop-down list.
    d.   the ability to add a label to applicable notices.
    e.   the ability to correct or void entity fields on manual intervention notices.
    f.   the ability to correct or void the entity on CAF/RAF copies of notices or void the entire notice (even if the primary notice is mailed).
    g.   the ability to convert from one CP to another CP.
    h.   the ability to void an unnecessary notice so the taxpayer does not receive it.

(3) For specific information on how to utilize the OLNR program, refer to the *BMF Notice Review Job Aid 2533-701* .

3.14.2.4.2.2
(01-01-2024)
OLNR Notice Conversion

(1) The OLNR system allows the user to convert one CP Notice type to another, when account actions/adjustments require a different type of notice be sent to the taxpayer. **Example:** An incorrectly transcribed return identified during review of the notice, needs an adjustment to the account on IDRS. The review and adjustment results in the removal of all math errors but the taxpayer account will still have a balance due. The original notice must be converted from a math error notice to a non-math error, balance due notice (CP 161/ Spanish CP 861 if applicable).

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(2)   Most 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 IDRS adjustment actions will be reflected in the converted notice, use the appropriate adjustment hold code to prevent unnecessary adjustment notices.

(4)   When converting from an overpaid to a balance due notice you will need to input the correct pay by date. Refer to the posting cycle chart in the *BMF Notice Review Job Aid 2533-701*.

3.14.2.4.2.3
(01-01-2024)
OLNR Access and Notice Disposition

(1)   OLNR for the correct site production must be requested in BEARS. OLNR manager is used by specific personnel to monitor inventory and run data reports. OLNR manger requires a separate BEARS request.

(2)   Once access has been approved navigate to OLNR with the correct site link. Refer to the OLNR section of the *BMF Notice Review Job Aid 2533-701*.

(3)   Once the correct OLNR link has been accessed, choose the BMF inventory. Then locate the correct batch to be worked using the search box. Enter the batch in the box and hit enter on your keyboard. Open the correct batch by mouse clicking on the number displayed.

(4)   The Notice Disposition screen will then appear 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.

(5)   The OLNR Notice Disposition Program sends the selected disposition codes to the mainframe. The disposition 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.

3.14.2.4.2.4
(01-01-2025)
OLNR Notice Disposition Codes

(1)   Available notice disposition codes in alpha order are:

a.   E - Entity-Only Notice Change. The notice is completely correct except for a name or address issue. See IRM 3.14.2.7.10.4 for more information.

b.   H - Hold Notice - The notice will not be mailed in the current cycle. This disposition must be approved by Headquarters with the exception of a quality error. See IRM 3.14.2.7.10.7 for more information.

c.   L - Label Notice - Informational labels will be added to the top of the notice. Follow IRM 3.14.2.7.10.6 for when to label.

d.   P - Print Notice - The notice matches account data and the taxpayer needs the information. See IRM 3.14.2.7.10.2 for more information.

e.   R - Retype Notice - When the notice needs to be changed to match current account conditions or multiple actions must be taken such as Entity **and** Label. See IRM 3.14.2.7.10.5 for retype criteria.

f.   V - Void Notice - The taxpayer should not receive a notice. These notices are removed from the print file and will never be received by the taxpayer. See IRM 3.14.2.7.10.3 for voiding notices.

(2)   If a refund is intercepted/ deleted /stopped then the correct notice disposition above should be used in conjunction with "I". **Example:** During review of the notice and account a misapplied payment is found. The refund should be stopped and the misapplied payment transferred out of the module, however,

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the taxpayer still needs the notice for another issue. Choose "RI" as the OLNR notice disposition to make the appropriate notice changes.

3.14.2.4.2.5
(01-01-2025)
OLNR Quality Review and Held Notices

(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. Do not use "H" disposition in OLNR to hold notices past cycle without Headquarter analyst approval.

Exception: If quality review of a notice results in a Tax Examiner error, the quality review unit should mark the notice disposition as" H" to allow for review and correction of the error. The notice must be corrected by the TE or production team in the cycle the notice generated.

(2) The OLNR system has programming limitations which can cause notices to "fall out" as a systemic held when the cycle closes out. Manual Intervention notices are also systemically held if not worked. On Mondays, (except Monday holiday weeks then Tuesday) a lead needs to research and resolve the systemically held notice and make sure the notice disposition is marked and any interest and penalties updated.

(3) If the TE or production team disagree with the quality review error, the production team has **two business days** to rebut the error. If the error is being rebutted, the **production team must notify Headquarters analysts if the notice will be held past cycle close out**.

(4) If the held notice disposition is allowed by HQ, notices should be worked as soon as the necessary information or document(s) are received to minimize any further delay to the taxpayer and possible additional accrual of penalties and/or interest.

(5) If a Balance Due notice is held beyond cycle (with approval), change the pay-by date to be consistent with the pay-by date of balance due notices generating in the cycle the held notice is being released. 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, reduce the STAUP to the appropriate number of weeks so that a collection notice is mailed to the taxpayer in the appropriate timeframe.

3.14.2.5
(01-01-2016)
Clerical Procedures

(1) This section describes the clerical procedures performed during the Notice Review process.

3.14.2.5.1
(01-01-2024)
Clerical Function

(1) The clerical function provides a wide variety of services critical to the NRPS system. These services, outlined in this section and in IRM 3.14.2.5.2 , assist Notice Review TEs (and other customers) in providing accurate information to the taxpayer. The clerical support staff:

- Orders and sorts tax returns
- Distributes NRPS packages and related documents to the TEs
- Corrects erroneous, and undeliverable notices
- Stops refunds
- Resolves CAF, RAF, MM, and SC mismatches on notices that generate on the Manual Intervention List

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3.14.2.5.2 (01-01-2016) **Clerical Function Priorities**	(1)	This subsection contains instructions dealing with clerical function priorities. It includes instructions for associating tax returns and payment vouchers, reviewing priority, intercepting requests from other areas, notice corrections, and releasing notices to Receipt and Control.

3.14.2.5.2.1 (01-01-2024) **Associating Documents from Files**	(1)	When a return is needed to review a notice and/or transcript, request the document(s) needed using Form 2275 and route to Files per campus directions. The clerical staff is to monitor this basket daily and manually fax the Form 2275 requests to Files with a cover sheet identifying them as Notice Review NRPS Document Requests.

Note: If Efax is being utilized then, input "Notice Review NRPS Document Request" in the subject line when sending the Efax to Files. Contact your local Planning and Analysis (P&A) analyst to identify the preferred method of communication with your Files site.

(2) All necessary documents (adjustment documents and tax returns) are associated with each batch before releasing to TEs. All NRPS batch sheets that do not need documents are routed directly to Notice Review.

3.14.2.5.2.2 (01-01-2025) **Additional LCF Selection**	(1)	Error Resolution System (ERS) may request that Notice Review select and correct a specific notice:

  a. ERS Tax Examiner must prepare Form 3465 and send it with the return to Notice Review.
  b. Local Control File (LCF) Key 091 should be input by a Notice Review lead or clerk to select the notice for review by DLN (NRP97D). See IRM 3.14.2.5.4.1, NRP97 Input Information.
  c. Notice Review Clerical Support will associate the return and Form 3465 with the NRPS batch and release the case to be worked by a tax examiner.

3.14.2.5.2.3 (01-01-2023) **Priority of Review**	(1)	The Clerical Support Unit will distribute the work in the order indicated below: Refer to IRM 3.14.2.1.8 for additional information.

  a. Selected Overpayment Notices and Refund Transcripts-Tax examiner must complete this review before the pre-determined cut-off of CC NOREF (4:00 PM Eastern Time, Thursday). Local management must decide the disposition of overpayment notices not reviewed by the cut-off. In doing so, consider prior cycle error rates of the individual CP Notices and selection keys.

  Caution: Treat notices selected by BMF Key 52 as overpayment notices because the current cycle refund is the reason for the review.

  b. Selected Balance Due Notices.

3.14.2.5.2.4 (01-01-2024) **Intercept Requests from Other Areas**	(1)	It is not the responsibility of Notice Review to stop refunds at the request of another area. If a request is received, inform the requestor that they should contact their own area to have the refund stopped. If the requestor indicates that they do not have access to IDRS or do not have CC NOREF in their profile, they should contact their area to address this issue.

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(2)   Other functions may request that an incorrect notice be corrected or stopped. However, it has to be a selectable notice, and the request has to be received in Notice Review within established deadline cut off times.

   a.   See below for the deadlines for requesting a notice:

If the request is for	Then the Request Must Be Received By
A current cycle notice	Close of Business (COB) Thursday before the 23C Date of the notice.
A subsequent cycle notice	The request must be received by 12:00 PM Thursday (local time) before the notice cycle.

   b.   Notice Review Clerical Team uses Command Code NRP97 (Local Control File) to select the notice.

      Note: Tell other functions that the notice request deadline is Thursday 12:00 PM local time per LCF local procedures.

3.14.2.5.3
(01-01-2025)
Manual Intervention CAF/RAF/MM/SC

(1)   Manual intervention may be required on selected and non-selected notices.

Note: All notices on the Manual Intervention List (Batches 9XXX) **and** in regular NRPS review batches must be closed or they will be systemically held by OLNR.

(2)   The notices generated on the Manual Intervention List do not meet NRPS selection criteria, however, it has been decided that they do require some sort of manual review and correction. Manual intervention conditions are as follows:

   a.   Central Authorization File (CAF) mismatch.
   b.   Reporting Agent's File (RAF) mismatch.
   c.   Both CAF and RAF (multiple) mismatch issues (MM)
   d.   Service Center (SC) address mismatch.

(3)   If the notice is not selected by NRPS, the notice (and the manual intervention condition) appears on the Manual Intervention List. These appear in batches beginning in the 9000 series (9XXX) in OLNR. Manual Intervention batches 96XX are worked by Large Corporation employees only.

   a.   The list shows one line for each notice, sorted by notice sequence number.
   b.   Maximum of 25 to a batch.

(4)   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 in addition to resolving the potential notice issue during the review. The clerical staff is only responsible for resolving the notices that generate on the Manual Intervention Listing.

(5)   The Centralized Authorization File (CAF) is a computerized system of records which houses authorization information from both powers of attorney and tax information authorizations. The CAF system contains several types of records, among them taxpayer and representative records, tax modules and authoriza-

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tions. For more information see IRM 21.3.7, Processing Third Party Authorizations onto the Centralized Authorization File (CAF).

(6)   Authorizations recorded on the CAF are generally submitted on:

   a.   Form 2848, Power of Attorney and Declaration of Representative
   b.   Form 706, U.S. Estate Tax Return
   c.   Form 8821, Tax Information Authorization
   d.   Oral Tax Information Authorization (OTIA), paperless Form 8821

(7)   Form 8655, Reporting Agent Authorization, is used to authorize a designated agent to assist an employer in making required tax deposits and tax information filings to federal, state, and local governments. For more information refer to IRM 21.3.9, Processing Reporting Agents File Authorizations. The Form 8655 allows a reporting agent the authorities listed below:

   a.   File and sign certain tax returns filed electronically.
   b.   Prepare FTDs and submit FTD information electronically.
   c.   Receive duplicate copies of official notices, correspondence, transcripts or other information with respect to the electronic returns filed by the agent.
   d.   Receive duplicate copies of official notices, correspondence, transcripts, filing frequency information or other information with respect to the FTDs submitted electronically by the agent.
   e.   Provide information, as an "other third party," to assist the IRS in deciding whether or not reasonable cause exists for penalty abatement when related to a filing or payment made electronically by the agent. Under these circumstances, the agent can be advised as to whether or not the penalty will be abated at the time the determination is made.

(8)   Service Center Manual Intervention resolutions are required when the address is missing fields (example 00000 for the ZIP code) or the input fields do not match the United States Postal Service verified address.

3.14.2.5.3.1
(03-16-2023)
Processing Notices with a Central Authorization File (CAF) Mismatch

(1)   The CAF copy of the notices should generate with the representative's name and address on the notice. If the CAF copy is missing this information, it is considered a CAF mismatch condition and will be notated on the Notice List.

(2)   NRPS will compile all CAF mismatch notices and include them on the Manual Intervention Listing. A literal will print out on the list indicating the CAF mismatch by notice sequence number and CP number.

(3)   Research a **CAF mismatch** on CC CFINK with taxpayer's TIN, and the specific MFT and tax period of the notice module.

   a.   Review CFINK fields carefully to decide if the representative is authorized to receive notices.

      Caution: Make sure CAF STATUS on CFINK is GOOD STANDING before updating CAF notice information. Only representatives in GOOD STANDING and listed as YES for notice should receive notices.

   b.   If a representative is found in good standing and yes for notice receipt, update CC CFINK with the **CAF number**(example XXXX-XXXXXR) over-

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laying the EIN and transmit to view the representative's address. Repeat for each listed representative who is eligible to receive a notice. See below for **CFINK Representative Decision Table**:

If	Then
YES is present in the CC CFINK NOTICE field	1. The representative is authorized to receive notices. Use the CAF Status Decision table below to verify the representative should receive a notice. 2. Type the name and address of each representative(s) on the notice tab and send the notice.
NO is present in the CC CFINK NOTICE field.	1. The representative is **not** authorized to receive notices. 2. Delete the CAF notice using the Delete CAF/RAF check box on the CAF/RAF entity tab in OLNR.

(4) Check the CAF status line for any of the following words; **Undeliverable, Suspended, Deceased, Disbarred, Retired** or **Good Standing**. If present, follow the instructions in the **CAF Status Decision** table below:

If	Then
The word Undeliverable is present on the CAF status line;	1. The representative is no longer authorized or the mail is undeliverable. 2. Delete the CAF notice using the Delete CAF/RAF check box on the CAF/RAF entity tab in OLNR.
The words Disbarred, Suspended, Retired or Deceased is present on the CAF status line;	1. The representative is no longer authorized. 2. Delete the CAF notice using the Delete CAF/RAF check box on the CAF/RAF entity tab in OLNR.
The words Good Standing are present on the CAF status line;	1. The representative is authorized. 2. Type a % then input the representative's name on the Sort Name Line in OLNR and include the representative's address, city, and state on the appropriate lines under the CAF Mismatch Tab. *Note:* More than one representative may be authorized to receive notices. Repeat the steps above for each representative.

Note: If the name of the second representative is the same or similar to the first representative, and the address is identical, do not use the second representative. Delete the second CAF copy if applicable. If the representative for the CAF is the same representative for the RAF, delete the RAF copy.

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(5)   If RECORD NOT FOUND for the taxpayer on the CAF file, the representative is **NOT** authorized. **Delete** the representative notice copy.

Note: For more information regarding notice disposition for representative notices, see, IRM 3.14.2.6.1.2, Manual Intervention Centralized Authorization File (CAF) and Reporting Agents File (RAF).

3.14.2.5.3.2
(01-01-2024)
Processing Notices with a Reporting Agents File (RAF) Mismatch

(1)   The RAF contains information about the authorizations that taxpayers give to their reporting agents for employment tax modules. The authorization allows reporting agents to file Forms 940, 940(sp), 941, 941(sp), 941-SS, 941-NMI, 943, 943(sp), 944, 945, 1042 or CT-1 for the taxpayer. The authorization also allows for reporting agents to make payments or deposits for Forms 940, 941, 943, 944, 945, 720, 1041, 1042, 1120 and/or CT-1.

(2)   Reporting Agents File (RAF) notices are similar to CAF notices, in that a copy of the notice will generate to the taxpayer, and a copy will generate to the Reporting Agent. The RAF copy of the notice should generate with the representative's name and address on the notice. If the RAF copy is missing any or all of this information, it is considered a RAF mismatch condition and will be identified on the Manual Intervention Listing with the literal **RAF MIS**.

(3)   Use CC RFINK to obtain authorization information regarding the reporting agent.

a.   When CC RFINK is input with the Taxpayer EIN only, a list of MFTs and beginning tax period for the taxpayer will be displayed along with the reporting agent's name, EIN and authorization information. Delete the RAF notice copy in OLNR if all representative tax periods (column TAXPRD) are after the notice tax period.

(4)   When CC RFINK is input with the Taxpayer EIN only, the last column on the response screen is the Notice/Action/Payment (NAP) column. This column contains three fields which provide representative information:

a.   The first field in the NAP column is the Notice Indicator. The Notice Indicator identifies whether the reporting agent is authorized to receive copies of notices with a **Y** for yes or an **N** for no. See the Table below for a description of the values available for the Notice Indicator.

Caution: The Notice indicator and Action indicator must be reviewed before taking action in OLNR.

If RFINK NAP Notice Indicator is:	Then
Y	The reporting agent is authorized to receive notices
N	The reporting agent is **not** authorized to receive notices

b.   The second field in the NAP column is the Action Indicator field. The Action Indicator field identifies the status of the representative.

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Note: See the Table below for a description of the values available for the Action Indicator

If RFINK NAP Action indicator is	Then
A - Add	Representative has been added and is allowed to receive a notice if the Notice indicator is also yes.
D - Delete	Representative has been deleted and is **not** allowed to receive a notice for that tax period regardless of the Notice indicator. Delete the RAF notice using the Delete CAF/RAF check box on the CAF/RAF entity tab in OLNR.
E - End Dated	Representation has ended but a notice may still be sent if the tax period is before the end date period and the Notice indicator is also yes.
I - Inactive	Representative status is not active and is **not** allowed to receive a notice for that tax period regardless of the Notice indicator. Delete the RAF notice using the Delete CAF/RAF check box on the CAF/RAF entity tab in OLNR.
R - Revoked	Representative status has been revoked and is **not** allowed to receive a notice regardless of the tax period or Notice indicator. Delete the RAF notice using the Delete CAF/RAF check box on the CAF/RAF entity tab in OLNR.
U - Undeliverable	Previous representative notices have been returned as undeliverable. Do not send a notice. Delete the RAF notice using the Delete CAF/RAF check box on the CAF/RAF entity tab in OLNR.

c.   The third field in the NAP is the Payment Indicator Field. The Payment Indicator identifies whether the reporting agent is authorized to make payments/deposits. This field does not have impact on notices.

Note: See the Table below for a description of the values available for the Payment Indicator:

If	Then
"P" is present	The reporting agent is authorized to make payments and/or deposits.
Blank	The reporting agent is authorized to sign and file returns but not authorized to make payments and/or deposits.

Note: Electronic Federal Tax Payment System (EFTPS) modules will have a payment indicator of P.

Note: See IRM 2.3.16-4 Command Code RFINK - Output Format for more information.

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(5)   If a representative is found, after transmitting CC RFINK with the notice EIN, without a definer, verify the starting tax period. If the notice tax period and MFT are identified as having a representative, verify the Notice Indicator and Action Indicator have statuses allowing representative notices per paragraph 4 above.

    a.   If the Notice Indicator and Action indicator statuses allow notices, input RFINK definer **R** and type or copy and paste the reporting agent's EIN over the taxpayer EIN and transmit to receive detailed information which contains the representative mailing address.

If	Then
CC RFINK shows a Notice Indicator **Y** , the tax period on the notice is within the range of beginning and ending tax periods, and the Action Indicator allows a notice	Choose E disposition in OLNR and type the name and address of each representative(s) on the CAF/ RAF entity tab to send the notice.
CC RFINK shows a Notice Indicator **N** or the tax period is not within date range, or the Action Indicator does **not** allow a notice	Delete the RAF notice using the Delete CAF/RAF check box on the CAF/RAF entity tab in OLNR.

Note: If the representative for the CAF is the same representative for the RAF, void the RAF copy.

(6)   For more information regarding notice disposition for representatives see, IRM 3.14.2.6.1.2 .

3.14.2.5.3.3
(01-01-2024)
Processing Manual Intervention Notices with CAF and RAF Mismatch (MM)

(1)   Research the CAF Mismatch using IRM 3.14.2.5.3.1.

(2)   Research the RAF Mismatch using IRM 3.14.2.5.3.2.

(3)   Update all OLNR entity tabs as necessary.

3.14.2.5.3.4
(03-16-2023)
Processing Manual Intervention Notices with an Address Mismatch (Service Center Issues-SC)

(1)   Service Center Manual Intervention cases require careful review of the full address due to possible missing fields (example: 00000 for the ZIP code) or state and ZIP code mismatch conditions verified against United States Postal Service ZIP Code Lookup.

(2)   Use all available research tools including but limited to CCs FINDE, NAMEE, and the IAT Address tool.

(3)   Once a full address is identified, use the USPS ZIP code look up tool to verify the found address against Postal Service standards.

(4)   Update the OLNR entity tab with the new/corrected address.

(5)   Update the address in IDRS. For more information see IRM 3.14.2.7.5.

Note: The Integrated Automation Technologies (IAT) Address tool **must** be used by the centers to make address changes in IDRS.

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3.14.2.5.4
(01-01-2025)
NRPS Local Control File

(1)   The NRPS Local Control File (LCF) processing is designed to allow each Campus the option to obtain additional notices for review. BMF has a priority option that when exercised, moves the analysis for the selection from Category H to the second highest Category B. The Local Control File priority option does not override the Category A selection criteria.

(2)   There are three selection systems that update and maintain the NRPS Local Control File Database.

    a.   **NRP97** is used by Notice Review to display, add, change, and delete records on the Local Control File Database. Program NRP97 is updated using IDRS Command Code NRP97. NRP97 Local Control File consists of ten NRPS record types. Each record type may be updated using command code NRP97 with a unique identifier. For more information, see IRM 3.14.2.5.4.1, NRP97 Input Information, and IRM 2.4.45, Command Code NRP97.

        Note: Percentages valid on Command Code NRP97 (Local Control File) are: 1%, 10%, 25%, 33%, 50%, 75%, and 100%.

    b.   **NRP98** is a batch processing program executed by operations each Friday. This program creates Local Control File tapes for input into the weekly NRPS processing. Local control reports are produced detailing the contents of the Local Control File. These reports are intended to be reviewed by Notice Review before the input of the Local Control tape files into the weekly National Account System (NAS) program. NRP98 is run on Saturday AM before running NRP11.

    c.   **NRP99** is a batch processing program executed by Operations after the completion of the weekly NRPS processing. This program deletes records from the Local Control Data Base as a result of the NRPS processing, or when a TIN or DLN record has remained on the Data Base for six weeks. Local Control reports are produced by this processing. These reports show which records were deleted and why they were deleted and detail the records remaining on the Data Base.

(3)   **Data Retention**: Records will only be deleted from the NRPS Local Control Data Base under the following circumstances:

    a.   EIN (except Large Corporation), ERS DLN and Full DLN records are automatically deleted when selected for review or after six weeks if not selected.

    b.   Any record may be manually deleted by selecting the appropriate Option from the Option Menu, keying in enough information to identify the record. Then use the **X** to select the Delete action and hit XMIT key.

(4)   **Data change**: Any existing local control record may be altered as desired. To use this capability:

    1.   Select the appropriate Option from the Option Menu.
    2.   Enter enough information to identify the record.
    3.   Alter the record as desired and use **X** to select the **change** action.
    4.   Hit the XMIT key to save the changes.

(5)   **Selection Keys**- The following is a list of the Selection Keys assigned when a notice is selected for review by Local Control:

    a.   06 - Large Corporation selection

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b.   90 - EIN Selection
c.   91 - ERS DLN selection
d.   92 - CP number Selection
e.   93 - Balance Due Amount Selection
f.   94 - Full or Partial DLN Selection
g.   95 - Penalty Code Selection

(6)   **Substitute Keys**: Selection Keys 85, 86, 87, 88, 89, and 99 are reserved for use as Substitute Selection Keys. Substitute Keys can only be used to replace Selection Keys 90 through 96. Large corporation, TPNC, Exception Override and normal criteria selections do not have substitute keys.

(7)   **Do not input NRPS command code NRP97 to update records in between the weekly runs NRP98 and NRP99.** However, you can use them for research during this period. If any records have been updated in between these two runs, these updated records will not appear on the NRPS Data Base after NRP99 run. This restriction will ensure continuity in the data base throughout the weekend NRPS runs.

3.14.2.5.4.1
(01-01-2025)
NRP97 Input Information

(1)   IDRS command Code NRP97 is used by Notice Review to add, change and delete records on the Local Control File (LCF). This command code is only used for subsequent cycles. It does not impact the current cycle already loaded for NRPS and OLNR.

Caution: NRP97 requests must be input before 12:00 PM (local time) on Thursdays before the new cycle file is run. The NRP97 command code is generally available on Fridays before 9:59 AM ET, but will not capture any notices for the new cycle loading on Friday. It will only work for subsequent cycles.

(2)   Several areas throughout this IRM refer to adding items to the LCF. Data input using NRP97 adds specific types of files or notices to the LCF. NRPS will use the data to select any notices that meet the NRP97 input criteria and include them in subsequent cycles.

Note: Use the information in this section and IRM 2.4.45, Command Code NRP97, for specific input information.

a.   Notice Review leads, managers, and clerks use NRP97 to add, delete, and change priority review per HQ direction.
b.   Notice Review tax examiners use NRP97 to intercept a subsequent cycle notice the taxpayer should not receive that could not be stopped from generating. Once chosen for selection using the LCF the notice will be voided. Follow specific guidelines for when to update the LCF (using CC NRP97) throughout the IRM. These actions are in addition to correct disposition of the current cycle notice in OLNR.

Caution: If a notice being selected via NRP97 input should not be voided, contact your lead to ensure the correct notice disposition is used in OLNR in the subsequent cycle. This is a rare occurrence.

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(3)   Input CC NRP97 in the upper let corner and transmit. No other information is
       needed for NRP97 input.

(4)   The NRP97 response screen displays with the heading NRPS LOCAL
       CONTROL FILE BASIC OPTIONS.

(5)   The following identifier choices appear on the BASIC OPTIONS menu screen
       and can be used to display, add, change, or delete a file in the LCF.

Identifier	Record Type
T	SSN/EIN
D	DLN
M	MFT/PERCENTAGE
C	CP NUMBER/PERCENTAGE
L	LARGE CORPORATION
N	TPNC OR TPNC GROUP/PERCENTAGE
B	BALANCE DUE AMOUNT
A	ADJ REASON CODE/PERCENTAGE
I	MISCELLANEOUS IMF/BMF OPTIONS
E	EMPLOYMENT CODE/AMOUNT

(6)   Click directly behind the indicator letter (list above) for the file type being
       updated and transmit. A new response screen will display. The layout of the
       new response screen depends on the indicator letter chosen. Tax examiners
       will generally use indicator option "T" to update the LCF by TIN.

Caution: The following steps are for NRP97T input only. Other NRP97 indicator
              options will have different input requirements.

   a.   When intercepting a subsequent notice using **T** to update the LCF by
         TIN, on the response screen, choose "B" for a BMF TIN.
   b.   In the next field "return charge out wanted", **only** choose "Y" if the case
         involves a paper return, the return is currently located in Notice Review
         and the return will be retained until the subsequent notice is selected by
         NRPS.
   c.   The next field is SSN or EIN. Enter SSN or EIN as pertains. Only one
         entry is permitted at a time. The number input is all that is needed the
         dashes are pre populated and the number input will fill the fields as
         necessary.
   d.   The next field is Substitute NRPS Key. Though this is an optional field
         HQ prefers input of 90 - EIN Selection, when inputting NRP97T. This
         allows for leads and clerks to find these notices in the next cycle to make
         sure OLNR is updated correctly. See IRM 3.14.2.5.4, NRPS Local
         Control File, for more available NRP97 selection keys.
   e.   Field MFT is valid only for BMF input and while optional, it is best to
         complete this field so only the necessary notice module is impacted.
   f.   Tax period is valid only for BMF input and while optional, it is best to
         complete this field so only the necessary notice module is impacted.

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g.   Retention should **never** be set to "Y" by tax examiners. This requires a manual removal of the TIN from the LCF at a later date.

h.   Priority should always be set to "Y" to ensure the capture of notices for the chosen TIN.

i.   Print Package "Y "includes the entry in printed NRPS files. Default is allowed unless otherwise directed per local guidelines.

j.   Once all the above data has been input, finalize the addition to the LCF by inputting an "X" to the right of the field ADD and transmitting.

(7)   The menu completion options at the bottom of each indicator response screen are: DISPLAY, CHANGE, ADD, and DELETE. Completing all necessary data on the response screen will allow you to choose any of these actions.

(8)   There are two other menu options provided at the bottom of all identifier input response screens. The **OPTION-MENU** is used to return to Basic Options. The NRP97 response screen menu. The **EXIT TAP** option is used to clear the entire screen and continue to input another command code if desired, or to sign off the IDRS terminal. To choose these options input an "X "on the line to the right of the menu option and transmit. No other field input is required to use these two options.

3.14.2.6
(01-01-2025)
General Review
Procedures

(1)   The following section contains procedures Notice Review tax examiners should follow when reviewing notices and transcripts.

(2)   TEs must verify the accuracy of the information on the notice and taxpayer account. Compare the tax return (if available) or transcribed data in IDRS (if return is unavailable) using IDRS research command codes, to the information in the Control D NRPS Package and IDRS posted account data (TXMOD/ BMFOLT) to ensure the notice and account are correct. Research utilizing all necessary command codes (e.g., TXMODA, BRTVU, TRDBV) should be performed to verify notice and account accuracy. See IRM 3.14.2.6.2 Common Command Codes Used in Notice Review, for more information.

(3)   The notice module may contain multiple issues. **All issues must be resolved before marking notice disposition.** Refer to all appropriate sections of IRM 3.14.2 to ensure proper analysis and resolution of notice issue(s).

(4)   **All related tax modules** and **associated notices** must be reviewed and resolved, as applicable, when the primary notice and corresponding account is resolved. No additional count is permitted for associated notices and/or modules resolved in association with the notice module.

(5)   At the beginning of each cycle, NRPS provides a charge out sheet (based on the assigned selection key) to Files for returns that **may** be needed for review. However, the selection key is not always an indication that a return should be ordered from Files. The return is not always necessary when reviewing certain keys and notices. However, a paper filed return must be requested in the following instances:

•   Appropriate IDRS research has been performed using all available command codes but account actions and notice disposition are inconclusive

   Caution: You are permitted to access only those tax modules required to accomplish your official duties. While working assigned

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cases, SP employees may come across some accounts that are blocked on IDRS. These accounts can be identified by the IDRS security violation message, "Unauthorized Access to This Account". If you receive this message, input an H Disposition to hold the notice and forward the case (e.g., BMF Tax Form, copy of IDRS transcript or NRPS quick print) to your manager. Managers will notify the local Planning and Analysis Staff, who will scan the case and send the encrypted informa- #

account. Managers will retain the original case in a file awaiting access (can take up to 5 business days). Once access has been granted, the case can be worked following applicable procedures.

Reminder: E-file (ELF) returns can be reviewed using BRTVU or TRDBV. Some Forms 941, 943, 944 and 945 (depending on DLN) can be reviewed using the Employee User Portal (EUP) to access Modernized e-File (MeF) and viewing the Return Request Display. In addition, starting in 2023 scanned paper 940 and 941 returns received from Lockbox locations, will be viewable in MeF and can be identified with Filing Location Codes (first two digits of the DLN) 40, 42 (KCSPC) and 91 (OSPC).

- A **math error notice** with a balance due of $250,000 or more or an overpayment of $100,000 or more, see IRM 3.14.2.6.7.1 Reviewing Return Math Errors, for specific information.
- The return is generally needed when reviewing Key 54. See IRM 3.14.2.6.15 for complete instructions.

(6) If the paper return is needed and was not requested via a NRPS charge-out (described above), request the return using CC ESTAB. If unable to secure the document from files via ESTAB, initiate a special search request, using Form 2275, Records Request, Charge and Recharge. Mark the notice disposition in OLNR **H** to hold as approved by Headquarters. See IRM 3.14.2.7.10.7, Holding Notices, for complete information.

(7) After research has been performed and necessary actions identified, see IRM 3.14.2.7, Case Resolution, for specific information on account and notice actions.

(8) Use the appropriate CC (TERUP, NOREFD, etc.) to reverse actions that may have been performed in error. Be mindful of specific time frames associated with reversing actions.

(9) History Items are required when taking action on the notice module. If the notice module is not available on CC TXMOD (dummy module not on the TIF), a history item is not necessary. Do not create a module (CC MFREQ) just to leave a history item.

(10) If research indicates an open and active control base in **A** status on IDRS on the notice module, take the following actions:

- Contact the employee identified on the open and active control base prior to taking any action on the account.

  Exception: Do **not** initiate contact if the open control is assigned to a clerical unit. Clerical units are often identified by all zeroes

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in the last 5 digits of the employee number (i.e., XXXXX00000), although numbers other than zero may also be used.

Caution: Certain Freeze Codes require contact regardless of status code on the module. For a listing of these Freeze Codes, refer to IRM 3.14.2.6.6 titled, Reviewing Notices with Freeze Codes.

- After two attempts to contact the employee with the open control (phone or e-mail) and no response is received within two days after contact is initiated, take the appropriate action to resolve the account and notice.

Note: When taking an action on a module with an open case control, place the employee with the open control in "B" status (using CC ACTON), input the necessary account updates, then place the employee back in "A" status (also using CC ACTON).

(11) To ensure consistency and adherence to the processing procedures contained in IRM 3.14.2, do **not** establish local procedures without first contacting the Headquarters analyst. To maintain the accuracy of IRM 3.14.2, corrections and change requests can be sent to the IRM author or program owner in several ways. See, IRM 1.11.6.5, Providing Feedback About an IRM Section - Outside of Clearance, for further details.

Note: Before submitting corrections and/or change requests for IRM 3.14.2 via the SERP Feedback Application, consult the lead or manager for assistance to verify if the request for an IRM change or correction is valid.

(12) The following information and instructions attempt to address situations that are encountered most often when reviewing notices. **These instructions cannot address every possible situation and/or issue encountered**. They are to be used in conjunction with all the information contained in IRM 3.14.2 and classroom training. When in doubt, contact your team lead or manager.

3.14.2.6.1
(01-01-2025)
Verifying Return and Account Information

(1) The following subsections list specific information that needs to be reviewed for each notice and the corresponding account.

(2) You are permitted to access only those tax modules required to accomplish your official duties. While working assigned cases, SP employees may come across some accounts that are blocked on IDRS. These accounts can be iden-tified by the IDRS security violation message, "Unauthorized Access to This Account". If you receive this message, input an H Disposition to hold the notice and forward the case (e.g., BMF Tax Form, copy of IDRS transcript or NRPS quick print) to your manager. Managers will notify the local Planning and Analysis Staff, who will scan the case and send the encrypted information to

#

Managers will retain the original case in a file awaiting access (can take up to 5 business days). Once access has been granted, the case can be worked following applicable procedures.

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3.14.2.6.1.1
(07-07-2023)
Account Information

(1) Verify the following items for each selected notice:

- Employer Identification Number
- Document Locator Number
- Name
- Address
- Return Received Date
- Tax period
- Signature(s) for refund returns only
- Taxpayer correspondence (if applicable)
- Payments and credits
- Discovered remittance (if applicable)
- Dishonored payments and bad check penalties
- Offsets
- $100 million refunds
- Pending transactions
- Slipped blocks and mixed data blocks

3.14.2.6.1.1.1
(01-01-2025)
Employer Identification Number (EIN)

(1) Compare the EIN on the return (if the return is necessary to complete the review of the notice or if the return is available for viewing on EUP) to the notice quick print. The majority of business returns require an EIN to file. However. Form 8288, 706 and 709 require an SSN followed by a one letter code. If the SSN is valid the one letter code is V. If the SSN is invalid the one letter code is W.

Example: XXX-XX-XXXXV for a valid SSN and XXX-XX-XXXXW for an invalid SSN.

(2) Follow the steps below if you have reason to believe the EIN may have been changed. It may be necessary to use CC BMFOL if the account is for an EIN that is not available on CC TXMOD.

a. Use CC ENMOD to find the latest entity information on a taxpayer.
b. Research the return, AMS and EUP, if available to determine the correct EIN.
c. Use CC FINDS/FINDE to obtain the taxpayer's EIN and for a possible name change.

(3) If there is an EIN discrepancy, the case must be routed to the Entity Control Unit. Follow the steps below **before** routing:

a. In OLNR, mark notice with "H "and notify the lead.
b. Request the return if not available.
c. Make a copy of the NRPS quick print notice and the return entity section.
d. Route the copies to the Entity Control Unit per local procedures, including a request to review and update entity.
e. When Entity returns confirmation of the update, mark the notice disposition in OLNR. If Entity Control identifies an issue with the EIN and a reprocess is needed, see IRM 3.14.2.6.18.

Caution: If the case has a refund, see IRM 3.14.2.7.5, Entity Adjustments, for complete IDRS actions **before** routing to Entity.

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3.14.2.6.1.1.2 (01-01-2016) **Document Locator Numbers (DLN)**	(1) Always verify the DLN on your return with the DLN on the notice or NRPS package to ensure that you are reviewing the proper document. If the DLNs do not match, follow local procedures to request the correct document.

3.14.2.6.1.1.3
(01-01-2024)
Name and Address

(1) Compare the **name** on the tax return (if the return is available or available for viewing on EUP), to the name on the notice or entity part of the Transcript. See (5) below for address review.

- If the name on the paper return is illegible, check the signature, return envelope or other attachments to determine the taxpayer's correct name.

(2) If the name on the notice is different from the return, check IDRS CC INOLE for the correct Master File name information using the EIN. If the name on the notice is incorrect, see (3) below to determine if Notice Review is allowed to correct the error.

Caution: Never update or request an update to a prior year name line with current processing year information.

(3) Notice Review tax examiners are only allowed to correct the following name errors:

- misspelling e.g., Coporation instead of Corporation ,
- typographical error (e.g., 2424 instead of 2442), or
- extra characters (e.g., extraneous %) in the first name line or continuation of first name line (IDRS field CONT-OF-PRIM-NM)

Caution: **ALL OTHER NAME CHANGES MUST BE SENT TO BMF ENTITY CONTROL FOR RESEARCH AND CORRECTIONS. This includes taxpayers requesting a Trust name change. An error will be charged if name changes other than those listed above are initiated by a Notice Review employee.**

Note: See IRM 3.14.2.7.5 Entity Adjustments for specific correction or routing information..

(4) Because of the nature of the BMF tax account, all other name errors must be routed to the Entity Control function. See IRM 3.14.2.7.5 Entity Adjustments, for information on required actions **before** routing.

(5)   Compare the **address** on the tax return if available (if the return is necessary to complete the review of the notice or if the return is available for viewing on EUP) with the notice or refund transcript address. The notice must match the return. If the address is illegible, check the return and all attachments for clarification. If the notice and return addresses do not match use the *USPS ZIP code lookup* , to verify street, city, state and ZIP code.

(6) The address **must** be changed in the following instances:

Note: See IRM 3.14.2.7.5 Entity Adjustments, for specific information before making an address correction.

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    a.   If the notice contains an incorrect or misspelled street suffix. Even though the Post Office can deliver by street name alone in most cases, all street suffixes (e.g., Avenue, Boulevard, Circle, Drive, Road, Street etc., or their acceptable abbreviations) must be correct on the notice, regardless of where the error originates.

    b.   If the notice has incorrect or missing building (bldg)/trailer/apartment number/suite/room you must make the correction.

    c.   If the return or notice contains both a PO Box number and a numbered street address, put the PO Box in the street address field and the street address in the location address field on ENMOD. Correct the address on OLNR to the PO Box.

    d.   If a number is shown as part of the city, it must be spelled out. See example in the **"Guide to Changing City"** table below.

Address on Notice	Corrected to Notice
29 PALMS	TWENTY NINE PALMS
1000 OAKS	ONE THOUSAND OAKS

    e.   If North, South, East or West, (or N, S, E or W) is shown at the beginning of the city name, no change is necessary.

    f.   A city or town name (that is too long) will be abbreviated for lack of space in the IDRS field.

    g.   Correct obviously misspelled cities and incorrect abbreviations. If you have any questions about valid abbreviations refer to IRM 3.24.38.3.4.14.8, Street Address. Use the *USPS ZIP code lookup* to determine the correct spelling or abbreviation of an address.

    h.   FT (Fort) and ST (Street) are allowable abbreviations and do not need to be spelled out.

        Note: Use of the USPS website is not required on every notice, only when there is doubt as to the validity of the notice address or abbreviations of the address on the notice.

(7)   The FINALIST program is standardization software used by the United States Postal Service (USPS) to ensure addresses are valid and correct. FINALIST knows if building numbers are valid and is used to ensure the IRS's outgoing mail, notices, tax packages, etc., comply with the USPS address standards.

    a.   An address that is entered into IDRS and does not meet the USPS standards WILL NOT update and/or post with the input address.

    b.   The USPS allows thirteen characters (including spaces) for city names. FINALIST will abbreviate city names if needed to reduce the number of characters to thirteen.

    c.   FINALIST will also abbreviate street names if over 13 characters. However, a list of abbreviations used by FINALIST is not available.

        Note: Abbreviated street or city names are acceptable regardless of the FINALIST program or Pipeline processing. Do not change. Allow the abbreviation.

        Example: PENNSYLVANIA AVE posts as PENN AVE; WASHINGTON DR is posting as WA DR

(8) Use the following to determine if an address change requested by the taxpayer is allowed:

    a. Never change an address to an "in care of "**unless** the request is signed by the taxpayer or authorized representative.

    b. Change the address if signed correspondence is received from the taxpayer with the street address lined through and a new address written in.

    c. If the return has a response written on it, accept the information as coming from the taxpayer. Process the change even if the return is not signed.

    d. If a photocopy is received without an original signature, do not change the account address.

    e. Requests for changes of address from Certified Public Accountants (CPAs), attorneys, etc., will be honored only if we have a valid Power of Attorney on file. Use IDRS CC CFINK to check for Power of Attorney status.

(9)   When notices are printed with **LOCAL** as the address. The following instructions must be followed:

    a. Use CC ENMOD to find the latest entity information on a taxpayer.

    b. Input a CC FINDS/FINDE to obtain the taxpayer's most current address information.

    c. If neither procedure above gives a current address to use, then verify the ZIP code using United States Postal Service (USPS) *USPS ZIP code lookup* website. If the ZIP code is accurate, change the address to **GENERAL DELIVERY.** See IRM 3.14.2.7.5 Entity Adjustments, for specific information about making an address correction.

    Caution: Never mail a notice with **LOCAL** as the address.

    d. If the notice contains % or C/O name on the address line, add to the "In Care Of" line and delete from the address line.

    e. If the notice contains an address in the "In Care Of" name line that is identical to the address line, delete the address on the "In Care Of" line.

See IRM 3.14.2.7.5 Entity Adjustments, for specific information about making an address correction.

3.14.2.6.1.1.3.1
(01-01-2025)
Service Center
Addresses

(1) Selected notices may contain a Service Center address. When the notice has a Service Center Address, follow the instructions below.

(2) Research the module. If there are identity theft (IDT) Indicators on the notice module, **do NOT change the address.**

Note: RIVO updates an address to a Service Center address when working certain IDT cases. For more information on these types of cases see, IRM 25.23.9.6..

If RIVO updated the address to a Service Center address, then RIVO is the area that should update that address. Do **not** update the address if there is a Service Center address with identity theft indicators.

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a.   ID Theft Indicators (RIVO markers) will appear on CC ENMOD, TXMOD, BMFOLT, or UPTIN. The BMF indicators of ID Theft are:.

- TC 971 AC 522 with any of the MISC fields listed in IRM 25.23.9-1.
- TC 971 AC 524 with multiple MISC field possibilities. See IRM 25.3.9-1 for more information. When a TC 971 AC 524 is present the EIN has been locked due RIVO involvement on an ID Theft case. Another indicator is an ENMOD control base assigned to 1481400000.
- UPC 341 reason code 1 or 2. on any year. This unpostable code is for unposted returns or unposted payments due to the posting of a TC 971 AC 524.

(3)   If ID Theft indicators are found on the module, input an "H" disposition for the notice and refer the case to the lead who will contact HQ for additional guidance.

(4)   If there are no ID Theft (IDT) Indicators on the notice module, use the following research methods to locate the correct address and update the notice and IDRS module accordingly:

a.   Use CC ENMOD to find the latest entity information on a taxpayer.
b.   Research the return, AMS and EUP, if available to determine the correct address.
c.   Use CC FINDS/FINDE to obtain the taxpayer's current address information.
d.   If the current address is found, see IRM 3.14.2.7.5 Entity Adjustments, for specific information for correcting an address..

3.14.2.6.1.1.4   #
(01-01-2025)   #
Return Received Date   an Executive directive, every return received must retain the envelope and carry the stamped IRS Received Date as the return received date.

(2)   The DUE/RCVD DATE field in the NRPS package also shows the received date.

(3)   If there is a question about the received date because the return was not stamped, decide the correct received date in the following priority:

                                                                                                           #
                                                                                                           #

a.   Earliest postmark date on envelope
b.   Taxpayer signature date
c.   Julian control date minus 10 days in the DLN
d.   Current date minus 10 days.

(4)   IRC 7503 provides that, in the case where the due date for filing or paying falls on a Saturday, Sunday, or legal holiday, the return or payment is considered to have been timely filed or made on the due date if it is mailed on the next succeeding day which is not a Saturday, Sunday, or legal holiday. "Legal holiday" means any legal holiday in the District of Columbia, or any State.

(5)   The Failure to File (FTF) penalty is the only penalty that should be adjusted manually for Return Received Date recomputation issues. Interest should not be adjusted manually. When the FTF is adjusted manually the computer will

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adjust the interest. (See IRM 3.14.2.6.17.1 Recomputation of Interest and Penalties-General.)

3.14.2.6.1.1.5
(01-01-2023)
Tax Period

(1) For Business Returns, the type of return filed can have varied period/year endings. They are:

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 **CCYYMM**. The acronym CCYYMM stands for the Century (CC), the Year (YY). the Month (MM). Each acronym is represented in 2-digit format, so it would appear on Business Returns as 202312.

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, 2023, would indicate a tax period of 202301.

c. Short Year: These are for a consecutive period of fewer than 12 months. (See IRM 3.14.2.6.4.6 Short Period Returns.)

d. Quarterly: These returns are filed 4 times a year (within a consecutive 12-month period beginning January 1, and ending December 31)

Example: A first quarter return (January - March 31) would indicate a tax period of 202303 in format CCYYMM; second quarter, (April -- June 30) would indicate a tax period of 202306 in format CCYYMM, etc.

(2) Compare the year on the tax return (if the return is necessary to complete the review of the notice or if the return is available for viewing on EUP) to the tax period on the notice or on the NRPS Package Contents Page.

a. Look for cross-outs and changes to the tax period part of the return.

Note: Taxpayers often file their returns using the incorrect year tax forms.

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. (See IRM 3.14.2.6.18 Reprocessing Returns.)

3.14.2.6.1.1.6
(01-01-2025)
Signatures

(1) Tax returns are legal documents and must have a signature on a paper return.

Exception: The following are processed without taxpayer signatures:

• Returns prepared by IRS under IRC 6020(b), referred to as Substitute for Returns or SFRs, must be signed by a revenue agent or officer. However, the revenue officer's (RO) electronic signature or typed signature is a valid signature.

  Note: If the taxpayer signs the SFR it becomes the return of the taxpayer under IRC 6020(a).

• Dummy returns filed by IRS.

• A blank return with a CP 139 attached (e.g., notification that Form 941 or Form 940 may no longer be required because four consecutive 941 tax years were received with ″NO LIABILITY″).

• Correspondence containing a signature and jurat is attached showing that the taxpayer is responding to an IRS letter.

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- • Re-entry returns originally filed electronically (MeF). The presence of E-File printouts or Tax Return Print (TRPRT) may identify these returns as in lieu of an actual return.

(2) A signature must be on the paper return, statement or other document required under the tax laws and regulations, unless, the signature is on an attachment to the return or other required document (e.g., letter/check, etc.) and contains a **JURAT** that the taxpayer is signing the return or other required document under penalties of perjury.

(3) Tax return preparers may use a **signature stamp** to facilitate signing large numbers of returns; see facsimile signature, below. Taxpayers, however, must continue to sign paper returns with original signature.

(4) **Facsimile signatures**- Internal Revenue Procedure 2005-39 outlines the use of facsimile signatures by corporate officers or duly authorized agents when filing certain employment tax returns or certain information returns. The Revenue Procedure includes the following tax forms:

- • Form 94X series including but not limited to Form 940, Employer's Annual Unemployment (FUTA) Tax Return; Form 941, Employer's QUARTERLY Federal Tax Return; Form 943, Employer's Annual Federal Tax Return for Agricultural Employees; Form 944, Employer's ANNUAL Federal Tax Return, and Form 945, Annual return of Withheld Federal Income Tax.
- • Form 1042, Annual Withholding Information Return for U.S. Source of Foreign Persons.
- • Form 8027, Employer's Annual Information Return of Tip Income Allocated Tips.
- • Form CT-1, Employer's Annual Railroad Retirement Tax Return.

Note: Any variant of the above (e.g., Form 941-SS, Employer's QUARTERLY Federal Tax Return (American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands 2023 and prior).

The facsimile signature may be in the form of a rubber stamp, mechanical device or computer software program. The corporate officer or authorized agent is responsible for ensuring their facsimile signature is affixed to return. For more detailed information, please refer to IRM 21.3.4.3.7, Use of Fax for Taxpayer Submissions .

(5) If an electronic signature is in question see IRM 10.10.1, IRS Electronic Signature (e-Signature) Program, for specific guidelines.

(6) If the signature is missing on a tax return requesting a refund and the tax module contains a Computer Condition Code (CCC) 3 or E in IDRS, process the notice module as if the tax return was signed.

(7) If CCC 3 or E are **NOT** present review the return attachments and ENMOD to verify a letter has been sent to the taxpayer requesting a signature. **If indication of a signature request letter cannot be found, stop the refund and send a 143C letter requesting a signature**. Follow procedures in IRM 3.14.2.7.11.

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3.14.2.6.1.1.7
(01-01-2024)
Taxpayer Correspondence Attached to Return

(1) If taxpayer correspondence is discovered attached to the return, review it and follow through as necessary. Follow Policy Statement P-21-3 (formerly Action 61) requirements if more than 25 days have elapsed from the date the return was received.

(2) If the correspondence is requesting action to be taken on the notice module, see **Correspondence Decision Table** below.

If	Then
The action can be taken	Take the necessary action. Retype the notice as appropriate. Update History on IDRS, indicting CORRW/RTN as first History Item; indicate notice disposition with second History Item. Mailing of the notice within cycle will satisfy Policy Statement P-21-3 (formerly Action 61) requirement.
The action cannot be taken	Photocopy the tax return and the original letter. Attach the photocopy of the letter to the original tax return. Route the original letter with a copy of the tax return to Accounts Management. (Write photocopy on the copy of the tax return.) An Interim letter is required if more than 25 days have elapsed from the return received date. Update the account History to indicate action(s) taken.

(3) If the taxpayer is requesting an Installment Agreement or indicates an inability to pay and there is no indication the letter was forwarded to Collections:

   a. Copy the letter and attach the copy to the return.
   b. Notate the original letter was sent to collections.
   c. Route the original letter to Collections.
   d. Make sure the taxpayer's name, address, and EIN is indicated on the correspondence.
   e. Input a CC STAUP for 9 cycles.
   f. An Interim letter is required if more than 25 days have elapsed from the return received date.
   g. Update the account History to indicate action(s) taken.

(4) Route Reasonable Cause requests to Accounts Management.

   a. If the account is in balance due status, input CC STAUP for 9 cycles.
   b. An Interim letter is required if more than 25 days have elapsed from the return received date.
   c. Update the account History to indicate action(s) taken.
   d. The table below can be used as a guide to determine reasonable cause.

Examples of Reasonable Cause
Death, serious illness, or injury of the taxpayer or their immediate family

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Examples of Reasonable Cause
Unavoidable absence of the taxpayer
Destruction by fire or other casualty of the taxpayer's place of business or records
Delay due to erroneous information from an Internal Revenue Service employee. See IRM 20.1.1.3.2.2.5, Erroneous Advice or Reliance, regarding the conditions for reasonable cause.
Delays caused by, or related to, civil disturbances outside of the taxpayer's control
Timely requested forms not received timely
Advice or aid sought in preparing returns from Internal Revenue Service representative on or before the due date, but through no fault of the taxpayer, they were unable to see a representative
Taxpayer is unable to determine the amount of deposits or tax due for reasons beyond the taxpayer's control
Taxpayer does not have access to their records
Events beyond the control of the taxpayer. For example, the Post Office shredded the taxpayer's return, a bank substantiates the taxpayer's claim that the delay was caused by the bank, etc.
Taxpayer relies upon their accountant, and reasonable cause for the accountant's failure can be established
While inability to pay is not reasonable cause for late filing, lack of funds is reasonable cause for **failure to pay ONLY** when it is shown that the taxpayer was unable to pay despite their exercise of ordinary business care and prudence. **(Make this determination using the information available in the taxpayer's statement.)**

(5) If correspondence indicates missing information that was not added when the tax return was processed, or requests assistance in computing tax or credits that is beyond the scope of Notice Review:

   a. Void the notice.
   b. Route to Accounts Management.
   c. Make sure the taxpayer's name, address, and EIN is indicated on the correspondence.
   d. Input CC STAUP for 9 cycles if the account is in balance due status.
   e. An Interim letter is required if more than 25 days have elapsed from the return received date.
   f. Update the account History to indicate action(s) taken.

(6) If the correspondence is referencing a tax module(s) other than the notice module:

   a. Check IDRS for an open control base. See **IDRS Open Control Base Decision Table** below.

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If	Then
There is an **open** control base	Route the original letter to the tax examiner who has the case controlled. Indicate correspondence attached to original return on routing document.
There is **no open** control base and the requested action has not been taken	Input CC STAUP for 9 cycles. Route case to Accounts Management. Indicate correspondence attached to original return on routing document.

(7) The guidelines for Policy Statement P-21-3 (formerly Action 61) are established to ensure the taxpayer receives an accurate, professional and timely response to correspondence submitted to the IRS. In Notice Review, we will be responsible for sending interim responses to correspondence attached to original tax returns when it is decided the action requested has not been taken. If it can be decided the action requested has been taken, the mailing of the notice will satisfy our responsibility for the requirement.

3.14.2.6.1.2
(01-01-2024)
Manual Intervention Centralized Authorization File (CAF) and Reporting Agents File (RAF)

(1) If Manual Intervention conditions on the notice module are identified on the NRPS contents page, use the following to determine notice resolution and disposition:

a. If the notice generates with the representative's name and address in the entity, manual intervention will indicate **match**.
b. If the notice generates with the representative's name and address blank, manual intervention will indicate **mismatch**
c. Manual intervention may indicate any combination of CAF Match, CAF Mismatch, RAF Match, or RAF Mismatch.
d. Use CCs CFINK and RFINK on IDRS to decide notice disposition for CAF/RAF mismatch and locate an authorized representative's name and address.

Note: For more complete instructions for reviewing CAF/RAF notices please refer to ,IRM 3.14.2.5.3, Manual Intervention CAF/RAF/MM/SC , IRM 3.14.2.5.3.1, Processing Notices with a Central Authorization File (CAF) Mismatch and/or IRM 3.14.2.5.3.2, Processing Notices with a Reporting Agents File (RAF) Mismatch.

(2) Notice disposition when a valid Authorized Representative is not located. Refer to the **Invalid Representative Disposition Table** below.

If	And disposition of original CP is	Then
NO is present on CFINK or NO is present on RFINK	Print	Select OLNR disposition E (Entity) and void the CAF or RAF Entity copy.

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If	And disposition of original CP is	Then
NO is present on CFINK or NO is present on RFINK	Label	Select OLNR disposition R (Retype) and void the CAF or RAF Entity copy. Then select the appropriate label from the Label Drop Down Menu.
NO is present on CFINK or NO is present on RFINK	Retype	Select OLNR disposition R and void the CAF or RAF Entity copy.
NO is present on CFINK or NO is present on RFINK	Void	No action required.
Disbarred, Suspended or Deceased is indicated	Print	Select OLNR disposition E and void the CAF or RAF Entity copy.
Disbarred, Suspended or Deceased is indicated	Label	Select OLNR disposition R and void the CAF or RAF Entity copy. Then select the appropriate label from the Label Drop Down Menu.
Disbarred, Suspended or Deceased is indicated	Retype	Select OLNR disposition R and void the CAF or RAF Entity copy.
Disbarred, Suspended or Deceased is indicated	Void	No action required.
If the representative address is undeliverable	Print	Select OLNR disposition E and void the CAF or RAF Entity copy by checking the box located on the Entity Tab Screen.
If the representative address is undeliverable	Label	Mark OLNR disposition R and void the CAF or RAF Entity copy by checking the box located on the Entity Tab Screen. Then select the appropriate label from the Label Drop Down Menu.
If the representative address is undeliverable	Retype	Mark OLNR disposition R and void the CAF or RAF Entity copy by checking the box located on the Entity Tab Screen.
If the representative address is undeliverable	Void	No action is required.

(3)   Notice disposition when an authorized representative's address is located. Refer to the **CAF/RAF Notice Disposition** table below.

Disposition of Original CP	CAF/RAF Match Additional Action Required	CAF/RAF Mismatch Additional Action Required
PRINT	None	1. Select the OLNR disposition **E.** 2. Add the CFINK or the RFINK address information to the CAF or RAF Entity Copy on the OLNR server.

Disposition of Original CP	CAF/RAF Match Additional Action Required	CAF/RAF Mismatch Additional Action Required
VOID	None	None
RETYPE	None	1. Select OLNR disposition **R**. 2. Add the CFINK or the RFINK address information to the CAF or RAF Entity copy on the OLNR server.
LABEL	None	1. Select OLNR disposition **R**. 2. Add the CFINK or the RFINK address information to the CAF or RAF Entity copy on the OLNR server. 3. Select the appropriate label.

3.14.2.6.1.3 (01-01-2023) **Additional Review Requirements**	(1) After completing the General Review procedures located in IRM 3.14.2.6 including all subsections, continue with the following instructions as appropriate: • Math Error Condition - IRM 3.14.2.6.7 • CP 267 and CP 268 - Q- Freeze - IRM 3.14.2.6.8 • CP 161 or CP 861 Balance Due Notices - Non-Math Error IRM 3.14.2.6.9 • CP 162 Balance Due Notice - Non-Math Error • Reviewing Notices with Remittance Processing System "RPS" indicators - IRM 3.14.2.6.11 • Refund Transcripts - IRM 3.14.2.6.12 • Required Payment or Refund under Section 7519 - Form 8752 - IRM 3.14.2.6.13 • Adjustment Notices - • Selection Keys - Additional Review Required for Notices Generated Under Keys 09, 33,52, 54, 55, and 91 - IRM 3.14.2.6.15 • CP 173 - ES Penalty - IRM 3.14.2.6.16
3.14.2.6.1.4 (01-01-2016) **Payments and Credits**	(1) This subsection contains instructions dealing with payments and credits. It includes information on discovered remittance, dishonored payments, Bad Check Penalties and Bank Adjustments.
3.14.2.6.1.4.1 (01-01-2016) **Discovered Remittance**	(1) When reviewing tax returns, especially Non-Math Error Balance Due notices, thoroughly search all attachments (including envelopes) for payments. (2) Use the following procedures to process a discovered remittance: a. Prepare Form 3244 (Payment Voucher) in duplicate. b. Attach the carbon copy to the front of the tax return under the Entity section. c. Use CC ACTON to input a history item of **DISCREMIT** on IDRS. d. Input CC STAUP for 8 cycles on all balance due modules.

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      e.   Void, retype, or label the original notice as required.

      f.   Prepare Form 4287 - Record of Discovered Remittance.

      g.   Give remittance and the original copy of Form 3244 to team lead.

3.14.2.6.1.4.2
(01-01-2023)
Dishonored Payments and Bad Check Penalties
	(1) A penalty is imposed on dishonored checks or other forms of payment that are returned from a financial institution unpaid.
	
	(2) Bad checks penalty associated with the dishonored payment will be identified on Master File and IDRS as a TC 280 (manually computed and assessed penalty) or TC 286 (systemically computed and generated penalty).
	
	(3) If a Dishonored Payment transaction (TCs 611, 641, 651, 661, 671, 681, or 691) and penalty (TC 280 or 286) are pending on the notice module:
	
	  a. Delete any refund resulting from the dishonored/bad check.
	  b. If the refund was deleted, wait for the TC 841 to post.
	  c. Input CC STAUP for 6 cycles if a balance due remains.
	  d. Retype the notice to include the Dishonored Payment Penalty (Notice Penalty Code 04). Update the balance due, refund amount, or credits on the notice using CC COMPA and CC INTST.
	
	     Note: Use CC COMPA to update the module because CC INTST will not be accurate until the TC 280 or 286 posts.
	
	  e. Issue a manual refund for large dollar refunds if it can be done within the 45 day period, if the taxpayer is still entitled to a refund despite the dishonored payment/bad check.
	
	(4) For additional information, see IRM 20.1.10.7.

3.14.2.6.1.4.3 (01-05-2016) **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.

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	1. Allow the refund. 2. Mail the notice. 3. Contact the Payment Correction Team (at the SP site that processed the payment) for resolution.

If	And	Then
Math error notice and the notice module is overpaid and a refund is scheduled to be released	The payment is more than what the taxpayer is claiming **Note:** If the verified payments total $5,000.00 or more, issue a manual refund for the corrected refund amount. Void the notice, leave a history and follow Item 4 in next box.	1. Intercept the refund using CC NOREF via the IAT tool. 2. Use Refund Deletion code 99. 3. Close your control base. 4. Contact the Payment Correction Team (at the SP site that processed the payment) for resolution.
The notice is a non-math error notice	Notice is balance due	Void notice. Leave History Item Input CC STAUP for 9 cycles. Contact the Payment Correction Team at the SP site that processed the payment) for resolution.
Notice is a non-math error notice	Notice is credit or even balance	Void notice. leave History Item. Intercept Refund and/or freeze credit on module. **Note:** When working CP 267 or CP 210, if there is a bank adjustment, the credit must be frozen or refund intercepted so the bank adjustment can be done prior to the credit being erroneously refunded. Contact the Payment Correction Team at the SP site that processed the payment) for resolution.
The notice is a math error notice with a balance due	The notice has EFTPS payment(s)	Mail the notice. Contact the Ogden Payment Correction Team at 801-620-7801 for resolution.

3.14.2.6.1.5
(01-01-2025)
Offsets

(1)   Internal Revenue Code IRC 6402 (a) allows the IRS to offset payments against tax liability. Internal Revenue Code IRC 6402 (c)-(f) **require** a taxpayer's overpayment be applied to any outstanding non-tax debts including child support, federal agency non-tax debt, state income tax obligations or certain unemployment compensation debts owed to a state. Offsets under IRC 6402 (c)-(f) must be made prior to crediting the overpayment to a future tax (credit elect) or allowing a refund. This application of a tax overpayment is called a refund offset. Refund offsets to child support, federal agency non-tax debts, state income tax obligations and unemployment compensation debt are

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handled by the Bureau of the Fiscal Service (BFS) through the Treasury Offset Program (TOP). This occurs after a refund is certified by Internal Revenue Service (IRS) for payment by BFS, but before the refund check is issued or direct deposit is transferred to the taxpayer's bank account. For additional information see IRM 21.4.6.

(2) There are three types of refund offsets:

- Tax offset,
- Treasury Offset Program (TOP) offset, effective 01/11/1999
- Debtor Master File (DMF) offset, prior to 01/11/1999

(3) A tax overpayment must offset to an outstanding federal tax debt before it offsets to non-tax debts or is applied to a credit elect.

(4) The priority of offsets within TOP are:

a. Office of Child Support Enforcement: Temporary Assistance to Needy Families (TANF) (payments to the state) and/or
b. Non-Temporary Assistance to Needy Families (non-TANF) (payments to the custodial parent through the state)
c. Federal Agencies
d. State income tax obligations
e. Unemployment compensation

(5) Command Code (CC) INOLE contains debt liability indicators based on information received from BFS. BFS debt records are updated daily; however, IRS CC INOLE is only updated weekly. Therefore, CC INOLE may not have the most current debt information. The indicators are used to identify an IRS freeze or tax debt, TOP non-tax debt, or both. These indicators are shared with Electronic Return Originators (EROs) on the Electronic Filing (ELF) acknowledgement file, and used by the EROs to determine whether to approve a Refund Anticipation Loan (RAL) The indicators are the letters: N, I, F, B. For a complete explanation of each code refer to IRM 21.4.6.4 .

(6) CC TXMOD also contains debt liability indicator, found directly below the TC 846 and is displayed in the form of the number "0" or "1". The indicator is set at the time the TC 846 is generated on the module and is shown as: DMFLIAB-> 1 or DMF-LIAB-IND>0.

(7) Offsets occur when credit is moved between different tax modules and/or taxpayer accounts. Credits can be moved manually, or are computer generated.

Note: Money should not be moved manually with offset or lump sum transaction code if the Refund Statute Expiration Date (RSED) has expired. However, a payment can be moved if it was made less than 2 years before the claim was filed.

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manual refund or manually transferring a credit elect.

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3.14.2.6.1.5.1
(01-01-2024)
**Credit Elect-TC 830/TC
710 and 836/TC 716**

(1) Review the return to decide if the taxpayer requested that all or part of their overpayment be applied to the subsequent tax period.

Caution: If any balance due module contains an -E Freeze, do not manually offset credit to satisfy the module.

(2) When the request is transcribed properly from a current period return, the computer will automatically offset the credit (TC 836/716) if it is available.

Caution: If credit elect is $ .99 or less the amount will not be automatically offset by the computer. In this instance the tax examiners do not have to manually transfer the credit.

(3) If the full amount of the credit is not available when the return posted:

a. For Form 990-PF, Form 990-T, Form 1041, Form 1120, and Form 1120-C, the computer continues to offset as more credit becomes available until the full credit elect amount is satisfied. This capability only exists up to one year after the original tax period ending date.

Example: Up to December 31, 2021 for a 202012 tax return.

b. For **Form 940, Form 941, Form 943, Form 944, Form 945, Form 720, Form CT-1, and Form 1042** the computer will not offset additional credit elect after the return posting cycle. A manual credit elect transfer must be input for subsequent offsets on these forms. (Input CC ADD48 on IDRS using TC 830/TC 710.)

(4) The following notices pertain specifically to credit elect situations:

a. CP 147 - will only generate on an income tax return. It is issued when additional credit(s) become available and are computer offset.
b. CP 145 - must be pulled and associated with the case when adjusting an account if the credit elect will be affected.

(5) **Forms 940, 941, 943, 944, and 945** - When the refund box is checked, Integrated Submission and Remittance Processing (ISRP) System or Data Input System (DIS) will input a Refund Indicator, which generates the Computer Condition Code **S** at posting. When **neither** box is checked or the **Applied to Next Return** box is checked, the refund indicator is not input, Computer Condition Code **E** generates at posting, and the overpayment is applied to the next return (credit elect). Follow the instructions below:

1. Verify that the entries match the Computer Condition Code posted to the notice module.
2. If there is an overpayment on the account that will refund, and **any** of the following occur, apply the credit elect using (6) below:

• Neither of the boxes are checked.
• The return is not available.
• The Computer Condition Code E is present on the notice module.

(6) If the Data Transcriber did not properly transcribe the credit elect request and the credit is refunding:

1. Delete the refund.

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2. Use CC ADD48 to manually transfer the credit elect amount as a TC 830/TC 710. Be sure to use posting delay codes to allow time for the TC 841 to post to the module before the TC 830 posting.

(7) For Form 941 and Form 944, if the taxpayer entered the credit elect or total FTD credits on the Advanced Earned Income Credit line in error and an erroneous TC 766 credit is present, delete the refund. Adjust the TC 766, using CC REQ54 on IDRS. Manually transfer the claimed credit elect if not already offset by the computer.

(8) Master File will not automatically offset requests for credit elect on prior year income tax returns and/or subsequent requests on all non-income tax returns.

   a. Use CC BMFOL to review the subsequent period.
   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 claimed credit elect directly to a module separated by more than one tax period (e.g., 20XX03 to 20XX09), **if** all of the 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 Code "2" on the Doc Code 48 transfer.
   d. All other offsets (TC 826 or 896) have priority over a credit elect offset. Only reverse one of these offsets in favor of a credit elect when a TC 826 offsets to the subsequent period, and penalties and interest will decrease if a timely credit elect posts.
   e. Refer to the **Credit Elect and Credit Offset Decision Table** below.

If	Then
The subsequent tax period has a balance due	Delete the refund.
The credit elect will cause penalties and interest assessed on the subsequent period to partially or fully abate	**Retype** the settlement notice or **void** the CP 145.
Taxpayer claimed the credit on the subsequent tax period and the credit elect field on the subsequent module has a significant amount	Manually offset the credit elect.
Otherwise	Allow the refund.

(9) When increasing tax or reversing credits on the notice module, reverse all or part of a notice cycle credit elect to cover the debit. Input CC ADC48 using TC 832/712 on IDRS.

   a. Delete any current cycle refund on the subsequent module. Reverse the offset using a posting delay code to allow time for the TC 841 to post before the TC 712.
   b. Do not reverse a credit elect that was offset in a different cycle from the notice cycle.

Example: If the notice generated in cycle 20XX15 and the TC 836 posted in cycle 20XX08, do not reverse the TC 836.

   c. Retype the original notice to include the CP 145. If a notice cannot be mailed take no action.

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(10) If the credit elect from the prior year module (TC 716) was intended for another account, use CC ADD48 to transfer the credit with a TC 712/TC 710:

   a. Use the TC 716 date as the TC 712 date

   b. Use the date the credit was originally available as the TC 710 date.

   c. Reverse a TC 826 offset if there is a pending manual credit transfer

(11) When manually transferring credit elect, input TC 830/TC 710:

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due date of the return as the 830/TC 710 date. Otherwise, use the date of the credit creating the overpayment as the TC 830/TC 710 date. In the case of a tax decrease (TC 291/295), use the due date of the return or latest payment date.

Exception: For Form 1120 with a tax period ending in 06, the TC 830/836 date is the RDD plus one month. For example: on a 20XX06 return the due date is 101520XX and the TC 830/836 date is 111520XX. For Form 1120 returns beginning after 12/31/2015 (excluding those with a tax period ending in 06) , the TC830/836 date is the RDD (there is no need to add a month). Refer to Estimated Tax Overpayment Credit Elect-General, IRM 21.7.4.4.5.

Note: Multiple TC 830s may need to be input 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, time the offset (TC 830) to post after the adjustment or credit transfer, by inputting a Posting Delay Code (See Use of Posting Delay Codes Table).

Note: Timing the actions will allow all of the transactions to post and will prevent unintentional refunds and unpostables. If the required overpayment amount is not available, the computer will resequence the TC 830 for one cycle. The exact amount of credit must be available or the TC 830 will unpost.

Reminder: An adjustment notice will generate the same cycle as a penalty reversal if a Failure to Deposit (FTD), Failure to File (FTF), Failure to Pay (FTP) (decrease only) or Estimated Tax (ES) Penalty recomputes.

   c. Refer to the **Use of Posting Delay Codes** chart below.

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If	Then

The penalty or interest will recompute because of an adjustment action.
Note: If penalties and interest will not recompute, the Posting Delay Code on the TC 830 is not required.
	Use appropriate Posting Delay Codes to time the transactions to post in the following order:
	1. Adjustment or credit transfers and TC 290 .00 adjustments, if preventing an adjustment notice.
	   Note: When inputting a credit transfer follow instruction in IRM 3.14.2.7.7
	2. The TC 830.
	3. The TC 571, if required.
	   Caution: Check prior periods for debit modules before inputting the TC 830/TC 710. If no E Freezes are present, manually offset applicable credit to the debit module(s) with the earliest CSED(s) before applying forward. Use TC 820/700 with CC ADD24. Time the transaction to post in the same cycle as the TC 830/TC 710.

A Doc Code 34 credit transfer will create the over-payment, use a Freeze Code 1 on the transfer.	1. Input TC 290.00, Hold Code 3, appropriate Posting Delay Code, if the adjustment notice must be suppressed. See Note below. 2. Input TC 830/TC 710, Doc Code 48, appropriate Posting Delay Code on the debit side of the transfer. 3. Release module freeze, appropriate Posting Delay Code to post after the TC 830 if there is remaining credit that must refund.
A Doc Code 24 or 48 credit transfer will create the overpayment, use a TC 570 on the credit side of the transfer.	1. Input TC 290.00, Hold Code 3 if the adjustment notice must be suppressed. See Note below. 2. Input TC 830/TC 710 with Doc Code 48. 3. Release module freeze. Use appropriate Posting Delay Code to post after the TC 830 if there is remaining credit that should refund.
A Doc Code 54 adjustment will create the over-payment, use Hold Code 4 on the adjustment.	Input the TC 830/TC 710 on a Doc Code 48. ***Reminder:*** The TC 830 will release any remaining credit on the module when Hold Code 4 is used.

Note: For more information on selecting the appropriate Hold Code, see, IRM 3.14.2.7.6.3, Hold Codes and IRM 20.1.2.2.10, Hold Codes and Notices.

   d.   See the **Credit Elect Notice Disposition** chart below to determine the correct notice disposition.

If	And	Then
The CP 145 or settlement notice with the credit elect pop-in paragraph will be mailed to the taxpayer.	Master File **cannot** systemically offset the additional credit elect.	1. Manually transfer the credit elect (see above). 2. Use label 7 to reflect the credit elect.
The CP 145 or settlement notice with the credit elect pop-in paragraph will be mailed to the taxpayer.	Master File **can** systematically offset the additional credit elect.	1. Let Master File offset the credit. Do not input a TC 830/TC 710. 2. Use Label 2. Allow the CP 147 to generate.
All of the requested credit elect amount has now been applied.	A CP 145 generated.	Void the CP 145.
All 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 **exclude** the pop-in paragraph or void if returning to taxpayer's original figures.
The total credit elect applied is still less than the taxpayer's figures.	A CP 145 generated.	Retype the CP 145.
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 correct the dollar amounts in the pop-in paragraph.

(12)   Keep the following in mind when manually transferring credit elect:

  a.   Use an **Override-Date Indicator 2** on both sides of a Doc Code 48 if the debit and credit transaction dates are different.
  b.   Use the date of the credit being reversed as the reversal transaction date.
  c.   Do not transfer credit elect for an amount exceeding the available credit on the module.
  d.   Do not transfer credit elect with a transaction date earlier than the due date of the return.
  e.   Do not transfer credit elect with a transaction date earlier than the credit or payment that created the overpayment.

  Note: In the case of a tax decrease (TC 291/295), use the due date of the return or latest payment date.

3.14.2.6.1.5.2
(01-01-2025)
Lump Sum Credit Offset-TC 826/706 and 820/700

(1)   Master File offsets available credit (with a TC 826/706) to an account on which a taxpayer has a balance due. A notice will generate to tell the taxpayer of the offset:

Note: This offset to a debit account has priority over a requested credit elect **except** when an -A Freeze is present.

(2)   CP 138 generates when an overpayment offsets to another tax liability.

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(3)   Use a Doc Code 24 credit transfer with a TC 701/821 to reverse an offset to a tax liability. Include a TC 570 on the credit side (TC 821) if the credit must be held. A Bypass Indicator is unnecessary. Use of IAT is mandatory to perform credit transfers.

    a.   Make sure the reversal date matches the original offset date. Use CC BMFOLT to review a module that is not in the NRPS package or on IDRS.

Caution: The TC 826 date may differ from the corresponding TC 706 date.

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

    c.   Reverse a TC 826 offset if there is a pending manual credit transfer

(4)   If an adjustment will leave a balance due on a module:

    a.   Reverse the offset. Refer to the **Offset Reversal Decision Table** below.

If	Then
There is a current cycle TC 826/706 offset	Reverse it in whole or in part to satisfy the balance due. Do **not** reverse a prior cycle TC 826 unless timely credits are located to satisfy the account.
The module that received the offset has a current cycle refund	Delete the refund. Reverse the TC 826 using a Posting Delay Code to allow time for the TC 841 to post before the TC 821.

(5)   Use CC ADD24 with a TC 731/851 to reverse offset interest (TC 736/ 856).

Note: Use CC REQ54 with a TC 772 to reverse the TC 776. Use Hold Code 3 if needed.

(6)   Void or retype the CP 138.

(7)   When manually transferring offsets, input TC 820/700 on CC ADD24.

    a.   Use the later of the Return Due Date (RDD) or the date of the credit creating the overpayment as the TC 820/700 date.

Caution: Never transfer lump sum credit from a module with an expired RSED.

    b.   Multiple TC 820s may need to be input depending on the date credit is available. Always transfer the earliest available credits first.

3.14.2.6.1.5.3
(04-03-2023)
TOP OFFSET

(1)   Bureau of the Fiscal Service (BFS) initiates refund offsets to outstanding federal tax debts, child support, state income tax obligations and unemployment compensation debts via the Treasury Offset Program (TOP). These offsets are referred to as TOP offsets. A TOP offset appears on the module as:

•   TC 898 with an Offset Trace Number (OTN), an offset amount, and a debtor-TIN field, if the offset is for a secondary spouse.
•   OTN - Starting with 1 indicates primary taxpayer debt.
•   OTN - Starting with 2 indicates secondary taxpayer debt.

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(2) TOP offsets occur after the IRS has certified a refund to BFS for payment (TC 840/846 on account), but before BFS direct-deposits the refund overpayment or mails the refund check.

(3) A TOP offset reduces the amount of the IRS refund by the amount of the TC 898 offset.

(4) A TOP offset does not affect IRS' ability to stop a refund through (CC) NOREF, or the time frame involved to do so.

(5) A TOP offset Bypass Indicator (BPI) is assigned to all manual and systemic refunds issued to BFS by IRS. The BPI is a one-digit indicator that identifies for BFS whether the refund is eligible for offset by TOP.

(6) The BPI is posted/displayed along with the TC 840/846 on all output screens such as TXMOD, IMFOL, BMFOL, and on MFTRA transcripts.

(7) There are ten BPIs, 0 through 9. For a complete definition of BPI codes refer to IRM 21.4.6.4.2.1.

(8) TOP offsets are made against any refund issued from the following MFTs: 02, 03, 07, 10, 13, 29, 34, 44, 46, 52, 60, 63, 64, 77, and 78, unless a BPI is systemically generated on the refund or input on a manual refund. See IRM 21.4.6.4.2.1, TOP Offset Bypass Indicator (BPI).

Note: For specific questions concerning offsets refer to IRM 21.4.6, Refund Offset.

3.14.2.6.1.6
(01-01-2025)
$100 Million Refunds

(1) An account with an overpayment of $100 million or more **requires** that a manual refund be issued because a TC 846 will not generate. Assign these cases to a work leader the same day they are received in the unit. See IRM 3.14.2.6.6.25 , Refund X- Freeze for more information.

Note: Refer to *Document 6209 Freeze Codes Section 8 A* for more information.

(2) Use current procedures for resolving over payment prior to initiating a manual refund:

- Verify all unclaimed credits.
- Offset the overpayment as needed to cover any debit balances.
- Abate any interest caused by an overpayment not due the taxpayer.

(3) The account must be satisfied or in debit status before closing the control. If another area has an open control on the case, contact that area, and route all available documents to that area (remember to document this action on IDRS).

Exception: The control base may be closed if there is an **-L Freeze** (see IRM 3.14.2.6.6.13) on the module and a Revenue Agent (RA) has advised that the credit not be refunded due to legal implications. Remember to document this action on IDRS.

(4) If, after any adjustments, the account has a credit balance **less than $100 million** with a -X freeze:

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1. Offset credit to any debit-balance modules.
2. Prepare a manual refund for the excess credit.
3. Initiate a manual refund using the IAT tool.

(5) If, after any adjustments, the account has a credit balance of **$100 million or more,** Notice Review must initiate the manual refund using the IAT and route to the Accounting Function for issuance. Take the following steps below"

- Prepare Form 3753.
- Send a copy of the original return, transcript, Form 3753, all prints essential to manual refunds, and any other documents about the case to the Accounting function. Refer to IRM 3.14.2.7.2.2, Manual Refunds, for more information.

(6) Close the control base **after** all account transactions **post**.

(7) Keep photocopies of the return and the transcript on file for future reference.

3.14.2.6.1.7
(01-01-2016)
Analyzing NRPS Data Sheet Appended

(1) NRPS extracts this data from the following sources:

- Generalized Unpostable Framework (GUF) and Unpostable Files
- Taped Edited Program (TEP) File
- Error Resolution System (ERS) File Revenue Receipts
- Unidentified Remittance and Excess Collection File
- Resequencing File (RS)
- Generalized Mainline Framework (GMF) Error, Block Out of Balance (BOB), and Reject Files (RF)

3.14.2.6.1.7.1
(01-01-2023)
Pending Transactions

(1) Pending transactions are account actions that have not posted to the taxpayer's account by the notice cycle.

(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 Contents Page. (*See Document 6209 Section 14 Pending Transaction Identification Codes/IDRS Merge Related Transaction Codes*).

(3) Due to CADE 2 accelerating IDRS updates the amount of pending transactions should be reduced.

3.14.2.6.1.7.2
(01-01-2023)
Unpostable Transactions

(1) Unpostable transactions are transactions that require corrective action before posting to the Master File.

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

Note: Document 6209, Section 8, contains descriptions of UPCs and RCs along with a list of unpostable resolution codes (URCs). This information will help decide the corrective action to take. See *Document 6209 Section 8B Unpostable Codes chapter 4* and/or *Document 6209 Section 8B Unpostable Resolution Codes chapter 7*

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(3) The GUF and the Unpostable Files show pertinent information about un-
postable transactions on IDRS, including:

- Transaction Code
- Date
- Dollar Amount
- TIN
- MFT
- Tax Period
- Cross Reference (XREF) Account

**3.14.2.6.1.7.2.1
(01-01-2021)
Reviewing Unpostable
Transactions**

(1) A pending Unpostable will display one of the following identification codes next
to the Transaction Code:

a. **Unnn or UP**-An open unpostable transaction nnn is a numeric un-
postable codes (e.g., 198 or 175).
b. **CU** -A corrected unpostable. The transaction should post in the cycle
displayed on IDRS
c. **DU** -A deleted unpostable. This transaction will not post and has been
deleted from the module.
d. **NU**-A nullified unpostable to be resolved by the Rejects Function or by
the originating tax examiner.

Reminder: If the account is not on your local database, research controls or
actions being taken on the remote database.

(2) Use CC UPTIN on cases open on the Unpostable File to provide useful infor-
mation to the Unpostables Function. Only the Unpostables Function can
correct and close a case on the Unpostable File.

Note: The originating tax examiner may need to resolve closed cases.

a. Use the unpostable code to decide what caused the unpostable.
b. If Unpostables has closed the case, an Unpostable Resolution Code
(URC) will describe the resolution (See Document 6209, Section 8b and
reference IRM 3.12.279). Use this information to decide how the transac-
tion will affect the notice and the notice module. Correct the notice (See
IRM 3.14.2.7.10 Notice Disposition and IRM 3.14.2.6.14 , Adjustment
Notices) and resolve the case. No further action is required on the un-
postable.
c. If the case is still open, check the transaction information to decide the
cause of the unpostable. Overlay the CC UPDIS response screen with
CC UPCASZ and input any history item information that will be useful in
resolving the unpostable case.

Note: If the case is still open ,check the transaction information to
determine the cause of the unpostable and how it will effect the
notice module and add the appropriate disposition to the notice.

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

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(3)   When a Notice Review Tax Examiner receives notification of an unpostable, the transaction has usually been deleted on IDRS. Use the Unpostable Code information to correct the transaction. Refer to the **Unpostable Decision Table** below.

Note: Unpostables 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-input the transaction with the corrected information.
Error condition **cannot** be corrected	Close the base. Input any necessary history items, TC 570s or CC STAUPs. Delete any incorrect refunds.
Adjustment or credit transfer was already input by someone else	Do not enter a duplicate transaction. Close the control base assigned to you.

(4)   Refer to the chart below for **Common Unpostable Codes and Resolutions**.

UNPOSTABLE CODE	ERROR CONDITION	RESOLUTION
UPC 305	A credit transfer input without a Bypass Indicator or a TC 570, attempts to post to a settled module.	• When transferring a payment to a settled module, use CC UPTIN to tell the Unpostable (UP) Unit to allow the credit to post. • If the module balance changes to a credit balance and the credit is not to be released, input a TC 570 using REQ77, FRM77.
UPC 313	Incorrect TC was used to reverse original TC in module. (no matching TC found)	Determine what the correct TC should have been. Use CC UPTIN to alert the Unpostables unit to post with the correct TC. (Input correct TC in remarks)
UPC 316	Transaction date of credit transfer does not match date of the related TC.	Use UPTIN to tell UP unit to post with the correct date. (Input correct date in remarks)
UPC 316	Money amount not matching	Input credit transfer with correct amount.
UPC 316	Doc Code 24 credit transfer input for EFT payment without inputting the EFT indicator	Re-input credit transfer using ADD/ADC24 with EFTPS indicator 1 or using ADD/ADC 34. (EFTPS indicator is not required)

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UNPOSTABLE CODE	ERROR CONDITION	RESOLUTION
UPC 325	TC 820 or 830 amount exceeds the credit balance in the module	Re-input the transaction by either waiting until the credit will be available or reducing the amount of the TC 820/830.
UPC 328	A tax adjustment without Priority Code 8, is within $10.00 of a previous tax adjustment	Decide if the adjustment is not a duplication. Re-input the adjustment with Priority Code 8.

(5) See IRM 3.12.279, titled BMF, Combined Annual Wage Reconciliation (CAWR), PMF Unpostable Resolution, for further information concerning resolving any of the UPC's listed above.

Note: UPTIN can only be used if the case is open on the UPTIN file.

Note: The Unpostables Unit cannot correct money amounts.

3.14.2.6.1.7.2.2
(01-01-2025)
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 adjustment actions. When inputting a credit transfer, follow instructions in IRM 3.14.2.7.7 . Use of the IAT tool is **mandated** to prevent date and transaction code unpostable transactions. The following are actions to take to prevent unpostables:

- Decide the correct TC.
- Use Doc Code 24 to transfer credits between Master Files when a secondary TC is needed, or when changing the date on a posted transaction.
- The debit and credit parts post separately on ADC 34 (3 cycle) and ADD 34 (2 cycle).
- The debit and credit parts post together on ADC 24 and ADD 24.

(2) Review each account carefully before entering an adjustment or credit transfer.

Note: The use of Integrated Automation Technologies (IAT) when inputting credit transfers is required. The IAT tool was designed to help reduce unpostable transactions and to prevent erroneous transactions from posting.

(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 tax examiner with an open control base in A status only to coordinate actions on modules and prevent erroneous and duplicate adjustments. See IRM 3.14.2.7.3, Controlling Cases, for more information.

(5) To prevent Unpostable Tax Adjustments (Doc Code 54):

a. Be sure 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.

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    c.   Look for manual adjustment of penalties and interest (TCs 160, 161, 170, 171, 340, 341 and 240 with PRN 722 or 723) that need correction or recognition when inputting an adjustment.

    d.   Use the correct MFT, tax period, and name control.

    e.   Input the correct Item and Credit Reference codes. Consider posted amounts and limitations for each code being input. Do not reduce Reference Number 886 below zero.

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

    a.   Follow instructions in IRM 3.14.2.7.7 Credit Transfers.

    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, make sure the credit to be transferred is available on the module. The TC 830/820 amounts cannot exceed the credit balance on the module.

    e.   When transferring payments from an account, make sure the dates on both sides of the credit transfer match. The money amounts must not exceed the amounts of the transactions being reversed.

Exception: TC 826 and TC 706 **can** have different transaction dates. Use the correct dates for the debit and credit transactions when reversing these transactions. See IRM 3.14.2.6.1.5 Lump Sum Credit Offset (TC 826/706 and TC 820/700) procedures.

    f.   Use a Bypass Indicator 1 to allow the credit to refund, **or** use a TC 570 or Credit Freeze Code 1 to freeze the credit when transferring TCs 650, 660, or 670 to a full paid tax module (status 10 or 12) **and** the posting of the credit will create an overpayment of $1.00 or more.

    g.   Use a Bypass Indicator 1 to allow the credit to refund, **or** use a TC 570 or Credit Freeze Code 1 to freeze the credit when transferring TCs 650 or 670 to a balance due tax module when the payment is dated later than the period ending **and** the posting of the credit will create a credit balance of $10.00 or more.

    h.   Use a Credit Freeze Code 1 or input a TC 570 on the credit side of the transfer if the credit will be held. This will generate a -R Freeze.

Note: Two TC 570s will not post simultaneously on a module, you should use only one TC 570 for multiple credit transfers.

    i.   An EFT indicator is required on a 24 Doc Code for EFT deposits.

    j.   Use a Posting Delay Code to delay the posting of a transaction so that it matches the posting cycle of another transaction. Enter 1 through 6 to delay the posting of a transaction for one to six cycles, respectively.

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

3.14.2.6.2
(01-01-2025)
Common Command Codes Used in Notice Review

(1)   Command Codes are used to perform taxpayer account research to aid in case resolution and to initiate changes to taxpayer accounts on IDRS (Integrated Data Retrieval System).

(2)   BMF Notice Review employees should use the Integrated Automation Technologies (IAT) tools. The IAT tools simplify taxpayer account processing by assisting the user with IDRS research and input. They are desktop productivity enhancing tools.

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(3)   If an IAT tool is not available, or an employee has a problem with the IAT TASK Manager (ITM), the account action should be processed manually on IDRS. If you have any questions or concerns contact your lead for help. For additional information regarding IAT functionality, reference the Job Aids on the *Integrated Automation Technologies - IAT* website.

Exception: IAT must be used to complete all credit transfers. If the tool is unavailable hold the case in inventory (mark the notice in OLNR with "H") until the IAT credit transfer tool is available.

(4)   Below are the most commonly used IDRS Command Codes in Notice Review with a brief description of its use. For more information on the command codes listed below refer to the *IDRS Command Code Job Aid* (or see IRM 2.4.4 through IRM 2.4.61 for specific command code input and return information):

a.   See Command Codes ACTON - BMFOL in the table below.

Command Code:	Used to:
ACTON	Open or close control base and input history items.
ADD/ADC24	Transfer one payment at a time or reverse one offset at a time.
ADD/ADC34	Transfer one to four payments at one time. The credit side of the transaction will post one cycle after the debit side.
ADD/ADC48	Input credit elect transactions
ADJ54 (response screen for REQ54)	Input adjustments including 290.00 freeze releases.
AMDIS	Review a display of any action or potential action initiated by the Examination Function. **Note:** The definer A (AMDIS **A**) limits access to a particular module. .
BMFOL	Research of nationwide entity and tax data information posted to the Business Master File (BMF)

b.   BMFOL is a very important research tool for Notice Review tax examiners. The below table defines the BMFOL definers used for research.

Definer	Display File Source	MFT and Tax Period	Result
A	Y	Y	Adjustment transactions including trans code, posted date, among, cycle, DLN, codes and other dates
B	Y	Y	CFOL038 Screen message or error screen.

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Definer	Display File Source	MFT and Tax Period	Result
C	N	N	Tax Module screen associated with input check symbol/check number, CFOL041, or CFOL042
D	Y	N	Deposit Schedules for Forms 941, CT-1, 943, and 945.
E	Y	N	Entity information including cross-ref TIN, freeze codes, indicators, codes, and posted transactions
F	Y	N	FTD coupon ordering information
H	N	N	Help screen
I	Y	N	On/off-line status of entity and tax modules, merge information, sign of module balance, posted return indicator, and IDRS service centers
K	Y	Y	Form 941 Lookback information
L	Y	N	Last tax module satisfied
N	Y	N	Index of Retention Register Tax Modules that do not have an associated Vestigial Entry
O	Y	N	Exempt organization information
P	Y	N	Payment Summary
R	Y	Y	Return DLN, cycle posted, transaction date, some schedules, codes, exemptions, amounts
S	Y	Y	Status histories
T	Y	Y	Control DLN, exemption total, settlement information, amounts, freezes, indicators
U	Y	Y	CAWR information
V	Y	N	Vestigial data (retention register)
W	Y	Y	Quarterly Form 941 information.
Z	Y	N	Audit history information
#	N	Y	Refund Checks (up to 5) associated with a particular TIN/MFT/Tax Period.

    c.   See Command Codes BMFOR - COMPA in the table below.

Command Code:	Used to:
BMFOR	Access BMF retention tax modules from accounts that merged to a new TIN after the tax module had been dropped to retention.

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Command Code:	Used to:
BRTVU	Review the transcribed and posted data for BMF returns.
BNCHG (response screen for ENREQ input)	Enter an entity change to an account on the TIF.
CFINK	Access the Centralized Authorization File (CAF), which contains information on the type of authorization that a taxpayer has granted a representative. .
COMPA	Manually compute penalties and interest. The correct definer must be used when calculating the penalty. Refer to the **CC COMPA Definers** chart below.

    d.   COMPA must be input with the correct definer to accurately manually compute penalties and interest. Follow the chart below for definer input.

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Definer	Description
C	a. Before 01/01/1999 for a Non-Corporate Taxpayer b. Before 01/01/1995 for a Corporate taxpayer, regardless of the overpayment amount. c. On or after 1/1/95 for a Corporate taxpayer and the overpayment amount is less than or equal to $10,000. **Caution:** For a corporate taxpayer, if the overpayment exceeds the $10,000 GATT threshold, the excess amount represents the portion of the overpayment that is subject to the lower GATT rate. See IRM 20.2.4.10.2 , Determining the GATT Threshold.
A	On or after 01/01/1999 for a Non-Corporate taxpayer
D	Used to compute debit interest. Provides percentages, factors, and dates for the computation. Limited to one computation per request.
E	Used to compute Estimated (ES) Penalty, accumulates and displays page totals, and provides estimated tax from and to dates in a formatted screen display for MFTs 02, 05, 33, and 44.
F	Used to compute Failure to Pay Penalty (FTP) (TC 276).
G	Credit interest after 12/31/94 for a Corporate taxpayer and the overpayment amount is greater than $10,000, or the GATT threshold has previously been met (See IRM 20.2.4.9.2, Determining the GATT Threshold.)
M	Used to compute multiple independent credit interest computations on the same page.
R	Used whenever several independent interest calculations are desired on the same page.
S	Used for the manual computation of the Estimated Tax Penalty.
4	Used with certain estate tax modules. Computes interest at 4%.
5	Used to compute interest at 45% of the current normal interest rate, and displays details of the interest computation on the response screen.

    e. See Command Codes ENMOD - INOLE in the table below.

Command Code:	Used to:
ENMOD	Request a display of a particular taxpayer's name, address, Fiscal Year Month (FYM) and filing re-quirements. **Note:** This CC is a prerequisite for CC ENREQ.
ENREQ	Make name, address, and miscellaneous changes to the data recorded on a taxpayer's entity module (ENMOD).
ESTAB	Request or recharge documents.
FIND (Definer E or S)	Search for matching name(s) and address(es).

Command Code:	Used to:
FRM49	Reprocess a return to a prior year (quarter) module with a TC 140 present..
FRM77	Response screen for REQ77 allows input of informational transactions on an account.
FTDPN	Manually compute FTD penalty on Form 940, Form 941, Form 943, Form 944, Form 945, Form 1042 and Form CT-1..
IADIS	Display all Installment Agreement data available on IDRS.
INOLE	Research the National Account Profile (NAP) file, which contains Master File entity information on all taxpayers by TIN. Refer to the **CC INOLE Definers** chart below.

    f.   The chart below explains which definer to use when researching TIN information with CC INOLE.

Definer	Description
G	Used when TIN type is unknown.
S	Displays name line information available for any account associated with the TIN.
T	Displays name line and street address for all accounts with the same EIN.

    g.   Command code INTST computes the correct outstanding balance, including interest and failure to pay accruals, to the date specified in the input of the command code. For more information refer to IRM 2.3.29. The list of INTST definers is in the chart below:

INTST definer:	Definer Functionality:
A	Has the same capabilities as INTST no definer. In addition, accruals will be computed to the input date plus 10 days, 15 days and 21 days or any dates input, as long as they are less than 30 days.
B	Has the same capabilities as CC INTST no definer. In addition, it computes a separate total for other assessed penalties.
D	Is used to display FTP and Interest calculations.
N	Has the same capabilities as INTST no definer. In addition, accruals will be computed to the input date plus 30 days, input date plus 45 days, and input date plus 60 days.

    h.   See Command Codes LETER -TRDPG in the table below.

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Command Code:	Used to:
LETER	Input IDRS letters.
LPAGD	Delete IDRS letters on the same day the letter was input.
MFREQ	Bring a module to the TIF for review on TXMOD. *Note:* Various definers can be used.
NAME (Definers B and E)	Allow IRS employees access to the national file name and address data located at ECC-MTB. .
NOREF	Delete (or intercept) a refund. Automatically establishes a control base with use. *Note:* Refer to IRM 3.14.2.7.1 (Refund Intercept) for valid definers for CC NOREF.
PIEST	Display an explanation of an estimated tax penalty (TC 176) computation.
PIFTD	Display an explanation of an FTD penalty (TC 186) computation.
PIFTF	Displays the computation of the Failure to File Penalty (TC 166). *Note:* CC PIFTF must be used to decide if the FTF penalty will recompute after payments are moved into and out of a module.
PWACT	Input answers to security questions which Activates PWMGT. This allows users the capability to reset their IDRS password and unlock their profile.
RECON	Show updates to for TXMOD to match BMFOL, bypassing the normal one to two week processing cycle. This is especially helpful to compute correct interest and penalty.
REQ54	Originate an adjustment to a tax module for tax, penalty, interest and other dollar amount information.
REQ77	Originate an informational transaction (such as an extension or reprocess information) input on the response screen FRM77.
RFINK	Research the Reporting Agent File.
SFDISP	Display all authorized CC in an employee's security profile. Also displays accessible sites and password management status.

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Command Code:	Used to:
STAUP	Delay, accelerate, or skip the issuance of notices to taxpayers.
SUMRY	Request a chronological listing of all available tax modules on IDRS (active on the TIF) for a particular TIN.
TERUP	Delete/ "tear up" an adjustment transaction, including credit transfers, name and address changes, etc., made to a taxpayer's account.. *Caution:* The originator of the adjustment must input CC TERUP by 6:00 p.m. of the same day of input to ensure the transaction will be deleted/ "torn up". For specific swing shift cutoff times, see your work lead.
TRDBV	Review tax return and related schedule data transcribed or received from electronically filed returns. Similar to BRTVU.
TRDPG	Response screen from input of TRDBV allows specific input of return data/pages.

i. Command Code TXMOD is used to request all tax module information for a specific tax period on the Tax Information File (TIF). The display consists of Entity data, posted returns, posted transactions, pending transactions, control base information and reject data if available on IDRS TIF. The display shows the latest control DLN of the return. Use the following definers to access a specific module of a particular TIN. Refer to the **CC TXMOD Definers** chart below. For more information go to IRM 2.3.11

Definer	Description
A	Displays all tax module information for an account.
C	Displays control base and history data.
L	Displays pending transactions only.
N	Displays notice data.
P	Displays posted and pending transaction data.
S	Displays Campus and Master File status history data.
X	Displays status history and notice data.

j. See the table below for common Notice Review unpostable command codes.

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Command Code:	Used to:
UPCASZ	Add history information and comments to the CC UPRES screen.
UPDIS	Input the unpostable sequence number to bring up the response screen CC UPRES on IDRS. .
UPRES	Review and resolve an unpostable case. Response screen to input of CC UPDIS with unpostable sequence number.
UPTIN	Display unpostable case data, including the unpostable sequence number used to input CC UPDIS.

3.14.2.6.3
(01-01-2016)
Unidentified Remittance and Excess Collections Files

(1) When there is insufficient 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 - 4260 Account) or the Excess Collections File (XSF - 6800 Account). If a return is later filed claiming those payments, it may be necessary to request a transfer to move the payments from URF or XSF to the Master File. **Please refer to IRM 3.17.220 Accounting and Data Control - Excess Collections File, for further guidance. If the credit is an FTD/EFTPS payment, the last five digits will reflect the FTD/EFTPS number into 9 through 13 digits of the original DLN. This will create a unique control number which reflects the credit's origin.**

(2) When a credit or payment is moved to the Excess Collection File (XSF) or the Unidentified Remittance File (URF), a Transaction Code (TC) 971, Action Code (AC) 296 must be input on the module, please refer to IRM 21.2.4.3.10.1 . This is the final audit trail that indicates that all available research sources have been used. This requirement was part of the Excess Collection Task Group and was started in 1/2007. This applies to Excess Collection only.

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. Matches with these files are displayed on the NRPS Appended Data page.

   a. Research CC XSINQ/URINQ for credits claimed by taxpayers.
   b. 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.

   c. Generated Refundable Credit (TC 766) will be accepted by Excess Collections.

(3) **Excess Collections File (6800 Account)**

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    a.   When credits and payments are over one year old and have not been applied back to a taxpayer's account on Master File, they are moved into the 6800 Account.

(4)   If necessary to transfer credits or payments to the Unidentified Remittance File or Excess Collections File, see work lead.

3.14.2.6.3.1
(01-01-2024)
Requesting Payments from Unidentified Remittance File (Form 8765)

(1)   Use CC URINQ to verify the availability of the credit.

    a.   Complete the Form 8765. (See Figure 3.14.2-6, entitled, Form 8765 and Instructions listed below.) Attach current prints of Command Codes: URINQ, BMFOL, or TXMOD to Part 1 of the form.

       Note: **Current, for the purpose described throughout this section (3.14.2.7.3), denotes less than 7 days old before routing cases for payment application.**

  Note: Remember Form 8765 must be forwarded to the correct Campus based on the DLN of where the money was applied.

    b.   Input a CC STAUP for 9 cycles on balance due modules. This will prevent the generation of a notice while the transfer is being processed.

(2)   After requesting application of payment, treat the notice as if payment(s) will be applied to the module.

(3)   If the refund statute has expired, the application to move credits from Excess Collections File (XSF) must not exceed the tax liability, interest, and penalties. There can be no refund or credit elect. Timely payments will abate all but taxpayer-reported assessed penalties. However, timely payments will result in the abatement of taxpayer-reported assessed estimated tax penalties which can be identified with a TC 170 with a DLN that matches the return DLN. If the module contains a TC 170 with a DLN that matches the return DLN, use CC ADJ54 to post TC 170 .00 to prevent abatement of the taxpayer-reported assessed estimated tax penalty.

(4)   Follow local procedures if the notice module is a statute year, before routing it to the Excess Collection unit.

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IDRS Control File Credit Application

Note: 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
   ☐ Excess Collections (XSF) **(1)**
   ☐ Unidentified Remittance (URF)

2. Application type **(2)**	3. File control number **(3)**	4. Notice indicator ☐ Yes **(4)**
5. Date return filed (mmddyy) **(5)**	6. File name control **(6)**	7. Application name control **(7)**

8. Transaction code (1) **(8)**	9. Transaction code (1) amount **(9)**	10. Transaction code (2) **(10)**	11. Transaction code (2) amount **(11)**
12. Transaction code (3) **(12)**	13. Transaction code (3) amount **(13)**	14. Taxpayer identification number **(14)**	15. Tax period (yymm) **(15)**	16. MFT **(16)**

17. Remarks

(17)

18. Preparer name **(18)**	19. Employee number **(19)**	20. Stop number **(20)**	21. Phone number **(21)**
22. Manager's signature **(22)**			23. Date **(23)**

Complete items 24 through 27 for NMF applications only.

24. Plan number	25. Location code	or 23C date (mmddyy)	26. Tax form	27. General ledger account

Form **8765** (Rev. 1-2016)   Catalog Number 10035N   publish.no.irs.gov   Department of the Treasury - **Internal Revenue Service**

Figure 3.14.2-2 Form 8765 and Instructions

(5)   The instructions for Form 8765 are as follows:

    1.   Source of Credit - Select the IDRS Control File where the credit is located. Choices are XSF or URF.

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2. Application Type - Use **M** when the credit is to be applied to a Masterfile account (use **N** when credit is to be applied to a Non-Masterfile account or use **T** when the credit is to be applied to a general account rather than to a taxpayer's account).

3. File Control Number - Must match the number shown on the XSF or URF record. Attach an IDRS print of CC XSINQ or CC URINQ.

4. Notice Indicator- Check only if Letter 2349G is to be sent to the taxpayer. Note: If the ″M″ or ″N″ application was **not** based upon information received from taxpayer, then Letter 2349CG should be sent to the taxpayer

5. Date Return Filed - IRS Received Date of the return. Enter in MM/DD/YY format. If received date is unknown, leave blank.

6. File Name Control- Enter 4-character name control as shown on XSF or URF.

7. Application Name Control- Enter 4-character name control of the module to which the credit is to be applied (if **M** application).

8. Transaction Code (1) - See IRM 3.17.10-11 for URF or IRM 3.17.220-13 for XSF for a valid list of TCs to be used on **M** applications.

9. Transaction Code (1) Amount - Amount of the credit to be applied in relation to TC (1).

10. Transaction Code (2) - See IRM 3.17.10-11 for URF or IRM 3.17.220-13 for XSF for a valid list of TCs to be used on **M** applications.

11. Transaction Code (2) Amount - Amount of the credit to be applied in relation to TC (2).

12. Transaction Code (3) - See IRM 3.17.10-11 for URF or IRM 3.17.220-13 for XSF for a valid list of TCs to be used on **M** applications.

13. Transaction Code (3) Amount - Amount of the credit to be applied in relation to TC (3).

14. Taxpayer Identification Number- TIN to which credit is to be applied (used on **M** and **N** applications only)

15. Tax Period- Enter the tax period to which the **M** or **N** application is to be made. Enter in YY/MM format

16. MFT- Enter 2-digit MFT if application is **M** or **N**.

17. Remarks - Required Entry on all requests for application.

18. Preparer Name - Required Entry. Enter name of the person preparing Form 8765.

19. Employee Number - Required Entry. Enter the IDRS employee number of the person preparing Form 8765.

20. Stop Number - Required Entry. Enter the Stop Number of the person preparing Form 8765.

21. Phone Number - Required Entry. Enter the phone number of the person preparing the Form 8765

22. Manager's Signature - Required Entry.

23. Date - Required Entry. Enter the date the Form 8765 was completed.

3.14.2.6.3.2
(01-01-2025)
Requesting Payments From Excess Collections (Form 8765)

(1) To request a payment from Excess Collections File (XSF):

   a. Use CC XSINQ to verify the credit(s) is available.

   Note: The credit is **not** available if the remarks section of the XSINQ record indicates CLOS. Do not request transfer of the credit.

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> ***Reminder:*** Remember Form 8765 must be forwarded to the correct Campus based on the DLN of where the money was applied.

    b.   Complete Form 8765 to request the Excess Collection Function transfer payment/credit from XSF to the taxpayer's account. (See Figure 3.14.2-6, Form 8765 and Instructions.)

    c.   Include a complete explanation of the reason for the request in the remarks section of Form 8765.

    d.   Attach a current print (less than 7 days old) of CC TXMOD or BMFOLT **and** CC XSINQ to Form 8765.

    e.   Route Form 8765 with attached research to the Excess Collection Team.

> ***Caution:*** If the refund statute has expired, the credit application must not exceed the tax liability, interest and penalties. Follow local procedures if the notice module is a statute year.

(2)   After requesting application of the credit, complete notice disposition as if payment(s) will post to the module. Refer to the **Notice Disposition Decision Table** below.

If	Then
Payment(s) is timely and all penalties will abate.	Void notice and request subsequent notice utilizing LCF. Subsequent notice should also be voided. IRM 3.14.2.5.4.1, NRP97 Input Information.
Payment(s) is late or unsure of TC 186 penalty recomputation.	Apply Label 2 and allow subsequent notice to generate.

(3)   Input CC STAUP for 9 cycles on balance due accounts to prevent erroneous notices.

3.14.2.6.4 (01-01-2016) **Special Notice Review Issues**	(1) This subsection contains instructions related to miscellaneous issues such as: • Taxpayers meeting Taxpayer Advocate Service (TAS) Criteria • Slipped or Mixed Blocks • Natural Disaster • Large Dollar Review • Short Period • Undeliverable • Conversion of Form 944 to Form 941 • American Recovery Reinvestment Act of 2009 • PII fraudulent returns
3.14.2.6.4.1 (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.

(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 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. 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)   Taxpayers meeting TAS criteria will get priority handling. See IRM 13.1.7, Taxpayer Advocate Case Criteria, for additional information.

3.14.2.6.4.2
(01-01-2021)
Frivolous Claims

(1)   The IRS is faced with a growing number of individuals who file frivolous tax returns based upon tax avoidance arguments that are not supported by law. A frivolous argument is used for the purpose of expressing dissatisfaction with the substance, form or administration of the tax laws by attempting to illegally avoid or reduce tax liabilities. A list of potential frivolous return arguments can be found in IRM 3.12.38-8.

(2)   If it can be determined that a return is a frivolous claim, refer the notice and return to the Return Integrity Verification Operation (RIVO), Frivolous Return Program immediately.

(3)   Use the procedures outlined in 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.

3.14.2.6.4.3
(01-01-2016)
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. The erroneous data on the notice module usually belongs to the taxpayer whose document or payment is immediately before or after the notice document or payment in the DLN block sequence.

(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.

(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.

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    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 and inspect the block:

    1.   Review the Remittance Transaction Research (RTR) system to match checks with name/EIN. Refer to the **RTR Decision Table** below.

If the Situation Involves	And the Case is a	Then
Two or fewer taxpayers	**Slipped or mixed data block**	Resolve the case in Notice Review. (See IRM 3.14.2.7.10 , Case Resolution.)
More than two taxpayers	**Slipped block**	Recharge and route the BMFOL prints and RTR check prints to the Accounts Management Function's Adjustments/Payment Tracer Unit.
More than two taxpayers	**Mixed-data block**	Recharge and route the BMFOL prints and RTR check prints to the Accounts Management Function (Adjustments).

(6)   When routing the case:

    a.   Input CC STAUP for 9 cycles on any balance due account.
    b.   Input a TC 570 on any credit balance account.
    c.   Close the Notice Review control base.
    d.   Enter appropriate history items.
    e.   Indicate in the remarks section of Form 3465 that a. through d. above have been completed.

(7)   **Make every effort to resolve or route slipped and mixed data situations in cycle.**

3.14.2.6.4.4
(01-01-2025)
Natural Disaster Procedures

(1)   Use CC BMFOLT and/or CC ENMOD to check for FEMA disaster areas and use the date shown to calculate interest and penalties.

Note: CC ENMOD can have several FEMAs listed, so verify you are using the dates for the correct filing period.

(2)   Notice Suppression - The Disaster Relief Memorandum identifies the covered disaster area (ZIP codes) and the beginning and ending dates for notice suppression and/or stuffer requirements. If systemic notice suppression is established by an **- O Freeze**, no further action is required to suppress notices.

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Note: If an -O freeze is not reflected on the taxpayer's account, whose address of record is in the covered disaster area, then input a TC 971 with an AC 688 via IDRS to ensure that the account will not have any penalties and/or interest assessed on it. Verify the area and impact year using *Tax Relief in Disaster Situations* before inputting a TC 971 AC 688.

(3) Penalty Adjustments - If the **-O Freeze** is not on the module, notices with ZIP codes in the impacted disaster areas may require penalty adjustments for the period designated in the Disaster Relief Memorandum. Use Local Control to select those notices with ZIP codes in the impacted disaster areas.
Notice Review will review notices generated for taxpayers who have filed late tax returns, or submitted late payments during the disaster period. Notice Review will only address the Failure to File and Failure to Pay penalties if the following apply:

   a.   If only the Failure to File penalty (TC 166) is assessed, the original or extended due date is within the disaster period, and the return received date is timely based on the disaster extended due date, abate the TC 166 for each month, or part of a month the penalty was assessed. See Federal Disaster Area IRC 7508A, IRM 20.1.2.2.2.2 .
   b.   If only the Failure to Pay penalty (TC 276) was assessed and the original due date is within the disaster period, abate the penalty for each month and/or part of the month from the original due date to the extended due date that the tax remained unpaid.
   c.   If both TC 166 and TC 276 penalties were assessed and the original or extended due date is within the disaster period, abate the part of the FTF penalty from the original or extended due date (if the original due date is within the disaster period). (See IRM 20.1.2.2.2.2, Federal Disaster Area - IRC 7508A, IRM 20.1.1, Introduction to Penalty Relief and IRM 20.1.2, Failure to File/Failure To Pay Penalties, for information and abatement procedures.)

(4) If the taxpayer notates on the front of the return the designated disaster phrase, abate the TC 166 and TC 276 per instructions in (2) above.

(5) If the taxpayer correspondence attached to the return is requesting relief of any penalty because of disaster damage or disruption, take the following actions:

   a.   Decide if the taxpayer qualifies for TC 166 and/or TC 276 relief based on the disaster criteria. If the taxpayer qualifies, abate the penalty(s).
   b.   If taxpayer does not qualify for relief based on the disaster criteria but may qualify based on the Reasonable Cause criteria, route the case to Accounts Management. This includes taxpayer requests for FTD Penalty abatement.

(6) FTD and Reasonable Cause - All requests for abatement for FTD penalties received in Notice Review must be routed to Accounts Management for determination and resolution.

(7) Estimated Tax Penalty - If an Estimated Tax Penalty (TC 176) has been assessed, decide if the taxpayer was required to make an estimated tax payment during the disaster period. If the payment was received by the date required by the Disaster Relief Memorandum, abate the part of the estimated

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tax penalty assessed for the underpayment. Notate on the adjustment document, "Adjustment Due to Disaster". If in doubt, send case to Accounts Management for determination and resolution.

3.14.2.6.4.5
(01-01-2025)
Large Dollar Review

(1) Upon identification, all Balance Due Notices of $100,000.00 or more must be reviewed for accuracy.

   a.   An in-depth review of the entire account must be performed, because problems with other modules or TINs not directly related to the notice often surface at this time and must be expeditiously resolved to prevent future taxpayer and/or Accounts Receivable impact.

   b.   Refer the case to the work lead if a questionable situation is identified, and corrective action cannot be determined by the tax examiner.

   c.   When reviewing Form 1065 with partnership penalties review the prior year to see if the number of partners appears to be in error. Erroneous penalties may have been assessed because various other fields were picked up for the number of partners. If the penalty is in error, recompute and make the necessary adjustment, and retype the notice. For CP 162 instruction refer to IRM 3.14.2.6.10.

   d.   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. Also, input a ″W″ behind the decedent's SSN (i.e., 000-00-0000W)to research accounts on the invalid segment.

   e.   For Forms 706 and 709, use **CC IMFOL** to research the **IMF SSN** for possible misapplied payments.

   > **Note:** An SSN beginning with 909-17 or any temporary TIN will not have any Master File information.

   f.   For Form 709 the missing credit may be posted to the Form 1040 account (for joint returns check both SSNs). If the Form 1040 is overpaid, research CC RTVUE for the amount of credit the taxpayer claimed on the Form 1040 return. If credit is available for Form 709, refer to the **Form 709 Decision Table** below.

Form 709 Decision Table
Delete the refund on the 1040 account. If the TC 846 has already posted, then print the notice. Do not debit the IMF account if the TC 846 has posted. The IMF refund has already been received by the taxpayer when a TC 846 is present. An IMF refund may only be deleted or intercepted if there is a TC 570 with a DLN blocking series of **55555**.
Transfer the credit
Input a CC STAUP for 9 Cycles on the Form 709 account
Transfer the extension if no extension is posted on the Form 709 account

> **Caution:** If the taxpayer obtains an extension of time to file a calendar year individual income tax return (e.g., Form 1040) using Form 4868, the time to file Form 709 is also extended.

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3.14.2.6.4.6
(01-01-2025)
Short Period Returns

</td><td>

(1) A short period return must be filed by a subsidiary corporation when it becomes affiliated with a consolidated group (parent corporation). This step allows the subsidiary corporation to file an initial consolidated return with the parent corporation. Income not included in the consolidated return by a corporation, because it was not in the group for the complete taxable year, must be reported on a separate return. The due date of the return is decided by using the earlier of the due date of the original tax period of the parent corporation, or the due date of the original tax period of the subsidiary corporation. Do not confuse the original tax period with the short period.

</td></tr>
</table>

a. Research of the parent corporation accounts may be required to decide the due date.

(2) Review any short period Form 1120 to make sure the return was processed with the correct period information.

(3) **Change in Accounting Period.**

a. An approved accounting period change for a Form 1120 can be identified on ENMOD by a TC 053 or a TC 054.
b. For tax years **beginning January 2016 through December 2025**, the Form 1120 due date is the **15th day of the 4th month** after the end of the tax year. See Exhibit 3.14.2-24 , Form 1120 Due Dates for more information.
c. For tax periods **beginning prior to 2016** the Form 1120 return due date is the **15th day of the 3rd month** after the end of the tax period. Example: A tax period ending December 31, 2015 is due March 15, 2016.

(4) Tax entities not in existence the entire year may file a short period return. Requirements for filing the return and figuring the tax are generally the same as if the return was for a full tax year that ended on the last day of the short tax year.

(5) Watch for any reprocessable returns.

3.14.2.6.4.7
(01-01-2017)
**Researching
Undeliverable Notices**

(1) Research ENMOD, NAMEE or FINDED for PN and AP address changes. Use the new address, if present.

(2) Use the address on the yellow Post Office Forwarding Label if it is different from the notice address.

(3) Use the address on the 3 x 5 card from the Files Function if a more current address was not found and the notice has an original DLN.

(4) Use the following procedures if a more current address is **NOT FOUND**:

a. Use local procedures to send the notice to the Files function to be attached to the return.
b. Input CC STAUP 51 for no cycles to issue a Taxpayer Delinquent Account (TDA) to the Collection function and suspend all Collection procedures.

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3.14.2.6.4.7.1
(01-01-2025)
Resolving Undeliverable Notices

(1) Do not change the entity based on the address note from Files, the Post Office label, or research:

    a.   Follow local procedures to change **only** the address on the notice.
    b.   Include Form 8822 (Change of Address) with the notice.

Note: The taxpayer will use this form to authorize an address change.

    c.   Label the notice with the appropriate label.
    d.   Use CC ACTON to enter a history item if CC TXMOD is up on IDRS.
    e.   Input a CC STAUP for six cycles on balance due accounts.

(2) Refer to the **Label Decision Table for Refund and Overpaid Notices** below to determine the appropriate label for Refund and Overpaid notices.

If	Then Mail the Notice With
A TC 846 posted to the module in the notice cycle	Labels 11 and 12.
A TC 740 posted to the module with 99999 in the DLN, setting an S- Freeze	Labels 11 and 12 if a new address is found. **Note:** The S-Freeze means that a refund check was returned as undeliverable
A TC 740 posted to the module between two TC 846s for the same amount	Labels 11 and 12 to the address shown on CC ENMOD. **Note:** The original refund check was returned as undeliverable and subsequently reissued.
No TC 846 is present on the module	Label 11.

(3) Refer to the **Label Decision Table for Undeliverable Balance Due Notices** below to determine the appropriate label for Undeliverable Balance Due Notices:

If a Payment	Then Mail the Notice With:
Posted since the notice cycle or is pending on the module	Labels 3 and 9. Use CC INTST to decide the new account balance.
Has not posted since the notice cycle	Label 9. Use CC INTST to decide the new account balance.

(4) Resolve Even Balance and Information notices by mailing the notice with Label 11.

Note: Use CC BMFOL if the account is not available on IDRS.

(5) Resolve Adjustment notices by mailing the notice with Label 9 or any other applicable label from IRM 3.14.2.7.10.6, Labeling Notices.

(6) Assume that any subsequent notice that was mailed is also undeliverable. Update the original notice using the above instructions.

Exception: If module conditions indicate that the entity was corrected before the subsequent notice generated, assume that the notice was deliverable and take no action other than to correct the undelivered notice.

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        a.   If the subsequent notice is going out in the current cycle, void the notice if possible.

        b.   Input a history item on IDRS.

(7)   Paper clip all stuffers and attachments to the notice. Do not discard anything. Return the completed Undeliverables to the Clerical Unit to be mailed within the same cycle as received.

3.14.2.6.4.8
(01-01-2025)
Form 944 Issues

(1)   Taxpayers who file Form 944, Employer's ANNUAL Federal Tax Return, due on January 31st, should have total taxes of $1,000 or less. If the total of all taxes are over that amount, then a taxpayer can receive 3 notices for this condition depending on when the return is processed. All three notices give the taxpayer instructions on what form to file. The notices are:

        a.   CP 250A - You Are No Longer Eligible to File Form 944
        b.   CP 250B - You Are No Longer Eligible to File Form 944
        c.   CP 250C - You Are No Longer Eligible to File Form 944

(2)   **CP 250A** is issued to taxpayers who file Form 944 and have a total tax liability on line 7 of Form 944 of more than $1,000, but the returns met the PCD (Program Completion Date), posting in or before cycle 09. This notice instructs the taxpayer that they are no longer eligible to file Form 944 and they must file quarterly using Form 941 for the **current year**.

(3)   **CP 250B** is issued to taxpayers who file Form 944 and have a total tax liability on line 7 of Form 944 of more than $1,000, but the return did not meet the PCD of cycle 09. This notice is for the returns processed between cycles 10 - 49. This notice instructs the taxpayer they will remain a Form 944 filer for the current year and to make the appropriate FTD payments as required by the lookback analysis. These taxpayers will be allowed to remain Form 944 filers for the year because there is not a sufficient amount of time to notify them to file quarterly. Taxpayers that receive CP 250B will also receive CP 250C later in the year informing them that they will be changed to a Form 941 filer beginning in January the subsequent year.

(4)   **CP 250C** is issued to Form 944 filers who received CP 250B earlier in the year, or File Form 944 after cycle 49 of the current calendar year. These taxpayers will not receive CP 250B, only CP 250C. This notice informs the taxpayer that because they exceeded the threshold for the Form 944 participation, they must file Form 941 for the upcoming year. This notice is generated in cycle 52.

3.14.2.6.4.8.1
(01-01-2019)
Instruction for Form 944

(1)   If the Taxpayer receives a **CP 250A** and a selected notice (usually a CP 145), Notice Review should:

        a.   Transfer any credit elect amount(s) from Form 944 to the Form 941 first quarter return of the following year.
        b.   Retype CP 145 to reflect Form 941.

          Exception: Use Label 7 to notify the taxpayer where the credit elect has been applied.

          Exception: If credit elect amount is zero mail CP 145.

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(2) Notice Review will not be required to take any action for CP 250B and CP 250C.

3.14.2.6.4.9
(01-01-2025)
Credit Payments to Issuers of Qualified Bonds Form 8038-CP (MFT 46)

(1) This information is for the Issuers of Qualified Bonds related to Form 8038-CP (MFT 46). The tax class is 3 and the document code is 61. For a fixed rate bond, the due date is the fifteenth day of the second calendar month after the close of the calendar quarter in which the bond was issued. Research payments and account actions for these cases. For variable rate bonds, the issuer must aggregate all credit payments on a quarterly basis and file Form 8038-CP for reimbursement in arrears no later than 45 days after the last interest payment date within the quarterly period for which reimbursement is being requested. See Form 8038-CP instructions for more information.

Note: IDRS input is limited and specific for this MFT. See Exhibit 3.14.2-33 , MFT 46 and MFT 76 Required Plan Input and Command Code Limitations, for specific information.

(2)   Disposition of these cases in Online Notice Review (OLNR) is limited. Follow the guidelines below:

a) The following disposition codes are the only ones allowed to be used for CP 116s, CP 138s, CP 210s, CP 220s for Form 8038-CP (MFT 46) when utilizing OLNR :

- E (Entity): Use this disposition to make entity information changes or updates.
- V (Void) : Use this disposition to void the notice completely because of inaccurate information.
- VI (Void/Intercept): Use this disposition to void the notice and to intercept any refund on the module. It will only be applicable to CP 210s or CP 220s.
- P (Print): Use this disposition to mail the notice to the taxpayer.
- PI (Print/Intercept): Use this disposition to mail the notice and intercept the refund on the module. It will only be applicable to CP 210s or CP 220s.

Note: Generally, these notices will not carry any penalties. However, CP 116, CP 210 and CP 220 may include Failure to File 8038-CP electronically or Failure to Pay penalty if a previously claimed credit was disallowed after a refund was issued.

b) The following disposition codes are the only ones allowed to be used for Transcripts (CP 380s, CP 384s and CP 388s) generating for Form 8038-CP (MFT 46) when utilizing the OLNR application:

- T (Transcript): Use this disposition to mark the account as a transcript and no other updates are needed.
- TI (Transcript/Intercept): Use this disposition to just mark the account as a transcript and intercept the refund

Note: A CP 386 will never generate for a Form 8038-CP (MFT 46).

3.14.2.6.4.9

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3.14.2.6.4.10
(01-01-2025)
**COVID-19 Related
Employment Tax Relief**

(1) This section of the IRM provides guidance on applying recently enacted legislation and administrative tax relief applicable to employment taxes.

(2) COVID-19 legislation includes:

- Sections 7001, 7003 and 7005 of P.L. 116-127, Families First Coronavirus Response Act (FFCRA) established new refundable employment tax credits for employers that provide qualified sick & family leave wages. Originally these credits were applicable to the period of leave employees took beginning April 1, 2020 through December 31, 2020. Sections 286 and 288 of the COVID-related Tax Relief Act of 2020 (P.L. 116-260) modified employment tax credits for qualified sick and family leave wages and extended these credits for leave taken through March 31, 2021. For more information see, IRM 21.7.2.7.1, Credit for Qualified Sick and Family Leave Wages.

  Note: The qualified leave wages under FFCRA (as amended by the COVID-related Tax Relief Act of 2020) are not subject to the employer's share of social security tax (or the equivalent portion of the Railroad Retirement Tax Act Tier 1 tax). However, qualified leave wages under the American Rescue Plan Act of 2021 (ARP) **are** subject to the employer's share of social security tax but the available credit is increased by such amount.
  The American Rescue Plan of 2021 (ARP) under IRC 3131 and 3132 amended and codified similar credits to include qualified leave wages and certain other wage-related expenses (such as health plan expenses and certain collectively bargained benefits) paid for leave taken after March 31, 2021 and before October 1, 2021. The paid leave credits under ARP are tax credits against the employer's share of Medicare tax (or the equivalent portion of the Railroad Retirement Tax Act Tier 1 tax).

- Section 2301 of P.L. 116-136, Coronavirus Aid, Relief and Economic Security (CARES) Act established a new refundable Employee Retention Credit applicable to qualified wages paid after March 12, 2020 and before January 1, 2021.

  Note: Section 206 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (P.L. 116-260) modified the Employee Retention Credit for qualified wages paid after March 12, 2020 and before January 1, 2021. Section 207 of the Taxpayer Certainty and Disaster Relief Act of 2020 (P.L. 116-260) modified the Employee Retention Credit and extended it through June 30, 2021 and Section 9651(a) of ARP, amended and codified this credit under IRC 3134 to include wages paid after June 30, 2021 and before January 1, 2022. For more information see, IRM 21.7.2.7.2.3, Employee Retention Credit (ERC) - The American Rescue Plan Act of 2021 (ARP) Provisions.
  Section 80604 of the Infrastructure Act amended IRC 3134 to limit the availability of the Employee Retention Credit (ERC) in the fourth quarter of 2021 to employers that are recovery startup businesses. See IRM 21.7.2.7.2.4, Employee Retention Credit (ERC)- Infrastructure Investment and Jobs Act (Infrastructure Act) Provisions.

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- Section 3606 of P.L. 116-136, Coronavirus Aid, Relief and Economic Security (CARES) Act authorized the IRS to provide advance payment of the FFCRA credits to employers prior to the filing of their employment tax return. Form 7200, Advance Payment of Employer Credits Due to COVID-19, was created for that purpose. For more information see, IRM 21.7.2.7.5, Form 7200, Advance Payment of Employer Credits Due to COVID-19.

  Note: Section 3606 of P.L. 116-136, Coronavirus Aid, Relief, and Economic Security (CARES) Act, authorized advance payments of the Credit for Qualified Sick and Family Leave Wages. Advance payments of the these credits associated with wages paid after March 31, 2021 and before October 1, 2021.
  Section 2301(l) of the CARES Act authorized advance payments of the Employee Retention Credit. Advance payments of the ERC associated with wages paid after June 30, 2021 and before January 1, 2022.
  IRC 6432, added by Section 9501(b) of P.L. 117-2, The American Rescue Plan Act of 2021 (ARP), includes a provision authorizing advance payments of the COBRA premium assistance credit. See, IRM 21.7.2.7.3, COBRA Premium Assistance Credit — The American Rescue Plan Act of 2021 (ARP), for more information about that credit.

- Section 2302 of P.L. 116-136, Coronavirus Aid, Relief and Economic Security (CARES) Act defers the required payment due date for the employer's share of social security taxes for wages paid between March 27, 2020 through December 31, 2020, as well as deposits and payments due after December 31, 2020 that are required for wages paid during the quarter ending on December 31, 2020. See IRM 21.7.2.7.8, Deferred Payment of Social Security Taxes for 2020, for more information.
- Notice 2020-22 states that employers that reduced deposits will not be subject to FTD penalties, so long as they paid qualified wages prior to the time such deposit was due and the amount not deposited was less than or equal to the anticipated amount of the associated credits for the calendar quarter as of when the deposit was due and the employer did not request an advanced payment of credits on Form 7200 in addition to reducing deposits.
- Notice 2020-23 extended the due date for filing a claim for credit or refund due on or after April 1, 2020, and before July 15, 2020 for eligible persons (including individuals, trusts, estates, corporations, and any type of unincorporated business entities) to July 15, 2020.

  Note: The relief outlined in Notice 2020-23 applies to: filing returns or other documents, making payments, time-sensitive acts, such as filing a petition with the United States Tax Court, filing a claim for credit or refund of any tax, bringing suit upon a claim for credit or refund of any tax and all acts listed in Rev. Proc. 2018-58, 2018-50 IRB 990.

- Notice 2020-35 extended the timeframe for making interest-free adjustments to correct employment tax reporting errors.
- Notice 2020-65 allows for the deferment of the employee share of social security tax or the equivalent portion of Tier 1 railroad retirement taxes (RRTA) for wages paid during the period beginning on September 30,

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2020 and ending on December 31, 2020, if an employee's wages are less than $4,000 in any bi-weekly pay period (or the equivalent threshold amount for other pay period intervals). The due date for withholding and payment of the employee's share of social security or the equivalent portion of Tier 1 railroad retirement taxes (RRTA) on applicable wages is postponed until the period beginning on January 1, 2021 and ending on April 30, 2021.

> **Note:** Section 274 of the COVID-related Tax Relief Act of 2020 (P.L. 116-260) extended the due date for payment of employee social security taxes deferred per guidance in Notice 2020-65 to December 31, 2021.

- Notice 2021-11 modifies Notice 2020-65, 2020-38 I.R.B. 567 (September 14, 2020), by extending the time period during which employers must withhold and pay applicable taxes (as defined in Notice 2020-65). This notice provides that the end date of the period during which employers must withhold and pay applicable taxes is postponed from April 30, 2021, to December 31, 2021, and associated interest, penalties, and additions to tax for late payment with respect to any unpaid applicable taxes will begin to accrue on January 1, 2022, rather than on May 1, 2021. See *Notice 2021-11*, for more information.

(3) The American Rescue Plan Act (ARPA) of 2021 (P.L. 117-2), was enacted on March 11, 2021. It altered and/or extended COVID-19 related relief for employment tax, including:

- Section 9641 of ARP added new sections 3131, 3132, 3133 to the Internal Revenue Code to allow eligible employers to claim refundable tax credits that reimburse them for the cost of providing qualified sick and family leave wages with respect to qualifying leave taken by employees beginning on April 1, 2021 through September 30, 2021.

- Section 9651 of ARP added new Section 3134 to the Internal Revenue Code, which extended the Employee Retention Credit to include qualified wages paid after June 30, 2021 and before January 1, 2022 and amended certain provisions.

> **Note:** The Infrastructure Investment and Jobs Act retroactively terminated the ERC for the fourth quarter of 2021 for all but a "recovery startup business". The ERC under section 3134 of the Code, as amended by the Infrastructure Investment and Jobs Act, was limited to wages paid after June 30, 2021, and before October 1, 2021, unless the employer was a recovery startup business. An employer that was a recovery startup business could claim the employee retention credit for wages paid after September 30, 2021, and before January 1, 2022. See *Notice 2021-65*, for more information.

- Section 9501 of ARP added new Section 6432 to the Internal Revenue Code, provides a temporary reduction in the premium that individuals would have to pay when they elect COBRA continuation health coverage following a reduction in hours or an involuntary termination of employment. The new law provides a corresponding tax credit for eligible employers. COBRA premium assistance is available for periods of coverage beginning on or after April 1, 2021 through periods of cover-

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age beginning on or before September 30, 2021. This provision allows a credit (COBRA Premium Assistance Credit) against the employer share of Medicare tax in an amount equal to the premiums not paid by assistance eligible individuals for COBRA continuation coverage. The COBRA Premium Assistance Credit may be claimed on employment tax returns for the second, third and fourth quarters of 2021 depending on when the employer (or other entity that maintains the health plan) becomes eligible for the credit.

(4)   There have been several revisions to Form 941 to administer the COVID relief specified above, beginning with the 2nd quarter of 2020. Annual employment tax forms (Form 943, Form 944, and Form CT-1) were also revised for tax year 2020.

3.14.2.6.4.10.1
(01-01-2025)
Credits for Qualified Sick and Family Leave Wages

(1)   Qualified Sick and Family Leave Wages tax credits apply to qualified sick and family leave wages paid during the period beginning April 1, 2020 and ending September 30, 2021 (due to legislative extensions) and are included in the calculation of the Balance Due or Overpayment amounts reported in Part 1 of the Form 941 if claimed by the taxpayer.

Note: **For more information on how to adjust these credits see, IRM 21.7.2.7.6.1, Form 94XX — Credit for Qualified Sick and Family Leave Wages for Leave Taken Before April 1, 2021 and IRM 21.7.2.7.6.2, Form 94XX — Credit for Qualified Sick and Family Leave Wages for Leave Taken After March 31, 2021.**

a.   The **Sick Leave Credit** can be claimed for the employee's regular rate of pay, up to $511 per day and $5110 in total up to 80 hours for qualified sick leave wages paid, if the employee is unable to work or telework because they are subject to a COVID-19 quarantine or isolation order, advised to self-quarantine or if they have COVID symptoms and are seeking a medical diagnosis, and for leave taken after March 31, 2021 and before October 1, 2021 if they are seeking or awaiting the results of a diagnostic test for, or a medical diagnosis of COVID-19 and the employee has been exposed to COVID -19 or the employee's employer has requested the test or diagnosis, or obtaining an immunization in relation to COVID-19 or recovering from any injury, disability, illness or condition related to the immunization.
The **Sick Leave Credit** can be claimed for 2/3 of the employee's regular rate of pay up to $200 per day and $2000 in total for up to 80 hours per eligible employee, if the employee is unable to work due to caring for a qualified individual in relation to a specified COVID-related reason. The employer is also eligible for credits for allocable qualified health plan expenses for the employee and the employer's portion of Medicare Tax, as well as for sick leave taken after March 31, 2021 and before October 1 ,2021, the employer portion of OASDI and certain collectively bargained contributions allocable to the sick leave wages during the sick leave period.

Note: Under ARP, the 80 hours of maximum qualified sick leave wages is determined without regard to any qualified sick leave wages paid with respect to leave taken prior to April 1, 2021, meaning ARP reset the number of hours effective April 1, 2021.

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b. The **Family Leave Credit** can be claimed for 2/3 of the employees regular rate of pay capped at $200 per day or $10,000 in total up to 10 weeks. The employer is also eligible for allocable qualified health plan expenses for the employee and employer's portion of Medicare Tax, as well as, for family leave taken after March 31, 2021 and before October 1 ,2021, the employer portion of social security tax and certain collectively bargained contributions allocable to the family leave wages during the family leave period. Beginning April 1, 2021, the aggregate cap on qualified family leave wages was increased to $12,000 in accordance with the American Rescue Plan. The $12,000 maximum in qualified family leave wages is determined without regard to any qualified family leave wages paid with respect to leave taken prior to April 1, 2021, meaning ARP reset the family leave wages effective April 1, 2021.

> *Note:* The Family Leave Credit can be combined with the Sick Leave Credit for pay up to 12 weeks (i.e., 2 weeks of sick leave and 10 weeks of family leave as outlined above).

(2) Qualified sick and family leave wages paid to employees by eligible employers are exempt from the employer's share of social security taxes under the FFCRA, however, they ARE subject to the employer's share of social security tax under ARP but the available credit is increased by such amount.

> *Note:* Generally, the same wages can't be used as both qualified sick leave wages and qualified family leave wages. The taxpayer may not benefit from both the credit for qualified sick and family leave wages and the employee retention credit with respect to the same wages. Additionally, under ARP, the credit for qualified sick leave wages and qualified family leave wages doesn't apply to wages taken into account as payroll costs for a Small Business Interruption Loan under the Paycheck Protection Program (PPP) that have been forgiven or in connection with shuttered operator grants and restaurant revitalization grants.

(3) Employers can elect to take advantage of these credits by:

a. Retaining (i.e., not paying) the federal income tax withholding, employee's share of social security and Medicare taxes and/or the employer's share of social security and Medicare taxes for all employees up to the amount of the eligible Sick Leave and/or Family Leave credits.

b. If deposits were reduced to zeroes as a result of (a) above and do **NOT** cover the full credit amount, the taxpayer could request an advanced payment(s) of the eligible Sick and/or Family Leave Credits (excluding any amounts retained by the reduction of federal tax deposits or payments outlined in (a) above) by submitting Form 7200 Advance Payment of Employer Tax Credits Due to COVID-19

> *Note:* The taxpayer will NOT be subject to federal tax deposit penalties for retaining eligible deposits/payments as outlined in (a) above provided the employer did not also seek payment of an advance by filing a Form 7200 for the same credit amount that is used to reduce deposits (an employer cannot avoid penalties by reducing deposits and seeking an advance for the same amount).

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(4) These credits will post to the module as a **TC 766 CRN 299** using the first day of the tax period as the transaction date unless the TC 766/767 is the result of an adjustment with an interest computation date, in which case, the interest computation date should be used as the transaction date. **Keep this in mind when researching payment patterns and liability schedules**.

Reminder: For 2020, CRN 299 is being used to identify COVID sick leave and family leave credit amounts. This 2020 CRN applies to MFTs 01, 11, 14 and 09.

(5) On Forms 941, 943, 944 and CT-1 returns, the taxpayer can claim a refundable credit for Qualified Sick and Family Leave Wages for Leave Taken After March 31, 2021. Credit Reference Number 271 has been created for this purpose. These credits with post to the module as a **(TC 766 CRN 271)** using the first day of the tax period as the transaction date unless the TC 766/767 is the result of an adjustment with an interest computation date, in which case, the interest computation date should be used as the transaction date. The credit was allowed through 2023.

(6) The credit for Qualified Sick and Family Leave Wages can be a non-refundable credit, a refundable credit or both depending on the amount of the Credit for Qualified Sick and Family Lave Wages that can be claimed for a specific period and the amounts of other non-refundable credits being reported.

(7) For more information on the Credits for Qualified Sick and Family Leave Wages, see IRM 21.7.2.7.1.1, Credit for Qualified Sick and Family Leave Wages-Families First Corona virus Response Act (FFCRA) Provisions, IRM 21.7.2.7.1.2, Credit for Qualified Sick and Family Leave Wages-COVID-related Tax Relief Act of 2020 Provisions, IRM 21.7.2.7.1.3, Credit for Qualified Sick and Family Leave Wages-The American Rescue Plan Act of 2021 (ARP) Provisions and IRM 21.7.2.7.1.4, Timing Considerations Applicable to Reporting Qualified Sick and Family Leave Wages, Tax and Associated Credits.

3.14.2.6.4.10.1.1
(01-01-2024)
Credit for Qualified Sick and Family Leave Wages Form 941

(1) The table below shows how the Credit for Qualified Sick and Family Leave Wages are to be reported on Form 941:

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Tax Period	Reported	To administer these credit Form 941 was revised to include:
202006, 202009 and 202012	If the taxpayer is reporting any qualified sick and family leave wages for leave taken before April 1, 2021, these wages are reported on lines 5a(i) and 5a(ii), respectively, and taxed at 6.2% for social security tax purposes. For leave taken before April 1, 2021, the credit for qualified sick and family leave wages is reported on line 11b (nonrefundable portion) and, if applicable, line 13c (refundable portion).	• **Line 5a(i)** Qualified Sick Leave Wages • **Line 5a(ii)** Qualified Family Leave Wages • **Line 11b** Nonrefundable Portion of Credit for Qualified Sick and Family Leave Wages from Worksheet 1 • **Line 13c** Refundable Portion of Credit for Qualified Sick and Family Leave Wages from Worksheet 1 *Note:* This amount will post as a **TC 766 CRN 299** on the module. • **Line 19** Qualified Health Plan Expenses Allocable to Qualified Sick Leave Wages • **Line 20** Qualified Health Plan Expenses Allocable to Qualified Family Leave Wages

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Tax Period	Reported	To administer these credit Form 941 was revised to include:
202103	If the taxpayer is reporting any qualified sick and family leave wages for leave taken before April 1, 2021, these wages are reported on lines 5a(i) and 5a(ii), respectively, and taxed at 6.2% for social security tax purposes. For leave taken before April 1, 2021, the credit for qualified sick and family leave wages is reported on line 11b (nonrefundable portion) and, if applicable, line 13c (refundable portion).	• **Line 5a(i)** Qualified Sick Leave Wages • **Line 5a(ii)** Qualified Family Leave Wages • **Line 11b** Nonrefundable Portion of Credit for Qualified Sick and Family Leave Wages from Worksheet 1 • **Line 13c** Refundable Portion of Credit for Qualified Sick and Family Leave Wages from Worksheet 1 *Note:* This amount will post as a **TC 766 CRN 299** on the module • **Line 19** Qualified Health Plan Expenses Allocable to Qualified Sick Leave Wages • **Line 20** Qualified Health Plan Expenses Allocable to Qualified Family Leave Wages

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Tax Period	Reported	To administer these credit Form 941 was revised to include:
202106 through 202312	1. If the taxpayer is reporting any qualified sick and family leave wages for leave taken before April 1, 2021, these wages are reported on lines 5a(i) and 5a(ii), respectively, and taxed at 6.2% for social security tax purposes. For leave taken before April 1, 2021, the credit for qualified sick and family leave wages is reported on line 11b (nonrefundable portion) and, if applicable, line 13c (refundable portion). 2. Taxable qualified sick and family leave wages for leave taken after March 31, 2021, are included on line 5a and taxed at 12.4% for social security tax purposes. For leave taken after March 31, 2021, the credit for qualified sick and family leave wages is reported on line 11d (nonrefundable portion) and, if applicable, line 13e (refundable portion); and the nonrefundable portion of the credit is against the employer share of Medicare tax.	• **Line 5a(i)** Qualified Sick Leave Wages* • **Line 5a(ii)** Qualified Family Leave Wages* *Note:* **Taxable qualified sick and family leave wages for leave taken after March 31, 2021 are included on Line 5a. Line 5a(i) and 5a(ii) are ONLY used for wages paid after March 31, 2020 for leave taken before April 1, 2021.** • **Line 11b** Nonrefundable Portion of Credit for Qualified Sick and Family Leave Wages for Leave Taken Before April 1, 2021 • **Line 11d** Nonrefundable Portion of Credit for Qualified Sick and Family Leave Wages for Leave Taken after March 31, 2021 • **Line 13c** Refundable Portion of Credit for Qualified Sick and Family Leave Wages for Leave Taken Before April 1, 2021 *Note:* This amount will post as a **TC 766 CRN 299** on the module. • **Line 13e** Refundable Portion of Credit for Qualified Sick and Family Leave Wages for Leave Taken After March 31, 2021 *Note:* This amount will post as a **TC 766 CRN 271** on the module.

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Tax Period	Reported	To administer these credit Form 941 was revised to include:
		• **Line 19** Qualified Health Plan Expenses Allocable to Qualified Sick Leave Wages for Leave Taken Before April 1, 2021 • **Line 20** Qualified Health Plan Expenses Allocable to Qualified Family Leave Wages for Leave Taken Before April 1, 2021 • **Line 23** Qualified Sick Leave Wages for Leave Taken After March 31, 2021 • **Line 24** Qualified Health Plan Expenses Allocable to Qualified Sick Leave Wages Reported on Line 23 • **Line 25** Amounts Under Certain Collectively Bargained Agreements Allocable to Qualified Sick Leave Wages Reported on Line 23 • **Line 26** Qualified Family Leave Wages for Leave Taken After March 31, 2021 • **Line 27** Qualified Health Plan Expenses Allocable to Qualified Family Leave Wages Reported on Line 26 • **Line 28** Amounts Under Certain Collectively Bargained Agreements Allocable to Qualified Family Leave Wages Reported on Line 26

(2)   The nonrefundable portion of the credit for qualified sick and family leave wages for leave taken **before April 1, 2021**, is limited to the employer share of social security tax reported on Form 941 remaining after being reduced by the following credits:

• Form 8974 credit claimed for qualified small business payroll tax credit for increasing research activities,
• the work opportunity credit for qualified tax-exempt organizations hiring qualified veterans and

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- any disaster credit claimed for qualified tax exempt organizations on Form 5884-D.

Note: Any credit for qualified sick and family leave wages for leave taken before April 1, 2021, that is remaining at the end of the quarter because it exceeds the employer share of social security tax for the quarter is claimed on line 13c as a refundable credit.

(3) The nonrefundable portion of the credit for qualified sick and family leave wages for leave taken **after March 31, 2021**, is limited to the employer share of Medicare tax on wages paid in the quarter.

Note: Any credit for qualified sick and family leave wages that is remaining at the end of the quarter because it exceeds the employer share of Medicare tax for the quarter is claimed on line 13e as a refundable credit.

(4) Qualified wages should **NOT** include wages that were used as payroll costs in connection with a Shuttered Venue Operator Grant under section 324 of the Economic Aid to Hard-Hit Small Businesses, Non-profits, and Venues Act; or a restaurant revitalization grant under section 5003 of ARP.

(5) For leave taken after March 31, 2021 and before October 1, 2021, employers can receive both a Small Business Interruption Loan under the Paycheck Protection Program (PPP) and the credit for qualified sick and family leave wages; however, employers cannot receive both loan forgiveness and a credit for the same wages.

3.14.2.6.4.10.1.2
(01-01-2025)
Credit for Qualified Sick and Family Leave Wages Form 943

(1) The table below shows how the Credit for Qualified Sick and Family Leave Wages are to be reported on Form 943:

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Tax Year	Reported	To administer these credits Form 943 was revised to include:
2020	The nonrefundable credit for qualified sick and family leave wages for leave taken before April 1, 2021 is reported on line 12b and, if applicable, the refundable credit is reported on line 14d. These qualified sick leave wages and qualified family leave wages are reported on lines 2a and 2b, respectively. The employee share of social security tax on qualified sick and family leave wages are reported on lines 3a and 3b, respectively. Qualified sick and family leave wages for leave taken before April 1, 2021 aren't subject to the employer share of social security tax. Qualified sick and family leave wages not included on lines 2a and 2b because the wages reported on that line are limited by the social security wage base are included on line 4. Qualified health plan expenses allocable to qualified sick and family leave wages are reported on lines 18 and 19.	• **Line 2a** Qualified Sick Leave Wages • **Line 2b** Qualified Family Leave Wages • **Line 3a** Social Security Tax on Qualified Sick Leave Wages (multiply line 2a by 6.2% (0.62)) • **Line 3b** Social Security Tax on Qualified Family Leave Wages (multiply line 2b by 6.2% (0.62)) • **Line 12b** Nonrefundable Portion of Credit for Qualified Sick and Family Leave Wages from Worksheet 1 • **Line 14d** Refundable Portion of Credit for Qualified Sick and Family Leave Wages from Worksheet 1 *Note:* This amount will post as a **TC 766 CRN 299** on the module. • **Line 18** Qualified Health Plan Expenses Allocable to Qualified Sick Leave Wages • **Line 19** Qualified Health Plan Expenses Allocable to Qualified Family Leave Wages

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Tax Year	Reported	To administer these credits Form 943 was revised to include:
2021-2023	The nonrefundable credit for qualified sick and family leave wages is reported on line 12b for leave taken before April 1, 2021 and on line 12d for leave taken after March 31, 2021. The refundable credit, if applicable, is reported on line 14d for leave taken before April 1, 2021 and on line 14f for leave taken after March 31, 2021. The qualified sick and family leave wages for leave taken after March 31, 2021 is reported on line 2 while lines 2a and 2b are ONLY used to report wages paid for leave taken before April 1, 2021. The employee share of social security tax on qualified sick and family leave wages are reported on lines 3a and 3b, for wages paid for leave taken before April 1, 2021. Qualified health plan expenses allocable to qualified sick and family leave wages for leave taken before April 1, 2021 are reported on lines 18 and 19 and for leave taken after March 31, 2021 on lines 23 and 26. Amounts under certain collective bargaining agreements allocable to qualified sick and family leave wages for leave taken after March 31, 2021 are reported on lines 24 and 27.	• **Line 2** Wages Subject to Social Security Tax* • **Line 2a** Qualified Sick Leave Wages* • **Line 2b Line 2b** Qualified Family Leave Wages* ***Note:*** **Taxable qualified sick and family leave wages for leave taken AFTER March 31, 2021 are included on line 2. Line 2a & 2b are ONLY used to report wages paid for leave taken BEFORE April 1, 2021.** • **Line 12b** Nonrefundable Portion of Credit for Qualified Sick and Family Leave Wages for Leave Taken Before April 1, 2021. • **Line 12d** Nonrefundable Portion of Credit for Qualified Sick and Family Leave Wages for Leave Taken After March 31, 2021 • **Line 14d** Refundable Portion of Credit for Qualified Sick and Family Leave Wages Taken Before April 1, 2021 ***Note:*** This amount will post as a **TC 766 CRN 299** on the module. • **Line 14f** Refundable Portion of Credit for Qualified Sick and Family Leave Wages Taken After March 31, 2021 ***Note:*** This amount will post as a **TC 766 CRN 271** on the module. • **Line 18** Qualified Health Plan Expenses Allocable to Qualified Sick Leave Wages for Leave Taken Before April 1, 2021 • **Line 19** Qualified Health Plan Expenses Allocable to Qualified Family Leave Wages for Leave Taken Before April 1, 2021

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Tax Year	Reported	To administer these credits Form 943 was revised to include:
		• **Line 22** Qualified Sick Leave Wages for Leave Taken After March 31, 2021 • **Line 23** Qualified Health Plan Expenses Allocable to Qualified Sick Leave Wages Reported on Line 22 • **Line 24** Amounts Under Certain Collectively Bargained Agreements Allocable to Sick Leave Wages Reported on Line 22 • **Line 25** Qualified Family Leave Wages for Leave Taken After March 31, 2021 • **Line 26** Qualified Health Plan Expenses Allocable to Qualified Family Leave Wages Reported on Line 25 • **Line 27** Amounts Under Certain Collectively Bargained Agreements Allocable to Family Leave Wages Reported on Line 25

(2) The nonrefundable portion of the credit for qualified sick and family leave wages for leave taken **before April 1, 2021**, is limited to the employer share of social security tax reported on Form 943 remaining after being reduced by the following credits:

- Form 8974 credit claimed for qualified small business payroll tax credit for increasing research activities,
- the work opportunity credit for qualified tax-exempt organizations hiring qualified veterans and
- any disaster credit claimed for qualified tax exempt organizations on Form 5884-D.

Note: Any credit in excess of the remaining amount of the employer share of social security tax is refundable and reported on Form 943, line 14d.

(3) The nonrefundable portion of the credit for qualified sick and family leave wages for leave taken **after March 31, 2021**, is limited to the employer share of Medicare tax on wages paid.

Note: Any credit for qualified sick and family leave wages that is remaining because it exceeds the employer share of Medicare tax is claimed on line 14f as a refundable credit.

(4) Qualified wages should **NOT** include wages that were used as payroll costs in connection with a Shuttered Venue Operator Grant under section 324 of the

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Economic Aid to Hard-Hit Small Businesses, Non-profits, and Venues Act; or a restaurant revitalization grant under section 5003 of ARP.

(5) For leave taken after March 31, 2021 and before October 1, 2021, employers can receive both a Small Business Interruption Loan under the Paycheck Protection Program (PPP) and the credit for qualified sick and family leave wages; however, employers cannot receive both loan forgiveness and a credit for the same wages.

3.14.2.6.4.10.1.3
(01-01-2025)
Credit for Qualified Sick and Family Leave Wages Form 944

(1) The table below shows how the Credit for Qualified Sick and Family Leave Wages are to be reported on Form 944:

Tax Year	Reported	To administer these credits Form 944 was revised to include:
2020	The nonrefundable credit for qualified sick and family leave wages for leave taken before April 1, 2021 is reported on line 8b and, if applicable, the refundable credit is reported on line 10d. The employee share of social security tax on these qualified sick and family leave wages is reported on lines 4a(i) and 4a(ii). Qualified sick and family leave wages for leave taken before April 1, 2021 aren't subject to the employer share of social security tax. Qualified health plan expenses allocable to qualified sick and family leave wages are reported on lines 15 and 16.	• **Line 4a(i)** Qualified Sick Leave Wages • **Line 4a(ii)** Qualified Family Leave Wages • **Line 8b** Nonrefundable Portion of Credit for Qualified Sick and Family Leave Wages from Worksheet 1 • **Line 10d** Refundable Portion of Credit for Qualified Sick and Family Leave Wages from Worksheet 1 *Note:* This amount will post as a **TC 766 CRN 299** on the module. • **Line 15** Qualified Health Plan Expenses Allocable to Qualified Sick Leave Wages • **Line 16** Qualified Health Plan Expenses Allocable to Qualified Family Leave Wages

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Tax Year	Reported	To administer these credits Form 944 was revised to include:
2021	Taxable qualified sick and family leave wages for leave taken after March 31, 2021, are included on line 4a and taxed at 12.4% for social security tax purposes. However, if the taxpayer is reporting any qualified sick and family leave wages for leave taken before April 1, 2021, these wages are reported on lines 4a(i) and 4a(ii), respectively, and taxed at 6.2% for social security tax purposes. For leave taken before April 1, 2021, the credit for qualified sick and family leave wages is reported on line 8b (nonrefundable portion) and, if applicable, line 10d (refundable portion). For leave taken after March 31, 2021, the credit for qualified sick and family leave wages is reported on line 8d (nonrefundable portion) and, if applicable, line 10f (refundable portion); and the nonrefundable portion of the credit is against the employer share of Medicare tax.	• **Line 4a** Taxable Social Security Wages* • **Line 4a(i)** Qualified Sick Leave Wages* • **Line 4a(ii)** Qualified Family Leave Wages* *Note:* **Taxable qualified sick and family leave wages for leave taken AFTER March 31, 2021 are included on line 4a. Line 4a(i) & 4a(ii) are ONLY used to report wages paid for leave taken BEFORE April 1, 2021.** • **Line 8b** Nonrefundable Portion of Credit for Qualified Sick and Family Leave Wages for Leave Taken Before April 1, 2021 • **Line 8d** Nonrefundable Portion of Credit for Qualified Sick and Family Leave Wages for Leave Taken After March 31, 2021 • **Line 10d** Refundable Portion of Credit for Qualified Sick and Family Leave Wages for Leave Taken Before April 1, 2021 *Note:* This amount will post as a **TC 766 CRN 299** on the module. • **Line 10f** Refundable Portion of Credit for Qualified Sick and Family Leave Wages for Leave Taken After March 31, 2021 *Note:* This amount will post as a **TC 766 CRN 271** on the module.

Tax Year	Reported	To administer these credits Form 944 was revised to include:
		• **Line 15** Qualified Health Plan Expenses Allocable to Qualified Sick Leave Wages for Leave Taken Before April 1, 2021 • **Line 16** Qualified Health Plan Expenses Allocable to Qualified Family Leave Wages for Leave Taken Before April 1, 2021 • **Line 19** Qualified Sick Leave Wages for leave Taken After March 31, 2021 • **Line 20** Qualified Health Plan Expenses Allocable to Qualified Sick Leave Wages Reported on Line 19 • **Line 21** Amounts Under Certain Collectively Bargained Agreements Allocable to Sick Leave Wages Reported on Line 19 • **Line 22** Qualified Family Leave Wages for leave Taken After March 31, 2021 • **Line 23** Qualified Health Plan Expenses Allocable to Qualified Family Leave Wages Reported on Line 22 • **Line 24** Amounts Under Certain Collectively Bargained Agreements Allocable to Family Leave Wages Reported on Line 22

(2) The nonrefundable portion of the credit qualified sick and family leave wages for leave taken **before April 1, 2021** is limited to the employer share of social security tax reported on Form 944 remaining after being reduced by the following credits

- Form 8974 for the qualified small business payroll tax credit for increasing research activities
- the work opportunity credit for qualified tax-exempt organizations hiring qualified veterans and
- any disaster credit claimed for qualified tax exempt organizations on Form 5884-D.

Note: Any credit in excess of the remaining amount of the employer share of social security tax is refundable and reported on Form 944, line 10d

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(3) The nonrefundable portion of the credit for qualified sick and family leave wages for leave taken **after March 31, 2021**, is limited to the employer share of Medicare tax on wages paid.

Note: Any credit for qualified sick and family leave wages that is remaining at the end of the quarter because it exceeds the employer share of Medicare tax is claimed on line 10f as a refundable credit..

(4) Qualified wages should **NOT** include wages that were used as payroll costs in connection with a Shuttered Venue Operator Grant under section 324 of the Economic Aid to Hard-Hit Small Businesses, Non-profits, and Venues Act; or a restaurant revitalization grant under section 5003 of ARP.

(5) For leave taken after March 31, 2021 and before October 1, 2021, employers can receive both a Small Business Interruption Loan under the Paycheck Protection Program (PPP) and the credit for qualified sick and family leave wages; however, employers cannot receive both loan forgiveness and a credit for the same wages.

3.14.2.6.4.10.2
(01-01-2025)
Employee Retention Credit

(1) The Employee Retention Credit (ERC) is a fully refundable tax credit claimed against certain employment taxes reported on quarterly and annual tax returns for 2020 and 2021.

(2) The table below explains the ERC and distinguishes the changes made to the credit from 2020 to 2021.

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Form	2020	2021
ERC Explained	• The amount of the ERC is equal to 50% of the qualified wages that an eligible employer pays to employees beginning March 13, 2020 and ending December 31, 2020. *Note:* Qualified wages up to $10,000 (including certain health plan costs) **per employee,** can be used to determine the Employee Retention Credit amount. • The maximum ERC that can be claimed is $5,000 per employee. • The refundable portion of the ERC will post to IDRS as a **TC 766 CRN 296** using the first day of the tax period as the transaction date unless the TC 766/767 is the result of an adjustment with an interest computation date, in which case, the interest computation date should be used as the transaction date.	• The amount of the ERC is equal to 70% of the qualified wages that an eligible employer pays to employees after December 31, 2020 and before January 1, 2022. *Note:* Qualified wages up to $10,000 (including certain health plan costs)**per employee per quarter** can be used to determine the Employee Retention Credit amount. • The maximum ERC that can be claimed per employee is $7,000 per quarter for a total of $28,000 annually. • The refundable portion of the ERC will post to IDRS as a **TC 766 CRN 296** using the first day of the tax period as the transaction date unless the TC 766/767 is the result of an adjustment with an interest computation date, in which case, the interest computation date should be used as the transaction date. *Note:* The nonrefundable portion of the employee retention credit changed for 3rd and 4th quarters of 2021 wherein the nonrefundable portion of the credit is limited to the employer share of Medicare.

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Form	2020	2021

Form 941	• **For 202006** the Form 941 was revised to administer the ERC as follows:
	   • Line 11c Nonrefundable Portion of the Employee Retention Credit from Worksheet 1
	   • Line 13d Refundable Portion of the Employee Retention Credit from Worksheet 1
	     Note: This amount will post as a **TC 766 CRN 296** on the module.
	   • Line 21 Qualified Wages for the Employee Retention Credit
	   • Line 22 Qualified Health Plan Expenses Allocable to Wages Reported on Line 21
	   • Line 24 Qualified Wages Paid March 13 through March 31, 2020, for the Employee Retention Credit (use this line for the second quarter filing of Form 941)
	   • Line 25 Qualified Health Plan Expenses Allocable to Wages Reported on Line 24(use this line for the second quarter filing of Form 941)
		• **For 202103** the Form 941 was revised to administer the ERC as follows:
		   • Line 11c Nonrefundable Portion of the Employee Retention Credit from Worksheet 1
		   • Line 13d Refundable Portion of the Employee Retention Credit from Worksheet 1
		     Note: This amount will post as a **TC 766 CRN 296** on the module.
		   • Line 21 Qualified Wages for the Employee Retention Credit
		   • Line 22 Qualified Health Plan Expenses Allocable to Wages Reported on Line 21
		
		• **For 202106 through 2023** the Form 941 was revised to administer the ERC as follows:
		   • Line 11c Nonrefundable Portion of the Employee Retention Credit
		   • Line 13d Refundable Portion of the Employee Retention Credit
		     Note: This amount will post as a **TC 766 CRN 296** on the module.
		   • Line 21 Qualified Wages for the Employee Retention Credit
		   • Line 22 Qualified Health Plan Expenses for the Employee Retention Credit

Form	2020	2021
	• **For 202009 and 202012** the Form 941 was revised to administer the ERC as follows: • Line 11c Nonrefundable Portion of the Employee Retention Credit from Worksheet 1 • Line 13d Refundable Portion of the Employee Retention Credit from Worksheet 1 *Note:* This amount will post as a **TC 766 CRN 296** on the module. • Line 21 Qualified Wages for the Employee Retention Credit • Line 22 Qualified Health Plan Expenses Allocable to Wages Reported on Line 21	

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Form	2020	2021

Form 943	Form 943 was revised to administer the ERC as follows:
	• Line 12c Nonrefundable Portion of Employee Retention Credit from Worksheet 1
	• Line 14e Refundable Portion of Employee Retention Credit from Worksheet 1
	
	  Note: This amount will post as a **TC 766 CRN 296** on the module.
	• Line 20 Qualified Wages for the Employee Retention Credit
	• Line 21 Qualified Health Plan Expenses Allocable to Wages Reported on Line 20
		Form 943 was revised to administer the ERC as follows:
		• Line 12c Nonrefundable Portion of Employee Retention Credit
		• Line 14e Refundable Portion of Employee Retention Credit
		
		  Note: This amount will post as a **TC 766 CRN 296** on the module.
		• Line 20 Qualified Wages for the Employee Retention Credit
		• Line 21 Qualified Health Plan Expenses for the Employee Retention Credit
		• Line 28 If you're eligible for the employee retention credit in the third quarter solely because your business is a recovery startup business, enter the total of any amounts included on lines 12c and 14e for the third quarter
		• Line 29 If you're eligible for the employee retention credit in the fourth quarter solely because your business is a recovery startup business, enter the total of any amounts included on lines 12c and 14e for the fourth quarter

Form 944	Form 944 was revised to administer the ERC as follows:
	• Line 8c Nonrefundable Portion of Employee Retention Credit from Worksheet 1
	• Line 10e Refundable Portion of Employee Retention Credit from Worksheet 1
	
	  Note: This amount will post as a **TC 766 CRN 296** on the module.
	• Line 17 Qualified Wages for the Employee Retention Credit
	• Line 18 Qualified Health Plan Expenses Allocable to Wages Reported on Line 17
		Form 944 was revised to administer the ERC as follows:
		• Line 8c Nonrefundable Portion of Employee Retention Credit
		• Line 10e Refundable Portion of Employee Retention Credit
		
		  Note: This amount will post as a **TC 766 CRN 296** on the module.
		• Line 17 Qualified Wages for the Employee Retention Credit
		• Line 18 Qualified Health Plan Expenses for the Employee Retention Credit
		• Line 25 If you're eligible for the employee retention credit in the third quarter solely because your business is a recovery startup business, enter the total of any amounts included on lines 8c and 10e for the third quarter
		• Line 26 If you're eligible for the employee retention credit in the fourth quarter solely because your business is a recovery startup business, enter the total of any amounts included on lines 8c and 10e for the forth quarter

(3) Beginning with the 2nd quarter Form 941, the refundable portion of the Employee Retention Credit is reported on Line 13d. For tax years 2020 and 2021 the refundable portion of the ERC is reported on line 14e of Form 943,

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line 10e of Form 944 and on line 24 of Form CT-1. This credit will post to the module as a **TC 766 CRN 296** using the first day of the tax period as the transaction date unless the TC 766/767 is the result of an adjustment with an interest computation date, in which case, the interest computation date should be used as the transaction date.

Reminder: For 2020 and 2021, CRN 296 is being used to identify Employee Retention Credit amount. This 2020 CRN applies to MFTs 01, 11, 14 and 09.

(4) Employers could have elected to take advantage of this credit in 2020 and 2021 by following the steps below:

   a. Retaining (i.e., not paying) the federal income tax withholding, employee's share of social security and Medicare taxes and/or the employer's share of social security and Medicare taxes for all employees up to the amount of the eligible Employee Retention Credit, taking into account any reduction for deposits taken in relation to the Sick Leave and/or Family Leave credits, and

   b. If deposits are reduced to zeroes as a result of (a) above and do **NOT** cover the full credit amount, the taxpayer could have requested an advanced payment(s) of the Employee Retention Credit (excluding any amounts retained by the reduction of federal tax deposits or payments outlined in (a) above) by submitting Form 7200 Advance Payment of Employer Tax Credits Due to COVID-19.

   Note: The taxpayer will **NOT** be subject to federal tax deposit penalties for retaining eligible deposits/payments as outlined in (a) above provided the employer does not also seek payment of an advance by filing a timely Form 7200 in 2020 or 2021 for the same credit amount that is used to reduce deposits (an employer cannot avoid penalties by reducing deposits and seeking an advance for the same amount). In order to avoid FTD penalties, employers must also have paid Qualified Retention Wages to their employees during the relevant period.

(5) Form 7200, Advance Payment of Employer Credit Due to COVID-19 was created to request advanced payment of the tax credits for , and the Employee Retention Credit, in addition to the credits for qualified sick and family leave wages, and the COBRA Premium Assistance Credit claimed on Forms 941, 941(sp), 941-SS, 943, 943(sp), 944, 944(sp) and CT-1.

Note: The employee retention credit was available for wages paid before January 1, 2022. Additionally, the credit for the qualified sick and family leave wages were available for leave taken before October 1, 2021, and COBRA premium assistance is only available for periods of coverage beginning on or after April 1, 2021, through periods of coverage beginning on or before September 30, 2021. However, the COBRA premium assistance credit could be claimed on employment tax returns for the second, third, or fourth quarter of 2021, depending on when the employer (or other person) becomes entitled to the credit.

The credits are applicable to the following MFTs and tax periods:

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MFT	Tax Period
01 (Form 941, 941(sp), 941-SS)	202006, 202009, 202012, 202103, 202106, 202109, and 202112 **only** *Note:* **Employers were permitted to reduce otherwise required federal tax deposits for the 1st quarter in anticipation of claiming the Employee Retention Credit attributable to the 1st quarter when they filed their Form 941 for the 2nd quarter of 2020**, as such, some taxpayers may have a balance due on their 1st quarter account after filing.
11 (Form 943, 943(sp))	202012 and 202112 **only**
14 (Form 944, 944-SP)	202012 and 202112 **only**
09 (Form CT-1)	202012 and 202112 **only**

Note: Advance payments of the employee retention credit for 2021 were limited to small employers that averaged 500 or fewer full-time employees in 2019. For employers that weren't in existence in 2019, advance payments were limited to small employers that averaged 500 or fewer full-time employees in 2020.

Note: For 2021, the amount requested on Form 7200 could **not** exceed 70% of average quarterly wages paid in calendar year 2019.

(6) When Form 7200 was received timely, a TC 290.00 with CRN 299, Reason Code (RC) 219 is input with a hold code of 3 with the amount of the advanced payment in the Misc Field. The transaction posted as a **TC 766 CRN 299** on the module. Once posted an immediate TC 846 systemic refund for the same

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module and refund/offset prior to the posting of the TC 150. Advanced refunds are NOT permitted after the posting of the TC 150.

Note: Although a HC 3 is used when inputting the TC 290.00 CRN 299 RC 219 adjustment to suppress the notice, if there is an offset on the module a CP 138 will generate and should go out to notify the taxpayer of the offset.

(7) Advance credit payments are reconciled by the IRS when the taxpayer's employment tax return is processed. Once processed, the system will reverse all the TC 766 CRN 299 advance payment transactions previously posted and replace them with a:

- TC 766 CRN 299 for the amount on Form 941, line 13c or the equivalent lines on annual employment tax returns.
- TC 766 CRN 296 for the amount on Form 941, line 13d or the equivalent lines on annual employment tax returns.

Note: The "temporary" TC 766 CRN 299 credit figure used to generate advance payment(s) is essentially replaced with actual total credit amounts for which

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the taxpayer is eligible once the return is filed. Once reconciled, the system will calculate the remaining balance due, overpayment or even balance amount and post it to the module and generate the appropriate notice if necessary.

Caution: Once a TC 150 has been posted to the tax account and the computer has reversed the CRN 299 advanced payment amounts, any CRN 299 amount with Reason Code 219 attempting to post to the module will unpost with UPC 306 RC 3. Any corrections to refundable credits allowed with the original return must be made with CRN 296 or with CRN 299 and any corrections to non-refundable credits must be made with a TC 29X and appropriate IRNs. Corrections made after the TC 150 posts cannot contain a RC 219. See the table in paragraph (2) of IRM 21.7.2.7.6, for more information on IRN usage for the 2020 Form 941.

(8)   For additional information on the Employee Retention Credit and Form 7200, see IRM 21.7.2.7.2, IRM 21.7.2.7.2.1, IRM 21.7.2.7.2.2 and IRM 21.7.2.7.2.3 for information regarding the ERC. See IRM 21.7.2.7.5, Form 7200, Advance Payments of Employer Credits Due to COVID-19.

3.14.2.6.4.10.3
(01-01-2021)
Deferred Payment of the Employer's Share of Social Security Taxes for 2020

(1)   The CARES Act allows all employers to defer the deposit/payment of the employer's share of social security taxes and certain railroad retirement taxes.

(2)   This deferral applies to deposits/payments of the employer's share of social security tax that would otherwise be due on or after March 27, 2020 and before January 1, 2021, as well as, deposits and payments due after January 1, 2021, that are required for wages paid on or after March 27, 2020, and before January 1, 2021.

(3)   The maximum amount that could be deferred each quarter was the smaller of:

- The employer's share of social security tax, or
- The total taxes after adjustments (Form 941, line 10) less any amount of QSB Research Credit (Form 941, line 11a) less total deposits made for the quarter (Form 941, line 13a).

   Note: Qualified Sick and Family Leave Wages are NOT subject to the employer's share of social security tax, therefore, employers CANNOT include the employee social security taxes reported on Form 941, lines 5a(i) and 5a(ii) when determining the amount for which payment can be deferred.

   Reminder: Employers CANNOT reduce the maximum amount for which payment can be deferred by any amounts of the non-refundable credits reported on Form 941, lines 11a, 11b or 11c.

(4)   Form 941 was revised to administer the deferral beginning with the 2nd quarter of 2020 as follows:

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Line Item	Purpose	TC 970 Field Name
13b	Used to report the deferred amount of the employer share of social security tax. *Caution:* In response to the Presidential memorandum authorizing the deferral of the employee portion of social security taxes, line 13b was renamed "**Deferred Amount of Social Security Tax**" and can now include both the deferred employer and the employee share of social security tax. *Note:* The employee social security taxes reported on lines 5a(i) and 5a(ii) should not be included in the Line 13b calculation for the employer share of social security tax, however, these lines can be used to calculate the employee share of social security tax deferred. The amount reported on line 13b shouldn't be reduced by any credits claimed on line 11a, 11b, or 11c. Tax that has already been paid cannot be deferred, therefore, the maximum amount that can be deferred each quarter is the smaller of (1) the employer share of social security tax and/or the employee share of social security tax, or (2) the **excess** of line 10 (reduced by the amount, if any, on line 11a) **and** line 13a. *Reminder:* The amount on line 13b will post to the module as a **TC 766 CRN 280**.	DEFERRED-SECT-2302-AMT

(5) Amounts eligible to be deferred **MUST** be paid by the following dates in order to avoid penalty and interest:

    1. 50% of the deferred amount is due on or by December 31, 2021.

2. The remaining 50% of the deferred amount is due on or by December 31, 2022.

Example: The employer's share of social security tax for the second quarter of 2020 was $20,000. The employer deposited $5,000 of the $20,000 during the quarter and reported a deferred payment amount of $15,000 on Form 941, line 13b. In this situation, the employer must pay $5,000 by December 31, 2021 (half of the $20,000 maximum deferral minus the $5,000 already paid), and the remaining $10,000 by December 31, 2022.

Example: The employer's share of social security tax for the second quarter of 2020 was $24,000. The employer deposited $18,000 of the $24,000 during the second quarter and reported a deferred payment amount of $6,000 on Form 941, line 13b. In this situation, no payment is due by December 31, 2021 because the amount already paid exceeds the 50% due by that date. The remaining $6,000 must be paid in full by December 31, 2022.

(6) Reminder notices with a payment voucher will be issued to the taxpayer prior to the payment due dates.

(7) Employers can make deferred payments via EFTPS, check or money order.

Caution: The taxpayer should notate the appropriate 2020 tax period for which the payment is being made. All payments made towards the deferred liability should post to the appropriate 2020 tax period in which the deferral was made. If, when the payment is made, it is erroneously credited to a 2021 or 2022 module, transfer the payment to the appropriate 2020 tax period.

(8) The deferral of the employer's share of social security tax for the quarter is entered on Form 941, Line 13b and will post to the module as a **TC 766 with CRN 280**. The TC 766 CRN 280 "credit" transactions will post to communicate the deferral amount reported on the original return and **TC 767 CRN 280** debit transactions will reverse the credit as payments are received and applied towards the deferral or when the payment of the deferred amount comes due (i.e., December 31, 2021 and December 31, 2022), whichever is sooner.

Caution: The amounts posted with CRN 280 do **NOT** represent a refundable credit. The CRN 280 amounts are a false credit used to mask balances owed towards the deferred portion of the employer's share of social security taxes for 2020 until the earlier of the payments toward the deferred tax being made or the due date(s) for payment coming due (i.e., December 31, 2021 and December 31, 2022). This methodology is used to ensure penalty and interest calculations associated with the 2020 deferred payment amounts are accurately computed.

(9) Upon the posting of the return, Master File programming will ensure the TC 766 CRN 280 "credit" does not erroneously cause an overpayment condition that includes a portion of the CRN 280 deferred credit by posting a TC 767 CRN 280 to ensure any overpayment consists solely of amounts permitted to refund or offset.

Note: A refund cannot be more than the sum of the COVID credits (Form 941 Form lines 11b, 11c, 13c & 13d) when there is a TC 766 CRN 280 on the

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module. For Form 941, if the account module balance (AMB) upon the posting of the TC 150, is more than the sum of the unreversed COVID credits (Form 941, lines 11b, 11c, 13c & 13d), then a TC 767 CRN 280 will post for the excess amount (the AMB minus the applicable COVID credits specified above), up to but not to exceed the amount of the posted TC 766 CRN 280.

(10) After the posting of the TC 150, any payment made to the account or overpayment on the account will generally be applied to the deferred payment amounts prior to being considered for refund or offset when there is a CRN 280 amount on the 2020 module.

(11) If the deferred amount is not paid by the applicable due dates, Master File programming will post a TC 767 CRN 280 reversal for the appropriate amount owed and penalties and interest will begin to accrue from the applicable due date.

(12) **For more information on payment of the deferred employer's share of social security tax, see , IRM 21.7.2.8.1 Deferred Payment of Employer's Share of Social Security Taxes for 2020. For additional information on CRN 280, see ,IRM 21.7.2.8.3 Credit Reference Number (CRN) 280 Computer Maximum Deferral Figure, UPC 306-3 and Reason Code 195**.

3.14.2.6.4.10.3.1
(11-04-2021)
Deferred Payment of the Employee's Share of Social Security Taxes for 2020

(1) On August 8, 2020, the President issued a presidential memorandum directing the Secretary of the Treasury to defer the withholding, deposit and payment of certain payroll tax obligations.

(2) For wages paid during the period beginning on September 30, 2020 and ending on December 31, 2020, if an employee's wages are less than $4,000 in any bi-weekly pay period (or the equivalent threshold amount for other pay period intervals), the due date for withholding and payment of the employee's share of social security or Tier 1 railroad retirement taxes (RRTA) on applicable wages is postponed until the period beginning January 1, 2021 and ending on December 31, 2021.

(3) If the employer does not fully pay taxes that were deferred by December 31, 2021, applicable interest, penalties and addition to tax will begin to accrue on the unpaid amounts on January 1, 2022.

Note: Reminders notices will **NOT** be issued for the payment due in relation to the employee's share of social security taxes.

(4) Form 941 is being revised for the third and fourth quarters of 2020 to enable employers to report deferred amounts of the employee's share of social security taxes.

  a. Taxpayers will be instructed to include the deferred amounts of the employee's share of social security on line 13b, in addition to any amount for the deferral of the employer's share of social security taxes. A single **TC 766 CRN 280** will post reflecting both the employee and employer shares of social security taxes that were deferred.

  b. Taxpayers will also be instructed to enter the amount of deferred employee's share of social security taxes on Form 941, line 24. The figure entered by the taxpayer on Line 24 will be used by the IRS in combination with the Line 13b entry to determine the amounts due on the

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respective due dates for employee's share deferred social security taxes (December 31, 2021) and employer's share of the deferred social security taxes (December 31, 2021 and December 31, 2022) reported as a total figure on Line 13b. The figures from line 24 will appear on TXMOD and BMFOL as reflected in the table below:

Tax Period	Form 941, Line 24 Description	TC 970 Field Name (thru December 2020)	Display in Posted Return Data on TXMOD/BMFOL (beginning January 2021)
202006	Qualified wages paid March 13th thru March 31, 2020 for Employee Retention Credit	QLFY-EMPL-MARCH-WG-PD-AMT	QLFY-EMPL-MARCH-WG-PD-AMT
202009	Deferred amount of the employee share of social security tax included on line 13b	QLFY-EMPL-MARCH-WG-PD-AMT	DEFERRED-EE-FICA-AMT
202012	Deferred amount of the employee share of social security tax included on line 13b	N/A	DEFERRED-EE-FICA-AMT

Note: IRN 208 will be used to adjust the fields described above for all three referenced tax periods. Programming will apply the IRN 208 change to the correct field based on the tax period associated with the input and alter the field value appropriately. See the table in (2) of IRM 21.7.2.7.6(2), for more information on IRN usage for the 2020 Form 941.

(5)   The deferral of the employee's share of social security tax for the quarter (in addition to any deferral of the employer's share of social security tax) entered on Form 941, line 13b and will post to the module as a **TC 766 CRN 280**. The TC 766 CRN 280 "credit" transactions will post to communicate the deferral amount reported on the original return and TC 767 CRN 280 debit transactions will reverse the credit as payments are received and applied towards the deferral or when the payment of the deferred amount comes due (i.e., December 31, 2021) whichever is sooner.

Caution: The amounts posted with CRN 280 do **NOT** represent a refundable credit. The CRN amounts are a false credit used to mask balances owed towards the deferred portion of the employee's share of social security taxes for 2020 until the earlier of the payment towards the deferred tax being made or the due date for payment coming due (i.e., December 31, 2021). This methodology is used to ensure penalty and interest calculations associated with the 2020 deferred payment amounts are accurately computed.

(6)   For more information on the Deferral of the Employee's Share of Social Security Taxes for 2020, see IRM 21.7.2.8.2.

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3.14.2.6.4.10.4
(01-01-2023)
**COBRA Premium
Assistance Credit**

(1) The American Rescue Plan Act of 2021 (ARP), provides for COBRA premium assistance in the form of a full reduction in the premium otherwise payable by certain individuals and their families who elect COBRA continuation coverage due to a loss of coverage as the result of a reduction in hours or an involuntary termination of employment.

(2) COBRA premium assistance is available for periods of coverage beginning on or after April 1, 2021, through periods of coverage beginning on or before September 30, 2021.

(3) Section 9501(b) of ARP added new IRC 6432 allowing a credit (COBRA premium assistance credit) against the employer share of Medicare tax (or the equivalent portion of Tier 1 RRTA taxes) for each calendar quarter in an amount equal to the premiums not paid by assistance eligible individuals for COBRA continuation coverage.

(4) This credit may be claimed on employment tax returns for the second, third or fourth quarter of 2021 depending on when the employer (or other person) becomes entitled to the credit.

(5) Employers eligible to claim the COBRA premium assistance credit may reduce federal tax deposits by an amount equal to (or less than) their anticipated associated employment tax credit.

Note: Employers who reduce deposits will not be subject to FTD penalties if (1) the employer is a person to whom premiums are payable; (2) the amount of employment taxes that the employer does not timely deposit (after reduction for other credits) is less than or equal to the amount of the employer's anticipated COBRA premium assistance credit for the calendar quarter as of the time of the required deposit; and (3) the employer did not seek payment of an advance credit by filing Form 7200 with respect to the anticipated credits it relied upon to reduce its deposits.

(6) Employers may request an advance by filing Form 7200 if the anticipated COBRA premium assistance credit exceeds the available reduction in deposits.

(7) For Form 941 tax periods 202106, 202109, 202112, and 202203 the COBRA premium assistance credit can be a non-refundable credit, a refundable credit, or both, depending on the amount of the COBRA premium credit that can be claimed for a particular tax period and the amount(s) of certain other non-refundable credit(s) being reported. See the Table below for information regarding the application of the COBRA Premium Assistance Credit on Form 941:

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Form	How Credit is Reported	Application of Credit
941	The nonrefundable portion of the credit is reported on line 11e and, if applicable, the refundable portion of the credit is reported on line 13f. If the taxpayer claims this credit, they must also report the number of individuals provided COBRA premium assistance on line 11f. **The refundable portion of the credit will post as a TC 766 CRN 276.**	The taxpayer should NOT include any amount that was included as qualified wages for the employee retention credit or included as qualified health plan expenses allocable to qualified sick leave and family leave wages when determining the nonrefundable credit. The refundable portion of the credit is allowed after the employer share of Medicare tax is reduced to zero by nonrefundable credits that are applied against the employer share of Medicare tax.

(8) For Form 943, Form 944 and Form CT-1 tax periods 202112 and 202212, the COBRA premium assistance credit can be a non-refundable credit, a refundable credit, or both, depending on the amount of the COBRA premium credit that can be claimed for a particular tax period and the amount(s) of certain other non-refundable credit(s) being reported.

(9) **For more information on the COBRA Premium Assistance Credit and how it is claimed, see IRM 21.7.2.7.6.4. For information on how to adjust the credit, see IRM 21.7.2.7.6.5.**

3.14.2.6.4.11
(01-01-2024)
Inflation Reduction Act (IRA) of 2022

(1) The IRA of 2022, Pub. L. No. 117-169, is a law that includes tax and climate provisions. It enacted various clean energy provisions, a corporate alternative minimum tax on adjusted financial statement income and an excise tax on stock repurchases by publicly traded corporations. These changes apply to tax years that begin January 1, 2023 and after.

3.14.2.6.4.11.1
(01-01-2025)
Elective Payment Election (EPE) Overview

(1) Under the Inflation Reduction Act of 2022, IRC 6417(d)(3)(A)(i), the elective payment election (EPE) must be made on the due date of the return (including extensions). An elective payment election may only be made on an original return (including any revisions on a superseding return) filed not later than the due date (including extensions of time) for the original return for the taxable year for which the applicable credit is determined. The EPE must be made on a timely-filed, original return for the taxable year. These credits were briefly termed Deemed Payment Elections (DPE) so returns could indicate either terminology. By choosing this election, the amount of the credit is treated as a payment of tax. Any overpayment will result in a refund.

(2) Applicable MFTs are 02, 05, 06 and 34.

(3) Taxpayers must pre-register with the IRS before filing a tax return or claiming any credits as an EPE.

(4) These proposed regulations affect **tax-exempt** organizations, State and local governments, Indian Tribal governments, Alaska Native Corporations, the

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Tennessee Valley Authority, and rural electric cooperatives. For more information see Pub 5817 through Pub 5817-G. These are the thirteen credits that apply to the above entities including Credit Reference Number (CRN) and/or Item Reference Number (IRN):

Credit Name	CRN	IRN
Advanced Manufacturing Investment	455	951
Alternative Fuel Vehicle Refueling Property	456	953
Renewable Electricity Production for Qualified Facilities placed in service after December 31, 2022	457	949
Carbon Oxide Sequestration for Qualified Facilities from equipment placed in service after December 31, 2022	458	956
Zero-Emission Nuclear Power Production	459	954
Clean Hydrogen Production Credit for facilities placed in service after December 31, 2012	460	950
Qualified Commercial Clean Vehicles but only for specific tax-exempt entities	461	957
Advanced Manufacturing Production	462	947
Clean Electricity Production Credit	463	958
Clean Fuel Production Credit	464	952
Clean Energy	465	959
Qualifying Advanced Energy Project	466	948
Clean Electricity Investment	467	955

(5) These are the three credits which **non**- tax-exempt businesses (and individuals) are also eligible to elect for the elective payment of credit:

Credit Name	CRN	IRN
Carbon Oxide Sequestration for Qualified Facilities	458	956
Clean Hydrogen Production	460	950

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Credit Name	CRN	IRN
Advanced Manufacturing Production	462	947

3.14.2.6.4.11.2
(01-01-2025)
Elective Payment Election (EPE) Account and Notice Impact

(1) IRA, Pub. L. No. 117-169, Section 6417(d)(4), provides that the EPE is treated as having been made on the latest of the return due date (RDD), extended return due date (XRDD) or disaster due date (DDD) on an original return for the taxable year. Therefore, all refunds including an EPE in excess of total tax, cannot be released before the RDD of the tax return claiming the EPE.

(2) Tax returns filed before the RDD that include "refundable" EPE will be held with a C- freeze until the due date of the return.

(3) 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 90.

(4) Notices with EPE can be identified in NRPS with **EPE** at the top of the notice record and in OLNR with notice status type of "Q". The systemic paragraph is not visible in OLNR or on the NRPS quick print.

(5) The only disposition available for these notices is retype. Entity information and the addition of a label, if necessary, will need to be edited using retype disposition.

Caution: Void is not an option for EPE disallowance notices.

(6) Accounts requiring further review of EPE claimed credits by SB/SE and/or LB&I are identified by a TC 971 AC 831. These accounts will be frozen with a -R freeze. Do **not** release these overpayments. Perform regular review of the case, however only items other than EPE should be adjusted by Notice Review. Use a hold code 4 if retyping and hold code 1 if labeling the notice. **Never input a TC 571 on these cases**. Ensure that account actions do not inadvertently release the overpayment.

Caution: Notice Review does not have the authority to adjust EPE credits. If EPE credits appear to need adjustment refer the case to a lead. Leads will contact local P&A and HQ if necessary after review.

(7) For tax periods 202201-202212, the taxpayer should indicate "IRA22DPE" on the return and the claim will be identified in IDRS with a Return Processing Code (RPC) "J".

    a. For tax periods after 202212, all applicable tax forms have been updated with EPE lines, therefore no special RPCs will be assigned.

(8) If the EPE has been allowed on a timely filed return, the corresponding credit will be on TXMOD. See IRM 3.14.2.6.4.11.1 for information regarding specific CRNs and IRNs.

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3.14.2.6.4.11.3
(04-17-2024)
**Credit Transfer Election
(TRE)**

(1)   An entity that qualifies for a clean energy tax credit but is not generally eligible to use the elective payment election can elect to transfer all or a portion of the credit to a third-party buyer in exchange for cash. The buyer and seller negotiate and agree to the terms and pricing. The transfer of the credit to the buyer is called Credit Transfer Election (TRE).

EPE Transferable Credit Name
Alternate Fuel Vehicle Refueling Property
Renewable Electricity Production for Qualified Facilities placed in service after December 31, 2022
Carbon Oxide Sequestration for Qualified Facilities from equipment placed in service after December 31, 2022
Zero-Emission Nuclear Power Production
Clean Hydrogen Production Credit for facilities placed in service after December 31, 2012
Advanced Manufacturing Production
Clean Electricity Production
Clean Fuel Production
Clean Energy
Qualifying Advanced Energy Project
Clean Electricity Investment

(2)   For tax periods after 202212, all applicable tax forms have been updated with EPE/TRE lines, therefore no special RPCs will be assigned.

(3)   For tax periods 202201-202212, the taxpayer should indicate "IRA22TRE" on Form 3800 or an attachment at the top of the return. A TRE can be identified on the claimants tax account with an RPC "K".

3.14.2.6.5
(01-01-2025)
**IRC 965 Transition Tax
Overview**

(1)   IRC 965 is a provision of the Tax Cuts and Jobs Act that 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 following persons/entities are required to report amounts under section 965 of the code on their tax return:

- US shareholders of a deferred foreign income corporation
- Certain direct/indirect domestic partners in domestic partnerships that are United States shareholders of specified foreign corporations
- Shareholders in a S corporation that is a United States shareholder of a specified foreign corporation
- Certain beneficiaries of another pass-through entity that is a United States shareholder of a specified foreign corporation
- Certain beneficiaries of a cooperative association that is a United States shareholder of a specified foreign corporation

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Note: A United States shareholder is generally a United States person who owns 10 percent or more of the foreign corporation's stock, applying the indirect stock ownership principles of section 958.

(3) In general, foreign income held in the form of cash and cash equivalents is intended to be subject to an effective tax rate of 15.5 percent for calendar year domestic corporate taxpayers, and the remaining earnings are intended to be taxed at 8 percent.

(4) The IRC 965 inclusion period, was 201712 through 201911. After November 2019, no new IRC 965 inclusions can be made.

Exception: In extremely rare cases, due to pass-through partnership claims, an IRC 965 inclusion could be made in 2020.

(5) During the inclusion period (201712-201911) taxpayers could elect one or more of the following on the inclusion year return:

- to pay the Section 965 transition tax in full,
- eligible S Corporation shareholders could defer the assessment and payment of the Section 965 transition tax from the S Corporation until a triggering event occurred by making a 965(i) election, and/or
- the taxpayer could defer the payment of the Section 965 transition tax over the course of 8 annual installments by making a 965(h) election,
- eligible REITs could defer the reporting of Section 965 income over an 8 year period, and/or
- eligible taxpayers could exclude 965 income when determining the net operating loss (NOL) deduction and when determining the amount of income that can be reduced by a NOL carryback or carry forward, thereby making the NOL available to offset the non-965 income ONLY for the inclusion year return.

(6) A person/entity that has income under section 965 of the Code for its 2017 taxable year was required to include with its return an IRC 965 Transition Tax Statement signed under penalties of perjury and, in the case of an electronically filed return, in Portable Document Format (.pdf) with a filename of "965 Tax". Multiple IRC 965 Transition Tax Statements can be combined into a single .pdf file. The IRC 965 Transition Tax Statement was required to include the following information:

- The total amount required to be included in income under section 965(a) of the Code
- The aggregate foreign cash position, if applicable
- The total deduction under section 965(c) of the Code
- The deemed paid foreign taxes with respect to the total amount required to be included in income by reason of section 965(a)
- The disallowed deemed paid foreign taxes pursuant to section 965(g)
- The total net tax liability under section 965 (as determined under section 965(h)(6))
- The amount of the net tax liability under section 965 to be paid in installments (including the current year installment) under section 965(h) of the Code, if applicable, which will be assessed

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- The amount of the net tax liability under section 965, the assessment and payment of which has been deferred, under section 965(i) of the Code, if applicable
- A listing of all elections under section 965 of the Code or the election provided for in Notice 2018-13 that the taxpayer has made, if applicable

(7) In taxable year 2018, Form 965 with Forms 965-A or 965-B replaced the IRC 965 Transition Tax Statement.

    a. Any individual taxpayer or taxpayer taxed like an individual (i.e., Form 1041 filer) who has a net IRC 965 tax liability for any tax year or has any net IRC 965 tax liability remaining unpaid at any time during a tax year must file Form 965-A.

        Note: Taxpayers that made a, IRC 965(i) election must file Form 965-A with their Form 1041 each year until the IRC 965 liability is assessed and paid in full. Form 1041 filers, that made an IRC 965(h) election in the year of inclusion or in the year of the triggering event must file a Form 965-A each year with their Form 1041 until the IRC 965 liability is paid in full.

    b. Any corporate taxpayer who has a net IRC 965 tax liability for any tax year or has any net IRC 965 tax liability remaining unpaid at any time during a tax year, or an electing REIT with any IRC 965 amount taken into account in accordance with IRC 965(m) or not taken into account at any time during a tax year, must file Form 965-B until the liability is paid in full or in the case of 965(m) until all of the 965 income has been reported.

        Note: Corporate taxpayers that made an IRC 965(h) election in the year of inclusion must file a Form 965-B each year with their corporate income tax return until the IRC 965 liability is paid in full.

(8) For BMF returns with an IRC 965 inclusion, there will be a **CCC "J"** present on BRTVU Response Screen R1 and/or TRBDV "Codes" Response Screen. Computer Condition Codes may also be viewed on the TXMODA response screen in the Posted Return Information section.

(9) The table below explains where the IRC 965 tax was reported during the inclusion period, on the 2017 BMF return and/or IRC 965 Transition Tax Statement.

BMF Form	Location of IRC 965 Tax Deferred Pursuant to IRC 965(h) Reported on BMF Form	Location of IRC 965 Total Tax Reported on BMF Form
IRC 965 Transition Tax Statement	IRC 965(h) Deferred Tax reported on Line 6	IRC 965 Total Tax reported on Line 5
Form 1120	Page 3, Schedule J, Part II, Line 19d	Page 3, Schedule J, Part 1, Line 11
Form 1120-C	Page 1, Line 29i	Page 4, Schedule J, Line 9 or Page 1, Line 28
Form 1120-L	Page 1, Line 29k	Page 6, Schedule K, Line 10

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BMF Form	Location of IRC 965 Tax Deferred Pursuant to IRC 965(h) Reported on BMF Form	Location of IRC 965 Total Tax Reported on BMF Form
Form 1120-PC	Page 1, Line 14k	Page 1, Line 13
Form 1120-REIT	Page 1, Line 24h	Page 3, Schedule J, Line 7 or Page 1, Line 23
Form 1120-RIC	Page 2, Part I, Line 28i	Page 3, Schedule J, Line 7
Form 1120-S	N/A- IRC 965 deduction amount reported on Page 3, Schedule K, Line 12d	N/A- IRC 965 income amount reported on Page 3, Schedule K, Line 10
Form 990-T	Page 2, Part IV, Line 45g	Page 2, Part IV, Line 44
Form 990-PF	Not eligible for IRC 965(h) election	Page 4, Part VI, Line 5
Form 1041 (965h) election (Form 1041 where Net IRC 965 amount was not distributed to the beneficiary and an IRC 965(h) election was made)	Page 1, Line 24a	Page 2, Schedule G, Line 7
Form 1041 (965i) election (Form 1041 where Net IRC 965 amount was not distributed to the beneficiary and an IRC 965(i) election was made)	N/A- When an IRC 965(i) election is made the tax assessment and payment of tax is deferred. After a "triggering event" occurs, the tax is assessed and the payment is due. A taxpayer who has made an IRC 965(i) election can also make a 965(h) election but not until a "triggering event" occurs and the tax deferred by the 965(i) election is assessed and payable.	N/A- No IRC 965 Tax is reported on the Form 1041 when an IRC 965(i) election is made. The IRC 965 total tax amount is reported on the Transition Tax Statement, Line 5 and the amount deferred pursuant to IRC 965(i) is reported on the Transition Tax Statement, Line 7.
Form 1065	N/A- IRC 965 deduction amount reported on Page 4, Schedule K, Line 13d	N/A- IRC 965 income amount reported on Page 4, Schedule K, Line 11

(10)   The table below explains where the IRC 965 tax was reported on the 2018 BMF returns and/or Forms 965-A and 965-B and how BMF programming systemically posted the TC 971 AC 114 and TC 766 CRN 263 amounts on the 2018 inclusion year module.

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BMF Form	Net 965 Tax Liability (Generates TC 971 AC 114)	Net 965 Tax Liability Paid (Installment or Total Tax)	Deferred Net IRC 965 Tax Remaining Unpaid (Generates TC 766 CRN 263)
Form 965-B	Part I, Column (d), Line 2	Part II, Column (k), Line 2	Part II, Column (j), Line 2
Form 965-A (965h)	Part 1, Column (f), Line 2	Part II, Column (k), Line 2	Part II, Column (j), Line 2
Form 965-A (965i)	Part I, Column (e), Line 2	N/A	N/A
Form 1120	Schedule J, Line 22	Page 1, Line 32	Computed as Net 965 Tax Liability- Net Tax Liability Paid
Form 1120-C	Page 1, Line 30i	Page 1, Line 29	Computed as Net 965 Tax Liability- Net Tax Liability Paid
Form 1120-L	Page 1, Line 28i	Page 1, Line 27	Computed as Net 965 Tax Liability- Net Tax Liability Paid
Form 1120-PC	Page 1, Line 15d	Page 1, Line 14	Computed as Net 965 Tax Liability- Net Tax Liability Paid
Form 1120-REIT	Page 1, Line 25h	Page 1, Line 24	Computed as Net 965 Tax Liability- Net Tax Liability Paid
Form 1120-RIC	Page 1, Line 29i	Page 1, Line 28	Computed as Net 965 Tax Liability- Net Tax Liability Paid
Form 1120-POL	N/A (Reports income on Line 7)	N/A	Line 23d
Form 990-T	Page 2, Line 44	Page 2, Line 49	Part V, Line 50g
Form 990-PF	Page 1, Line 11	N/A	N/A (Not eligible for deferred tax)
Form 1041 (965h)	Page 1, Line 25f	Page 1, Line 24	Computed as Net 965 Tax Liability- Net Tax Liability Paid

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BMF Form	Net 965 Tax Liability (Generates TC 971 AC 114)	Net 965 Tax Liability Paid (Installment or Total Tax)	Deferred Net IRC 965 Tax Remaining Unpaid (Generates TC 766 CRN 263)
Form 1041 (965i)	N/A- Computer generates TC 971 AC 114 of zero when CCC "J" is present	N/A	N/A- When an IRC 965(i) election is made the assessment and payment of tax is deferred. A taxpayer who has made an IRC 965(i) election can also make a 965(h) election but not until a "triggering event" occurs and the tax deferred by the 965(i) election is assessed and payable.
Form 1120-S	N/A- Computer generates TC 971 AC 114 of zero when CCC "J" is present	N/A	N/A
Form 1065	N/A- Computer generates TC 971 AC 114 of zero when CCC "J" is present	N/A	N/A

(11) The table below explains where the IRC 965 tax was reported on the 2019 BMF returns and/or Forms 965-A and 965-B and how BMF programming systemically posted the TC 971 AC 114 and TC 766 CRN 263 amounts on the 2019 inclusion year module.

BMF Form	Net 965 Tax Liability (Generates TC 971 AC 114)	Net 965 Tax Liability Paid (Installment or Total Tax)	Deferred Net IRC 965 Tax Remaining Unpaid (Generates TC 766 CRN 263)
Form 965-B	Part I, Column (d), Line 3	Part II, Column (k), Line 3	Part II, Column (j), Line 3
Form 965-A (965h)	Part 1, Column (f), Line 3	Part II, Column (I), Line 3	Part II, Column (j), Line 3
Form 965-A (965i)	Part I, Column (e), Line 3	N/A	N/A
Form 1120	Schedule J, Line 22	Page 1, Line 32	Computed as Net 965 Tax Liability- Net Tax Liability Paid

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BMF Form	Net 965 Tax Liability (Generates TC 971 AC 114)	Net 965 Tax Liability Paid (Installment or Total Tax)	Deferred Net IRC 965 Tax Remaining Unpaid (Generates TC 766 CRN 263)
Form 1120-C	Page 2, Line 30i	Page 2, Line 29	Computed as Net 965 Tax Liability- Net Tax Liability Paid
Form 1120-L	Page 1, Line 28i	Page 1, Line 27	Computed as Net 965 Tax Liability- Net Tax Liability Paid
Form 1120-PC	Page 1, Line 15d	Page 1, Line 14	Computed as Net 965 Tax Liability- Net Tax Liability Paid
Form 1120-REIT	Page 2, Line 25h	Page 2, Line 24	Computed as Net 965 Tax Liability- Net Tax Liability Paid
Form 1120-RIC	Page 2, Line 29i	Page 2, Line 28	Computed as Net 965 Tax Liability- Net Tax Liability Paid
Form 1120-POL	N/A (Reports income on Line 7)	N/A	Line 23d
Form 990-T	Page 2, Line 45	Page 2, Line 50	Part V, Line 51g
Form 990-PF	Page 1, Line 11	N/A	N/A (Not eligible for deferred tax)
Form 1041 (965h)	Page 1, Line 25	Page 1, Line 24	Computed as Net 965 Tax Liability- Net Tax Liability Paid
Form 1041 (965i)	N/A- Computer generates TC 971 AC 114 of zero when CCC "J" is present	N/A	N/A- When an IRC 965(i) election is made the assessment and payment of tax is deferred. A taxpayer who has made an IRC 965(i) election can also make a 965(h) election but not until a "triggering event" occurs and the tax deferred by the 965(i) election is assessed and payable.
Form 1120-S	N/A- Computer generates TC 971 AC 114 of zero when CCC "J" is present	N/A	N/A

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BMF Form	Net 965 Tax Liability (Generates TC 971 AC 114)	Net 965 Tax Liability Paid (Installment or Total Tax)	Deferred Net IRC 965 Tax Remaining Unpaid (Generates TC 766 CRN 263)
Form 1065	N/A- Computer generates TC 971 AC 114 of zero when CCC "J" is present	N/A	N/A

(12) IRC 965 payments can be identified by a Designated Payment Code of 64.

(13) **If the taxpayer remits more than is currently due with respect to an IRC 965 installment and/or their undeferred income tax liability, for the inclusion year, the excess remittance will be applied to the next successive IRC 965 installment amount until the full amount of the excess credit has been applied or the full income tax liability (including net tax liability under section 965) for the inclusion year (generally, 2017 or 2018) is satisfied. Only payments and credits that are in excess of the full income tax liability (including net tax liability under section 965) may be characterized as overpayments and subject to refund or application as a credit elect.**

(14) For returns where an IRC 965 inclusion was made during the inclusion period (201712-201911), there will be a **TC 971 AC 114** posted with the original return. The **Miscellaneous Field** will show the total amount of the IRC 965 transition tax minus any amount deferred under 965(i), as shown on the original return. This amount will be included in the TC 150 amount. For 2017 BMF returns, if the taxpayer elected the IRC 965(h) tax deferral method, there will also be a **TC 971 AC 115** posted for the deferred tax amount with the original return.

Note: The only time that a TC 971 AC 114 should be input on a module after November 2019, is if the taxpayer has an already established 965(i) election and experiences a triggering event (which they should report on Form 965-A, Part 4, Column (f) as a negative number and transfer to column (f) on one of lines 5 through 8 in Part I as a positive number) in which case the triggered liability should be input as a TC 971 AC 114 on the module in which the triggering event occurred.

(15) For returns with an IRC 965(h) election made in the inclusion year and/or in the year of the triggering event, a **TC 766 with Credit Reference Number (CRN) 263** should be posted to the module indicating the remaining unpaid IRC 965 liability amount (deferred amount) to be paid in installments.

Example: A taxpayer's regular tax is $5,000. The transition tax is $25,000. The TC 150 is $30,000. Because 8 percent of the transition tax is due in year one ($25,000 x .08 = $2,000), a TC 766 is posted for $23,000.

Caution: **The TC 971 AC 114 will unpost, if there is no CCC "J" present. The TC 971 AC 115 will unpost if the TC 971, AC 114 unposts and so on.**

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Note: The TC 971 AC 114 will reflect an amount of "0" for Forms 1120-S and 1065 because no IRC 965 tax is assessed on the returns.

(16)   For returns with an IRC 965(i) election made on Form 1041, the IRC 965(i) deferral is for both the assessment and payment of the IRC 965 tax amount. In the case of an IRC 965(i) election on Form 1041, there will be a TC 971 AC 114 for zero input on the module for the year of inclusion. The 965(i) election deferral will remain intact until a triggering event occurs at which time the tax is assessed. A **TC 971 AC 165** should be input on the 965(i) inclusion year tax module and on every Form 1041 tax year module thereafter until the year of the triggering event when the IRC 965 liability is assessed.

(17)   For more information on elections and reporting IRC 965 amounts, see "Questions and Answers about Reporting Related to Section 965 on 2017 Tax Returns" *https://www.irs.gov/newsroom/questions-and-answers-about-reporting-related-to-section-965-on-2017-tax-returns* and "Questions and Answers about Tax Year 2018 Reporting and Payments Arising under Section 965" *https://www.irs.gov/newsroom/questions-and-answers-about-tax-year-2018-reporting-and-payments-arising-under-section-965*.
For more information on general Section 965 questions and answers including Transfer and Consent Agreements, see*https://www.irs.gov/newsroom/general-section-965-questions-and-answers-including-transfer-and-consent-agreements*.
For more information on Carrybacks of NOLs for taxpayers that had Section 965 inclusions, see *https://www.irs.gov/newsroom/frequently-asked-questions-about-carrybacks-of-nols-for-taxpayers-who-have-had-section-965-inclusions*.

3.14.2.6.5.1
(01-01-2023)
TC 971 AC 114
Explained

(1)   The TC 971 AC 114 represents the IRC 965 Total Tax Liability minus any amount that was deferred under IRC 965(i).

   a.   TC 971 AC 114 is only applicable to BMF MFTs 02, 05, 06, 34 and 44.

Note: After 201911, no new IRC 965 inclusions can be made, so there should not be a TC 971 AC 114 on MFT 02, 06, 34 or 44 modules after 201911. If a TC 971 AC 114 is present on an MFT 02, 06, 34 or 44 it is an indication of a late election or it is erroneous. If an erroneous TC 971 AC 114 is present on a module, reverse it.

Note: Although no new IRC 965 inclusions can be made after the inclusion period, if Form 1041 filers (MFT 05) that made a 965(i) election during the inclusion period subsequently experience a triggering event, there should be a TC 971 AC 114 input on the triggering event year module when the IRC 965(i) tax is assessed. This is the only time that TC 971 AC 114 should be present on a tax module after 2020. If an erroneous TC 971 AC 114 is present on a module, reverse it.

   b.   A TC 971 AC 114 should ONLY be present on the IRC 965 inclusion year module and/or the triggering event year module.

Caution: There should NOT be a TC 971 AC 114 on a non-inclusion year and/or non-triggering event year modules. See the Table below for a description of when a TC 971 AC 114 should be present on the module:

If	Then
A 965 income inclusion and/or election is being made on a tax period 201712-201911 (MFT 02, 05, 06, 34, or 44) return	A TC 971 AC 114 should be present on the inclusion year module.
A triggering event is being reported on Form 1041 and Form 965-A for the reporting year,	A TC 971 AC 114 should be present on the triggering event year module.
The taxpayer is ONLY reporting a 965 installment payment that is being made towards a 965(h) election that was made during the inclusion period on Form 965-A or Form 965-B attached to the reporting year return	A TC 971 AC 114 should **NOT** be present on the reporting year module.
The taxpayer is ONLY reporting that the 965(i) election that was made during the inclusion period remains intact for the reporting year on Form 965-A attached to the reporting year return	A TC 971 AC 114 should **NOT** be present on the reporting year module, however a TC 971 AC 165 for the amount of the intact 965(i) election should be present on the reporting year module.

(2) For additional information on how TC 971 AC 114 is reported in relation to IRC 965(i) elections, see IRM 3.14.2.6.5.2. For additional information on how TC 971 AC 114 can be adjusted in relation to IRC 965(i) elections, see IRM 3.14.2.6.5.2.1. For additional information on how TC 971 AC 114 is reported in relation to IRC 965(h) elections, see IRM 3.14.2.6.5.3. For additional information on how TC 971 AC 114 can be adjusted in relation to IRC 965(h) elections, see IRM 3.14.2.6.5.3.1.

3.14.2.6.5.2
(01-01-2024)
IRC 965(i) Elections

(1) An election made under Section 965(i)(1) allows a shareholder of an S corporation that is an IRC 958(a) US shareholder to defer the assessment and payment of the Section 965 liability.

(2) An IRC 965(i) deferral is indefinite and will remain intact until a triggering event occurs, at which time the IRC 965(i) deferred liability is assessed. Triggering events include:

- The corporation ceases to be an S corporation (i.e., the S Corporation changes its status),
- A liquidation or sale of substantially all the assets of the S corporation, a cessation of business by the S corporation, the S corporation ceases to exist, or any similar circumstance, and
- The electing shareholder transfers any share of stock in the S corporation,
- A material misrepresentation or omission on a transfer agreement.

(3) IRC 965(i) elections could be made on BMF Form 1041 (MFT 05).

(4) A 965(i) election was made in the inclusion year (201712-201911), by including the 965 income and reducing the tax by the amount of the 965(i) deferral on the inclusion year return.

a. A Transition Tax Statement & IRC 965(i) Election Statement should be attached to the TY 2017 income tax return for the purpose of reporting the 965 inclusion/election amounts.

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    b.   A Form 965 & 965-A should be attached to the inclusion year return, in lieu of a Transition Tax Statement, if the inclusion/election was made in TY 2018 or 2019.

    c.   A Form 965-A is required to be attached to the income tax return, each year thereafter until the full amount of the 965(i) liability is triggered, assessed and paid in full.

(5)   The table below explains where the IRC 965(i) elections were reported on the inclusion year return:

Tax Year	Form	965(i) Deferral Amount Reported on
2017	1041	Transition Tax Statement, Line 7 and 965(i) Election Statement
2018	1041	Form 965 and Form 965-A, Part I, Column (e), Line 2 and Part III, Column (g), Line 2
2019	1041	Form 965 and Form 965-A, Part I, Column (e), Line 3 and Part III, Column (g), Line 3

(6)   For BMF returns with an IRC 965 inclusion, there will be a **CCC "J"** present on BRTVU Response Screen R1 and/or TRBDV "Codes" Response Screen on the inclusion year module. Computer Condition Codes may also be viewed on the TXMODA response screen in the Posted Return Information section.

Note: **IRC 965(i) elections** will be identified with a **CCC "B"** in addition to the **CCC "J"**.

(7)   **A TC 971 AC 114 should be present on the inclusion year module and the triggering event year module ONLY.**.

    a.   **If only an IRC 965(i) election was made** in the inclusion year, 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. Because the tax is not assessed and no other elections were made, the 965(i) total tax amount recorded in the TC 971 AC 114 should be zero.

    b.   **If an IRC 965(i) election was made in conjunction with an IRC 965(h) election** in the 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.

    c.   **TC 971 AC 165** represents an intact IRC 965(i) election. If a 965(i) election was made by itself or in conjunction with a 965(h) election, **a TC 971 AC 165 reflecting the 965(i) deferral amount, should be input on the 965(i) inclusion year tax module along with the TC 971 AC 114.**

    Caution: A **TC 971 AC 114** should only be input on the inclusion year module and the triggering event year module, however, a **TC 971 AC 165** should be input on the inclusion year module **AND** each subsequent year module that the 965(i) election remains intact and untriggered. A **TC 971 AC 165** should **NOT** be input on the triggering event year module **UNLESS** only a portion of

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the 965(i) liability was triggered and assessed and a portion remains deferred, in which case a **TC 971 AC 165** should be input on the triggering event year module for the amount of the remaining 965(i) deferral, in addition to the **TC 971 AC 114** for the amount of the triggered liability.

Note: If there is no TC 971 AC 165 on a module with an intact 965(i) election, input a TC 971 AC 165 with the amount of the outstanding 965(i) deferred liability amount reflected in the MISC field. The remaining 965(i) deferral should be reflected on Form 965-A, Part IV, the sum of Column (i) for the reporting year return.

(8) Taxpayers that made a 965(i) election during the inclusion period (201712-201911) are required to file Form 965-A with their income tax return each year until the 965(i) election is triggered in full, assessed and paid in full.

    a. Form 965-A, Part IV is used to report information regarding an IRC 965(i) election that was made during the inclusion period on an annual basis.

    Caution: If the Form 965-A is simply reporting that the 965(i) election made in the inclusion year remains intact for the reporting year, there should **NOT** be a TC 971 AC 114 input on the reporting year module. The only time a TC 971 AC 114 should be input on a module after 201911, is if the taxpayer is reporting a triggered liability on the reporting year return and attached Form 965-A.

    Note: The table below shows where 965(i) amounts are reported on Form 965-A:

965-A, Part IV Reporting	965-A, Part IV Should Reflect	965-A, Part I Should Reflect
An intact 965(i) election with no adjustments/triggered liabilities	• Column (a)- year of inclusion/transfer • Column (b)- S Corp Name • Column (c)- S Corp EIN • Column (d)- should match the prior year Form 965-A, Part IV, Column (i) Total • Column (f)-(h) should be blank • Column (i) - sum should equal the Column (d) amount	Part I should reflect the original 965 inclusion amounts reported on one of lines 1-3 depending on the year the inclusion was made ***Note:*** Part III should also reflect the original 965 inclusion amounts reported on one of lines 1-3 depending on the year the inclusion was made.

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965-A, Part IV Reporting	965-A, Part IV Should Reflect	965-A, Part I Should Reflect
A triggered liability	• Column (a)- year of inclusion/transfer • Column (b)- S Corp Name • Column (c)- S Corp EIN • Column (d)- should match the prior year Form 965-A, Part IV, Column (i) Total • Column (f)- should reflect the triggered liability as a negative amount • Columns (g)-(h)- should be blank unless there is a transfer in/out reported with the triggered liability • Column (i) - sum should equal the Column (d) amount minus any amounts reflected in columns (f)-(h)	• Part I should reflect the original 965 inclusion amounts reported on one of lines 1-3 depending on the year the inclusion was made • 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. • If the taxpayer elects to pay the triggered liability in full in the year of the triggering event, 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 report the payment made to pay the 965 liability in full. • If the taxpayer makes a 965(h) election in the year of the triggering event, to pay the triggered liability in installments, "Yes" should be checked in column (g) to indicate a 965(h) election is being made. 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 reflect the 1st installment payment. *Note:* Part III should also reflect the original 965 inclusion amounts reported on one of lines 1-3 depending on the year the inclusion was made.

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(9)   For more information on annual reporting of IRC 965(i) deferred liabilities, see the Instructions to Form 965-A.

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(01-01-2025)
IRC 965(i) Adjustment Procedures

(1)   Please see a lead if an IRC 965(I) election case needs an adjustment. The lead should review the case and determine if an adjustment is needed. The lead or a manager will route the case to HQ for further review and possible routing to an outside IRC 965 team such as SB/SE or AM. IRC 965 cases should only be adjusted by leads after receiving HQ approval.

Exception: A missing TC 971 AC 165 can be input by all personnel. All REQ77 and credit transfer actions should be taken without HQ approval. The above only applies to REQ54/ADJ54 adjustments.

(2)   A TC 971 AC 165 reflecting the 965(i) deferral amount, should be input on the 965(i) inclusion year tax module **and** on every Form 1041 tax year module thereafter **until** the year of the triggering event when the full IRC 965(i) liability is assessed and deemed payable.

Caution: **If the amount in the TC 971 AC 165 MISC field is incorrect, do NOT input a TC 972 AC 165 to reverse it. Simply input another TC 971 AC 165 for the correct amount. BMF programming will systemically mark the original posting with an "R" to indicate the reversal once the new TC 971, AC 165 is input. Only use TC 972 AC 165 to reverse a posted TC 971 AC 165, if there is a TC 971 AC 165 posted to a module when there should not be one at all.**

(3)   The TC 971 AC 165 is input using CC REQ77/FRM77 as follows:

FRM77 Field Name	Input
TC>	"971"
TRANS-DT>	Current Date "MMDDYYYY"
SECONDARY-DT>	Current Date "MMDDYYYY"
TC971/151-CD>	"165"
MISC>	Input the 965(i) deferred liability amount (dollars only, no cents, no special characters) *Note:* For the inclusion year module this amount will be reflected on the Transition Tax Statement, Line 7 and the 965(i) Election Statement for TY 2017 or on the Form 965-A, Part I, Column (e) and Part III, Column (g), line 2 for 2018 or line 3 for 2019. *Note:* For the annual reporting year this amount should match the amount reflected on Form 965-A, Part IV, the sum of Column (i) for the reporting year.

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FRM77 Field Name	Input
REMARKS	"NSD, 965i Tax"

(4) Refer to the Table below when researching and inputting adjustments to IRC 965 transactions related to a 965(i) election on the inclusion year module:

If	And	Then
The inclusion year (201712-201911) return indicates a 965(i) election was made	There is no TC 971 AC 165 on the inclusion year module	Use CC REQ77/FRM77 to input a TC 971 AC 165 on the inclusion year module reflecting the amount of the 965(i) deferral in the MISC field. *Note:* The MISC 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 Misc. Field. Enter the current date (MMDDYYYY) in both the TRANS-DT field and the SECONDARY-DT field. *Reminder:* **The 965(i) liability amount is reported on the Transition Tax Statement, Line 7 and on the 965(i) Election Statement if the 965(i) inclusion/election was made in TY 2017. The 965(i) liability amount is reported on Form 965-A, Part I, Column (e), Line 2 for TY 2018 and Line 3 for TY 2019 and Form 965-A, Part III, the sum of Column (g) which is carried forward to Part I, Column (e) on the applicable line.**

If	And	Then
The inclusion year (201712-201911) return indicates a 965(i) election was made	There is an amount greater than zero in the TC 971 AC 114 posted to the module	1. Ensure there is a TC 971 AC 165 input with the amount of the 965(i) deferral in the MISC. field. If not, input the TC 971 AC 165. 2. Research the inclusion year return and/or amended inclusion year return to identify if a Section 965(h) election was made in addition to the 965(i) election in the same inclusion year. 3. If there was no Section 965(h) election made with the Section 965(i) election in the same inclusion year and there is a TC 971 AC 114 amount posted to the module, for an amount greater than zero, use CC REQ77/FRM77 to input a new TC 971 AC 114 for zero. 4. If a 965(h) election was made with the 965(i) election, make sure the amount reflected in the TC 971 AC 114 MISC field equals the 965 total tax liability minus the amount deferred under 965(i). ***Note:*** **The TC 971 AC 114 amount should equal the sum of Line 5 minus line 7 on the Transition Tax Statement for 2017 inclusions or Form 965-A, Part I, Column (f) for 2018 and 2019 inclusions.** 5. If the TC 971 AC 114 amount equals the 965 total tax liability minus the amount deferred under 965(i), no further action is needed with regard to the TC 971 AC 114. 6. If the TC 971 AC 114 dos not equal the 965 total tax liability minus the amount deferred under 965(i), input a new TC 971 AC 114 for that amount.

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If	And	Then
There is a TC 971 AC 165 posted to a module	There is no indication on the reporting year or prior year return(s)/amended return(s) or attachments that a 965(i) election was ever made	Use CC REQ77/FRM77 to input a TC 972 AC 165 to reverse the erroneous TC 971 AC 165. *Note:* Do NOT input an amount in the MISC field or a date in the SECONDARY-DT field when inputting the TC 972 AC 165.
There is a TC 971 AC 114 for zero posted to a module	There is no indication on the reporting year return/amended return or attachments that a 965(i) election was made	Use CC REQ77/FRM77 to input a TC 972 AC 114 to reverse the erroneous TC 971 AC 114. *Note:* Do NOT input an amount in the MISC field when inputting the TC 972 AC 114.

(5) 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 on a non-inclusion year module (i.e., 201912 or later).

Caution: Do **NOT** input a TC 971 AC 114 on a **non**-inclusion year module, if the taxpayer is simply reporting that the 965(i) election that they made during the inclusion year remains intact for the reporting year. The only time a TC 971 AC 114 should be on a module other than the inclusion year module (i.e., after 201911), is when the taxpayer reports the 965(i) deferral was triggered in the reporting year, then and only then, should a TC 971 AC 114 be input on the triggering event year module.

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If	Then
Form 965-A is attached to the reporting year return indicating that a timely IRC 965(i) election was made during the inclusion period and remains intact for the reporting year	Input a TC 971 AC 165 on the current year module using CC REQ77. ***Note:*** Input the total IRC 965(i) tax 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 Misc. Field. Enter the current date (MMDDYYYY) in both the TRANS-DT field and the SECONDARY-DT field. ***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. ***Caution:*** If the taxpayer is a shareholder in more than one S corporation with section 965 amounts, the taxpayer could have elected to defer more than one S corporation-related net 965 tax liability until a triggering even occurs. There can be instances where an S-Corp(s) (whose related net 965 liability was deferred) experience a triggering event while others do not, meaning the triggered liability becomes due while the non-triggered liabilities remain deferred. So the amount of 965(i) deferred tax that was reported in the inclusion year is subject to change as the deferred liabilities are triggered. The sum of Form 965-A, Part IV, Column (i) should reflect the remaining deferred IRC 965(i) net tax liability at the end of the reporting year. This total is the amount that is input into the TC 971 AC 165 Misc Field each year a 965(i) election remains intact.
If a taxpayer fails to report an intact 965(i) liability annually by attaching a complete Form 965-A to their income tax return reflecting the amount of the 965(i) deferred liability for the reporting year	

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Note: There should **NOT** be a TC 971 AC 165 input on the triggering event year module **UNLESS,** only a portion of the 965(i) deferred liability was triggered

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resulting in a portion of the 965(i) liability remaining deferred under 965(i), in which case there should be a TC 971 AC 165 for the remaining 965(i) deferral amount.

(6)   Follow the Table below if a TC 971 AC 165 is identified on a 201912 or later module in error:

If	And	Then
There is a TC 971 AC 165 on a non-inclusion year module (i.e., module 201912 or later	Research indicates the amount of the TC 971 AC 165 posted to the reporting year module is incorrect	Research the reporting year, Form 965-A, Part IV, Column (i) and input a new TC 971 AC 165 with the sum of Column (i) in the MISC. field on the reporting year module.
There is a TC 971 AC 165 on a non-inclusion year module (i.e., module 201912 or later)	There is no indication of an intact 965(i) election (i.e., no Form 965-A attached to the reporting year return, or a Form 965-A attached but not reporting an intact 965(i) election, or a Form 965-A reporting a triggering event for the reporting year resulting in the full 965(i) deferral being triggered and assessed	Use CC REQ77/FRM77 to input a TC 972 AC 165 to reverse the erroneous TC 971 AC 165. *Note:* Do NOT input an amount in the MISC field or a date in the SECONDARY-DT field when inputting the TC 972 AC 165.

3.14.2.6.5.3
(03-14-2022)
IRC 965(h) Elections

(1)   An IRC 965(h) election is a deferral election to pay the Section 965 transition tax in 8 annual installments.

(2)   IRC 965(h) elections are applicable to Forms: 1120 (MFT 02), 1120-C (MFT 02), 1120-L (MFT 02), 1120-PC (MFT 02), 1120-RIC (MFT 02), 1120-REIT (MFT 02), 990-T (MFT 34) & 1041 (MFT 05).

(3)   A 965(h) election could be made during the IRC 965 inclusion period (201712-201911), by including both the Section 965 income and Section 965 tax and deferring a portion of the Section 965 tax on the inclusion year return.

   a.   A Transition Tax Statement & IRC 965(h) Election Statement should be attached to the TY 2017 income tax return for the purpose of reporting the 965 inclusion/election amounts.
   b.   A Form 965 **and** Form 965-A Form 1041 only Form 965-B should be attached to the inclusion year return, in lieu of a Transition Tax Statement, if the inclusion/election was made in TY 2018 or 2019.
   c.   A Form 965-A (Form 1041 Only) **OR** Form 965-B is required to be attached to the income tax return, each year thereafter until the Section 965 liability is paid in full.

Note: **The only time a Section 965(h) election can be made after 201911 is if a taxpayer has an already established 965(i) election that was timely made during the inclusion period (201712-201911), and subsequently experiences a triggering event. The taxpayer may make an 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.

(4)   Section 965(h) elections MUST be made by the due date of the inclusion year/ triggering event year return (including extensions).

(5)   **Section 965(h) 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.

(6)   For the convenience of the IRS, taxpayers are instructed to make two separate payments; one for the non-IRC 965 tax and another for the IRC 965 installment.

Note: **IRC 965 payments can be identified by a TC 670 with a Designated Payment Code (DPC) of 64.**

(7)   For BMF returns with an IRC 965 inclusion, there will be a **CCC "J"** present on BRTVU Response Screen R1 and/or TRBDV "Codes" Response Screen. Computer Condition Codes may also be viewed on the TXMODA response screen in the Posted Return Information section. For BMF returns with an IRC 965(h) election, there will also be a **CCC "X"** that will set the -R freeze to prevent any excess remittance from refunding or offsetting. Although the taxpayer deferred payment of the tax attributable to IRC 965, the deferred amount is still part of the assessed liability for the tax year and must be paid before a refund may be issued on the inclusion year module.

(8)   The transaction codes used to administer Section 965(h) elections are listed below. These transaction codes work in tandem with one another to record the 965(h) liability remaining unpaid:

a.   The **TC 971 AC 114** represents the Total IRC Section 965 tax amount (minus any amount deferred under 965(i)). This transaction should be present on the inclusion year module and the triggering event year module ONLY.

Caution: **If the amount in the TC 971 AC 114 MISC field is incorrect, do NOT input a TC 972 AC 114 to reverse it. Simply input another TC 971 AC 114 for the correct amount. BMF programming will systemically mark the original posting with an "R" to indicate the reversal once the new TC 971 AC 114 is input. Only use TC 972 AC 114 to reverse a posted TC 971 AC 114, if there is a TC 971 AC 114 posted to a module when there should not be one at all.**

Note: A TC 971 AC 114 should **NOT** be input on a module where the Form 965-A or Form 965-B is simply reporting that the annual installment amount was paid. The table below shows how IRC 965(h) installment payments are reported annually on Form 965-A and Form 965-B.

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Form	How 965(h) Installment Payments are Reported Annually
Form 965-A (MFT 05) or (MFT 34 Trust Only)	• Form 965-A, Part I- The original 965 inclusion/election amounts will continue to be reported in Part I, on the applicable line depending on the year the inclusion/election was made. • Form 965-A, Part II- IRC 965(h) installment payments paid in Columns (b)-(i). The net 965 liability remaining unpaid for the reporting year is reported in Part II, Column (j) and the amount paid for the reporting year is clarified in Part II, Column (k).
Form 965-B (MFT 02) or (MFT 34 Corporation Only)	• Form 965-B, Part I- The original 965 inclusion/election amounts will continue to be reported in Part I, on the applicable line depending on the year the inclusion/election was made. • Form 965-B, Part II- IRC 965(h) installment payments paid in Columns (b)-(i). The net 965 liability remaining unpaid for the reporting year is reported in Part II, Column (j) and the amount paid for the reporting year is clarified in Part II, Column (k).

Note: The only time a TC 971 AC 114 should be posted to a BMF module later than 201911, is if the taxpayer had an already established 965(i) election that was made on Form 1041, during the inclusion period (201712-201911), and subsequently experiences a triggering event, in which case a **TC 971 AC 114** for the amount of the triggered liability, should be input in the triggering event year module. A taxpayer may also make a Section 965(h) election to pay the triggered S corporation-related net 965 tax liability in 8 install-ments, in the year of the triggering event. The Table below reflects how a triggering event is reported on Form 1041 and Form 965-A for the reporting year. **There should be no TC 971 AC 114 in put on an MFT 02 or MFT 34 (Corporation) module after 201911. A TC 971 AC 114 on an MFT 02 or MFT 34 module after 201911 is an indication of an erroneous TC 971 AC 114 transaction or a late IRC 965 inclusion/election.**

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Form	How a Triggering Event and/or a Triggering Event with a Section 965(h) Election is Reported
1041 Triggered Liability Paid in Full in the Year of the Triggering Event *Reminder:* **A TC 971 AC 114 in the amount of the 965(i) triggered liability should be posted to the triggering event year module. If there is not a TC 971 AC 114 posted to the triggering event year module, input it.**	• 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 NOT 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 report the payment made to pay the 965 liability in full. • In addition to reporting the triggered liability on the Form 965-A, the taxpayer should report the triggered net 965 tax liability on the Form 1041 "Other Taxes & Amounts Due Line" (2018 = Sch G Line 7, 2019/2020/2021= Sch G Line 8), thereby including the 965 liability in the "Total Tax" calculation (2018 = Line 23, 2019/2020/2021= Line 24), and report the Net 965 Tax Liability from Form 965-A, Part 1, Column F" on line (2018= Line 25f, 2019/2020/2021= Sch G Line 15). The taxpayer should also report the full amount of the Net 965 Tax Liability being paid for the reporting year (2018= Line 24, 2019/2020/2021= Line 25).

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Form	How a Triggering Event and/or a Triggering Event with a Section 965(h) Election is Reported
1041 Section 965(h) Election Made to Pay the Triggered Liability in 8 Annual Installments *Reminder:* **A TC 971 AC 114 in the amount of the triggered liability should be posted to the triggering event year module. If there is not a TC 971 AC 114 posted to the triggering event year module, input it.** *Reminder:* **When a 965(h) election is made in the year of the triggering event, a TC 766 CRN 263 should be entered in the amount of 92% of the triggered liability along with the TC 971 AC 114 in the amount of the triggered liability. Additionally, there should be a TC 767 CRN 263 for each payment and/or credit applied towards the 965 tax liability.**	• The triggered liability amount 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 the 1st installment payment. The taxpayer may also file a Form 965-E when making a 965(h) election in the year of the triggering event. • In addition to reporting the triggered liability & subsequent 965(h) election on the Form 965-A, the taxpayer should report the triggered net 965 tax liability on the Form 1041 "Other Taxes & Amounts Due Line" (2018 = Sch G Line 7, 2019/2020/2021= Sch G Line 8), thereby including the 965 liability in the "Total Tax" calculation (2018 = Line 23, 2019/2020/2021= Line 24), and report the Net 965 Tax Liability from Form 965-A, Part 1, Column F" on line (2018= Line 25f, 2019/2020/2021= Sch G Line 15). The taxpayer should also report the amount of the Net 965 Tax Liability Paid (965 installment amount paid) for the reporting year (2018= Line 24, 2019/2020/2021= Line 25) *Note:* The total tax, ES Penalty and the 965 installment paid are netted against the total payments. If the Total Payments are lesser than this net amount, then the difference (which consists of 965 installment due plus any other unpaid tax/penalty will be reported as the balance due with the return thus deferring the remaining 92% of the 965 tax liability.

b. The **TC 766 CRN 263** is a faux credit that masks the IRC 965 liability on the inclusion year module or triggering event year module when a 965(h) election is made to pay the triggered liability in installments. It represents the unpaid IRC 965(h) liability (deferred amount) to be paid in install-ments.

Note: TC 766 CRN 263 is input manually using CC REQ54/ADJ54 to input a TC 290.00 CRN 263 if the transaction is supposed to carry the inclusion year/triggering event year return due date, otherwise a TC 298.00 CRN 263 should be input, with a specific interest com-putation date if the transaction should carry a date other than the inclusion year/triggering event year return due date. For TY 2018 and TY 2019 inclusion BMF programming systemically posted the TC 766 CRN 263 based off of entries on the applicable BMF return, see the applicable inclusion year table in IRM 3.14.2.6.5, for more details.

c. The **TC 767 CRN 263** reverses the TC 766 CRN 263 by the amount of a payment(s) made against or credit(s) applied to the IRC 965(h) liability.

Note: The TC 767 CRN 263 is input manually using CC REQ54/ADJ54 to input a TC 290.00 CRN 263 with a minus sign behind the "263" amount if the date of the transaction should be the inclusion year/triggering event year return due date, otherwise it must be input with a TC 298.00 CRN 263 with an interest computation of the received date of the installment payment or due date of the install-ment, whichever is earlier, unless, there is interest on the module in which case the due date of the installment should be used.

Reminder: **BMF programming will post a reversed TC 766 CRN 263 with an "R" behind it, to match the TC 767 CRN 263 and reduce the unreversed TC 766 CRN 263 on the module by the amount of the payment/credit that was applied to the deferral.**

d. The Designated Payment Code (DPC) 64 represents an IRC 965 desig-nated payment. IRC 965 designated payments should post to the inclusion year module/triggering event year module as a **TC 670 DPC 64**.

Note: Beginning 2019, BMF programming systemically generates a TC 767 CRN 263 when a TC 670 DPC 64 posts to the inclusion year module or triggering event year module if a 965(h) election was made to pay the triggered liability in installments. For more informa-tion on IRC 965 Designated Payments, see IRM 3.14.2.6.5.

(9) IRC Section 965(h) installments should be made in adherence to the IRC 965(h) Payment Schedule. The IRC 965(h) payment schedule is reflected in the Table below. The "Maximum Unpaid Percentage per Year" column repre-sents the max deferral allowed under the law for the given year, meaning no more than 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, Sunday or legal holiday, the due date will be the next business day.

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Year	Annual Payment Schedule	Maximum Unpaid Percent Per Year	Due Date if 965(h) Election was Made in TY 2017	Due Date if 965(h) Election was Made in TY 2018	Due Date if 965(h) Election was Made in TY 2019
1	8%	92%	4/15/2018	4/15/2019	7/15/2020
2	8%	84%	4/15/2019	7/15/2020	4/15/2021
3	8%	76%	7/15/2020	4/15/2021	4/15/2022
4	8%	68%	4/15/2021	4/15/2022	4/15/2023
5	8%	60%	4/15/2022	4/15/2023	4/15/2024
6	15%	45%	4/15/2023	4/15/2024	4/15/2025
7	20%	25%	4/15/2024	4/15/2025	4/15/2026
8	25%	0%	4/15/2025	4/15/2026	4/15/2027

Example: In a perfect scenario, the unreversed TC 766 CRN 263 amount should be 92% of the IRC 965 total tax amount (the TC 971, AC 114 amount) for the first year, 84% for the 2nd year and so on as payments are applied).

To determine the payment schedule for a specific account, follow the steps below:

1. To determine the installment due for a given year, multiply the IRC 965 Total Tax amount by the percentage due for the year.

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

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

   Example: To identify the Maximum Deferral Amount in year 1, 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.

(10) Taxpayers were instructed to make a separate designated payment for their IRC Section 965 liability and/or 965(h) installment payment. CP 256/956 was created for this purpose. The CP 256/956 is a 965(h) installment reminder notice that is sent 8-10 weeks prior to the due date of the return to remind taxpayers of their 965 payment obligation. There is a payment voucher that can be utilized to send in the 965(h) installment payment. Taxpayers may also pay their 965(h) installments electronically.

(11) These 965 designated payments should be applied to the inclusion year module and/or the triggering event year module where the Section 965 liability

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was assessed and remains due and should post as a **TC 670 DPC 64**. Once posted, BMF programming systemically generate a TC 767 CRN 263 in the amount of the payment.

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(01-01-2025)
IRC 965(h) Adjustment Procedures

(1) Please see a lead if an IRC 965(h) election case needs an adjustment. The lead should review the case and determine if an adjustment is needed. The lead or a manager will route the case to HQ for further review and possible routing to an outside IRC 965 team such as SB/SE or AM. IRC 965 cases should only be adjusted by leads after receiving HQ approval.

Exception: REQ77 and credit transfer actions should be taken without HQ approval. The above only applies to REQ54/ADJ54 adjustments.

(2) The TC 971 AC 114 amount represents the total IRC Section 965 tax minus any amount deferred under 965(i). For TY 2017, the TC 971 AC 115 represented the IRC 965(h) deferred tax amount as reported by the taxpayer and was used to generate the TC 766 CRN 263 faux credit.

(3) For TY 2018 and TY 2019, BMF programming systemically posted a TC 766 CRN 263 from amounts reported on applicable BMF returns, see the tables located in IRM 3.14.2.6.5 for additional information on how the TC 766 CRN 263 was systemically posted on TY 2018 and TY 2019 modules.

(4) **IRC 965 designated payments are identified with a Designated Payment Code (DPC) of 64.** They should post to the inclusion year module as a TC 670 DPC 64. Once posted, BMF programming systemically generate a TC 767 CRN 263 in the amount of the payment.

(5) If, when reviewing an inclusion year module or triggering event year module where a Section 965(h) election was made to pay the triggered liability in installments, it appears that the taxpayer failed to pay an installment that was due, research the inclusion year/triggering event year module and each subsequent year module to see if the installment payment was misapplied and/or mis-coded and therefore not applied to the deferral. Refer to the table below when researching and transferring IRC 965 designated payments and/or applying payment to the Section 965 deferral:

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If	And	Then
The IRC 965 designated payment (TC 670 DPC 64) posted to a non-inclusion year module or non-triggering event year module **Example:** A TC 670 DPC 64 posted to a module without a TC 971 AC 114 and/or TC 76X CRN 263	Research indicates there was a Section 965 inclusion/election on a preceding tax period and the liability has not been full paid	Transfer the credit to the inclusion year or triggering event year module using CC ADD24. The DPC 64 must be input on both the credit and debit side of the transfer. **Caution:** **When using the IAT Credit Transfer Tool to complete the transfer, you must add DPC 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.**
The IRC 965 payment posted to the inclusion year module without a DPC 64 and has **NOT** been manually applied towards the 965 liability (i.e., no TC 767 CRN 263 was input that included the payment amount)		Input an in-module credit transfer to add the DPC 64 to the payment so it posts as a TC 670 DPC 64 on the module. Once posted, BMF programming will systemically post a TC 767 CRN 263 in the amount of the payment. **Caution:** **Do NOT perform an in-module credit transfer if the mis-coded DPC 64 payment has already been manually applied towards the 965 liability, as doing so will double credit the module in the amount of the payment.**
The IRC 965 payment posted to a non-inclusion year module without a DPC 64 and the credit is still available (i.e., the payment hasn't refunded or credit elected in error)	Research indicates there was a Section 965 inclusion/election on a preceding tax period and the liability has not been full paid	Transfer the 965 payment to the inclusion year module or trigger-ing event year module and post as a TC 670 DPC 64. **Once posted, BMF programming will systemically post a TC 767 CRN 263 in the amount of the payment.**

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(6)   When reviewing an account with an IRC Section 965(h) election, review the TC 971 AC 114 and TC 76X CRN 263 amounts to ensure they were entered correctly.

(7)   If an adjustment is needed to the TC 971 AC 114, use CC REQ77/FRM77 to input the necessary information as follows:

FRM77 Field Name	Input
TC>	"971"
TRANS-DT>	Current Date "MMDDYYYY"
SECONDARY-DT>	Tax Period Ending Date "MMDDYYYY" **Example:** If the TC 971 AC 114 is being input the 201812 module, it should be input as 12312018.
TC971/151-CD>	"114"
MISC>	Input the 965 Total Tax Liability amount minus any amount deferred under 965(i) (dollars only, no cents, no special characters) **Note:** For the inclusion year module this amount will be reflected on the Transition Tax Statement for TY 2017, the line 5 minus line 7 amount or on the Form 965-A, Part I, Column (f).
REMARKS	"NSD, 965 Tax"

(8)   Refer to the Table below when researching and making an adjustment to the TC 971 AC 114 amount:

If	And	Then
The TC 971 AC 114 amount posted to the module is greater than the TC 150 amount	Research indicates that is how it was reported on the inclusion year return and/or triggering event year return	Refer the case to your lead to be referred to HQ.

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If	And	Then
The TC 971 AC 114 on the inclusion year module or triggering event year module was input for an amount that differs from the amount listed on the inclusion year return/attachments and/or the triggering event year return/attachments	Research indicates there was no amended return filed	Use CC REQ77 to input the TC 971, AC 114 amount reflected on the return/attachments. *Note:* Input the total IRC 965 tax liability minus any amount deferred under 965(i) 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 Misc. Field. Enter the tax period ending date (MMDDYYYY) in the SECONDARY-DT Field. *Caution:* Do **NOT** input a TC 972 reversal when adjusting the TC 971, AC 114 amount. BMF programming will systemically mark the original posting with an "R" to indicate the reversal once the new TC 971, AC 114 is input. *Note:* If an amended return was filed amending a timely 965 liability, the TC 971 AC 114 should reflect the 965 total tax amount reported with the amended return minus any amount deferred under 965(i).

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If	And	Then
No TC 971 AC 114 was posted to the inclusion year module	The inclusion year return/ attachments or amended return indicate both a timely IRC 965 inclusion and an IRC 965(h) election were made	Use CC REQ77 to input the TC 971, AC 114 to reflect the IRC 965 total tax amount minus any amount deferred under 965(i). **Note:** Input the total IRC 965 tax liability amount in the Miscellaneous Field. The amount should be input as dollars only (no cents), with no special characters. **Reminder:** A TC 766 CRN 263 should also be input in the year of the triggering event for 92% of the triggered liability amount when a 965(h) election is made. TC 767 CRN 263 adjustments should be input accordingly as payments/credits are applied to the 965 deferral.
No TC 971 AC 114 was posted to the triggering event year module **(MFT 05 ONLY)**	The reporting year Form 965-A reflects a triggered liability amount and the IRC 965 triggered liability being paid in full in the year of the triggering event	Use CC REQ77 to input the TC 971 AC 114 to reflect the triggered liability amount. **Reminder:** The triggered liability amount is reported on Form 965-A, Part IV, Column (f) as a negative number and transferred to Part I, Column (f) as a positive number on one of lines 5-8. **Note:** Input the IRC 965 triggered liability amount in the Miscellaneous Field as a positive number. The amount should be input as dollars only (no cents), with no special characters.

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If	And	Then
No TC 971 AC 114 was posted to the triggering event year module **(MFT 05 ONLY)**	The reporting year Form 965-A reflects a triggered liability amount WITH an IRC 965(h) election being made to pay the triggered liability in 8 annual installments	Use CC REQ77 to input the TC 971 AC 114 to reflect the triggered liability amount. *Reminder:* The triggered liability amount is reported on Form 965-A, Part IV, Column (f) as a negative number and transferred to Part I, Column (f) as a positive number on one of lines 5-8. Additionally, in Part I, Column (a), the tax year in which the triggering event occurred is reported. Columns (b) through (e) are skipped and "Yes" is entered in column (g) to indicate a 965(h) election is being made to pay the triggered liability in installments. *Note:* Input the IRC 965 triggered liability amount in the Miscellaneous Field as a positive number. The amount should be input as dollars only (no cents), with no special characters. *Reminder:* A TC 766 CRN 263 should also be input in the year of the triggering event for 92% of the triggered liability amount when a 965(h) election is made. TC 767 CRN 263 adjustments should be input accordingly as payments/credits are applied to the 965 deferral.

If	And	Then
A TC 971 AC 114 was input on a non-inclusion year or non-triggering event year module in error	Research confirms there was no IRC 965 inclusion and/or no IRC 965 election made by the taxpayer for the tax period in question	Use REQ77 to reverse the TC 971 AC 114 using TC 972, AC 114. *Note:* **When inputting a TC 972 AC 114, do NOT input an amount in the MISC. field.**

Caution: **A TC 971 AC 114 should be input on an inclusion year module and a triggering event year module ONLY.** The IRC 965 inclusion period was 201712-201911, no new inclusions can be made after 201911, however, if the taxpayer **(MFT 05 ONLY)** made a 965(i) election during the inclusion period and subsequently experiences a triggering event, the taxpayer may make a 965(h) election to pay the triggered liability in installments in the year of the triggering event. Moreover, taxpayers are required to file Form 965-A, **(MFT 05 ONLY)** or Form 965-B annually until the IRC 965 liability is paid in full. Do **NOT** mistake the reporting of an annual 965(h) installment payment or the annual reporting of a 965(i) deferred liability as a new IRC 965 inclusion or election. See IRM 3.14.2.7.5.3 IRM 3.14.2.6.5.3 for an explanation of how annual 965(h) installment payments and triggered liabilities are reported.

(9)   If it appears an adjustment to a TC 76X CRN 263 is required, a lead or manager should review the case and route to HQ for review and possible routing to an IRC 965 team. The below information if for leads only if an adjustment is approved by HQ.

Field	Adjustment	More Information
• EIN • MFT • TX-PRD • NM-CTRL	N/A	These fields will auto-populate.
SEQ-NUM>	Input sequence number of the adjustment	Start with "1" each day and continue to number each adjustment in sequential order
BLK>	Input "15" unless MFT 05 then input "17"	Input "17" for MFT 05, Input "15" for all other applicable MFTs

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Field	Adjustment	More Information
INTCMP-DT>	Input the interest computation date for the adjustment as applicable	This field is used when inputting a TC 298.00 CRN 263 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. *Note:* **No INTCMP-DT> is needed when inputting a TC 290.00 CRN 263 because the date defaults to the return due date for the module the adjustment is being input on when inputting a TC 290.00.**
CASE-STS-CD>	Input the following as appropriate: • A- Assigned • B- Background • C- Close	When inputting TC 76X CRN 263 adjustments, input an "A" and leave until all adjustments have posted.
IRS-RCVD-DT>	*	Will generate the current date.
CTRL-CAT>	Notice Review input "OURV", "RFDL" or in rare instances "IRRQ".	Input "OURV" to indicate the case was reviewed/adjusted by Notice Review *Note:* If adjustment is part of a recovery project use category code "IRRQ". *Note:* If CC NOREF was input use "RFDL"

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Field	Adjustment	More Information
TC>	• Input "290.00" if the 766/767 transaction should carry the return due date of the module being adjusted • Input "298.00" if the transaction should carry a date other than the return due date of the module being adjusted.	• When inputting a TC 766 CRN 263 or TC 767 CRN 263 adjustment to correct an erroneous TC 76X CRN 263 posted to the module, use "TC 290.00" and "TC 298.00" as appropriate to ensure the transaction you are inputting carries the date of the transaction you are correcting. ***Caution:*** **TC 290.00 defaults to the return due date of the module being adjusted, so if the transactions needs to carry a date other than the return due date use TC 298.00.** • When applying an overpayment to a future installment, use TC 298.00 for the current date. ***Example:*** If all installments have been timely paid and all TC 76X CRN 263 transactions and the TC 971 AC 114 are correct and there is a credit balance on the module and the 965 liability has not been full paid, input a TC 298.00 CRN 263 using the current date to generate a TC 767 CRN 263 to apply the overpayment to the 965 liability.
AMT>	Enter .00	Enter .00 when inputting a TC 290/298 to adjust the TC 76X CRN 263 transactions.
RSN-CDS>	Input "192"	Reason Code "192" is required when inputting/adjusting TC 76X CRC 263 adjustments.

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Field	Adjustment	More Information
HOLD-CD>	Follow the guidance in IRM 3.14.2.7.6.3 to input the appropriate hold code.	• When inputting adjustments to correct the TC 76X CRN 263 amount(s) and there will be an outstanding 965 deferral remaining on the module, use of HC 4 is appropriate in most cases, however, if there is also a balance due of non-965 tax on the module, the notice should go out. • When inputting adjustments to correct the TC 76X CRN 263 amount(s) and the adjustments result in the 965 tax liability being full paid with an overpayment on the module, the notice should go out.
PSTING-DLAY-CD>	Input the number of cycles as appropriate. The accepted values are 1-6.	No posting delay code is required when inputting multiple TC 76X CRN 263 adjustments, however, if you are inputting other adjustments in addition to the TC 76X CRN 263 adjustment(s), then a posting delay code is needed. *Example:* **If an adjustment to tax is needed, in addition to the TC 76X CRN 263 adjustments, input adjustment to tax prior to the TC 76X CRN 263 adjustments and the use a posting delay code of "1" when inputting the TC 76X CRN 263 adjustments.**
CD>	Input "263"	Ensure "263" is input when adjusting TC 76X CRN 263 amounts.

Field	Adjustment	More Information
AMT>	Input the amount of the payment/credit being applied to and/or the amount of the adjustment being made to the 965 deferral	*Caution:* **When attempting to post a TC 767 CRN 263 to reduce the deferral, there MUST be a minus sign after the amount, otherwise the adjustment will post as a TC 766 CRN 263 increase to the deferral amount.**
SOURCE-DOC-ATTACHED>	Enter "Y" if yes. Enter "N" if no.	If you do not have the original or amended return/correspondence in hand, input "N".
REMARKS	Input "965 DEF ADJ" or "965 TGR TM"	• Enter "965 DEF ADJ" if the adjustment is being done as part of normal inventory • Enter "965 TGR TM" if the adjustment is being done as part of a recovery.

(10)   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 amount	Review the Transition Tax Statement or Form 965-A or Form 965-B 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". *Note:* This is a dollars only input. Do **NOT** include cents or special characters in the amount.
The TC 766 CRN 263 amount was entered incorrectly	Use CC REQ54 to input a TC 290.00 CRN 263 or TC 298.00 CRN 263 to correct the deferred tax amount.

(11)   Refer to the table below when researching and inputting adjustments to the TC 971, AC 114 and TC 766 CRN 263 amounts on Section 965(h) accounts:

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If	And	Then
The TC 971 AC 114 & TC 766 CRN 263 amounts are the same	The transition tax statement/ return/Form 965-A or Form 965-B reflect that the deferred tax amount should be an amount less than the amount posted	Use CC REQ54 to input a TC 290.00 CRN 263 to reduce the deferred tax amount *Note:* 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. *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**
A TC 971 AC 114 has posted, but no TC 766 CRN 263 posted	The inclusion year return indicates an IRC 965(h) deferred tax amount and/or the Form 965-A reflects the triggered liability amount and an IRC 965(h) election being made in the year of the triggering event	Ensure the TC 971 AC 114 amount was entered correctly and use CC REQ54 to input a TC 290.00 CRN 263 to establish the 965 deferral on the module. *Reminder:* **No minus sign is needed when inputting the CRN amount when establishing or increasing the posted TC 766 CRN 263 amount.** *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.**

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If	And	Then
Both the TC 971 AC 114 and TC 766 CRN 263 were input in error	There is no indication on the return and/or return attachments of an IRC 965 inclusion and/or 965(h) election being made by the taxpayer	Reverse the erroneous TC 766 CRN 263 using CC ADJ54 to input a TC 290.00 CRN 263 with a minus sign to reverse the deferred tax amount in its entirety, then input the TC 972, AC 114 reversal using a Post Delay Code 1.
Research indicates that a single payment was credited to the module more than once **Example:** A payment posted to the module without a DPC 64 but was included in a manual TC 767 CRN 263 transaction AND an in-module credit transfer is input to add the DPC 64 causing the systemic TC 767 CRN 263 to generate for the amount of the payment, thereby double crediting the module.		Use CC REQ54 to input a TC 290.00/TC 298.00 CRN 263 as appropriate, to generate a TC 766 CRN 263 to reverse one of the duplicate TC 767 CRN 263 postings. **Reminder: No minus sign is needed when inputting the CRN amount to increase the posted TC 766 CRN 263 amount.**

(12) Erroneous TC 76X CRN 263 postings resulting from the use of TC 290.00 CRN 263 instead of the TC 298.00 CRN 263 to apply installment payments to the deferral are very common on inclusion year modules. Refer to the Table below when correcting TC 76X CRN adjustments that were input in error:

If	Then
A manual TC 767 CRN 263 was input using a TC 290.00 to apply an installment payment that was received and due after the due date of the inclusion year/triggering event year return	1. Input a TC 290.00 CRN 263 to generate a 766 CRN 263 in the amount of the credit that was reversed in error to add the credit back in. 2. Input a TC 298.00 CRN 263 with a minus sign in the amount of the payment using the date of the payment or the installment due date whichever is earlier unless there is interest on the module in which case the installment due date should be used as the interest computation date.

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(13) Refer to the table below when applying credits on the inclusion year module and/or the triggering event year module to the IRC 965(h) deferral:

If	And	Then
The 965 inclusion year module or triggering event year module where a 965(h) election was made is in a credit balance	All installment payments due to date were timely paid and properly applied and the Section 965 liability is NOT full paid	Input a TC 298.00 CRN 263 for the amount of the credit with a minus sign using the current date to apply the credit to the next in-stallment(s).
The 965 inclusion year module or triggering event year module where a 965(h) election was made is in a credit balance	Research indicates the overpay-ment is caused because a 965 designated payment posted without a DPC 64	Perform an in-module credit transfer to post the payment as a TC 670 DPC 64. Once posted, BMF programming will post a systemic TC 767 CRN 263, to apply the payment to the deferral.

(14) Refer to the table below when the inclusion year and/or triggering event year module is in a debit balance:

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If	And	Then
The 965(h) inclusion year module and/or the triggering event year module is in a debit balance	All TC 76X CRN 263 transactions on the module accurately reflect the payments posted to the module	1. Research the module and each subsequent module looking for misapplied and/or mis-coded IRC 965 Designated Payments. 2. If any available IRC 965 payments are identified, move them to the inclusion year/ triggering event year module and post them as a TC 670 DPC 64. **Once posted, BMF programming will systemically post a TC 767 CRN 263 in the amount of the payment.** 3. If after the payment(s) are moved to the inclusion year/ triggering event year module, the module balance is zero, no further action is needed. 4. If after the payment(s) are posted to the inclusion year/ triggering event year module, the module remains in a debit balance, refer the account for 5. If after the payment(s) are posted to the inclusion year/ triggering event year module, the module is in a credit balance and the Section 965 liability has not been paid in full, input a TC 298.00 CRN 263 for the amount of the credit using the current date as the interest computation date to apply the credit to the next installment due. *Caution:* **When attempting to post a TC 767 CRN 263, input the CRN amount with a minus sign.** 6. If after the payment(s) are posted to the inclusion year/ triggering event year module, the module is in a credit balance and the Section 965 liability has been paid in full, the credit can refund or offset as normal

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If	And	Then
The 965(h) inclusion year module and/or the triggering event year module is in a debit balance	No misapplied/mis-coded IRC 965 payments are located **AND** there is no indication on the module that the Section 965 liability has been accelerated	Refer the account for possible acceler-
The 965(h) inclusion year module and/or the triggering event year module is in a debit balance	There is an open control base and one of the following history items on TXMOD: "L6154", "965/L6154", "6154SNT"	Contact the employee with the open control, before taking any action on the account.
The 965(h) inclusion year module and/or the triggering event year module is in a debit balance	There is a history item on TXMODA of "965ACCEL"	The liability has been accelerated and payment of the entire Section 965 liability is due in full. **Do NOT input a TC 766 CRN 263 to re-establish the deferral.**

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3.14.2.6.5.4
(01-01-2023)
IRC 965 CP Notices

(1)   The following notices were created for BMF IRC 965 processing:

- CP 247A - Tax Assessed - Notification of the Requested Credit Elect/ Refund Being Applied to Section 965 Tax Liability
- CP 247B - Tax Assessed - Notification of Credit Elect/Refund Being Applied to Section 965 Tax Liability
- CP 247C - Tax Assessed - Including Section 965 Tax Liability
- CP 256 - Annual Section 965(h) Installment Notice
- CP 947A - Tax Assessed - Notification of the Requested Credit Elect/ Refund Being Applied to Section 965 Tax Liability (Spanish)
- CP 947B - Tax Assessed - Notification of Credit Elect/Refund Being Applied to Section 965 Tax Liability (Spanish)
- CP 947C - Tax Assessed - Including Section 965 Tax Liability (Spanish)
- CP 956 - Annual Section 965(h) Installment Notice (Spanish)

(2)   CPs 247A/B/C and CPs 947A/B/C are notice and demand correspondence issued to notify the taxpayer of their IRC 965(h) tax liability.

(3)   When reviewing CPs 247A/B/C and CPs 947A/B/C research the account to ensure the TC 971 AC 114 amount and TC 766 CRN 263 were input correctly.

- If correct, and the amount on the notice accurately reflects the informa- tion on the return and on the module, print the notice.
- If the TC 971 AC 114 and/or the TC 766 CRN 263 were input incor- rectly, input the appropriate adjustment in accordance with IRM 3.14.2.6.5.3.1 . If there is a remaining IRC 965 tax liability after the ad- justments are made, print the notice.
- 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 IRM 3.14.2.6.5.3.1 and void the notice.

(4) When reviewing CP 256 and 956, research the account to ensure the TC 971 AC 114 amount and TC 76X CRN 263 transactions were input correctly.

Research to ensure the following:
Ensure the non-965 tax and the 1st installment payment were paid by the due date of the 1st installment.
Ensure all subsequent installment payments were made by the due date of the installment and full paid the installment due. *Note:* The posted TC 767 CRN 263 should carry the due date of the installment or the payment date, whichever, is sooner except when there is interest on the module in which case the posted TC 767 CRN 263 should carry the due date of the installment. When applying an overpayment to a future installment the current date should be utilized when inputting the TC 290.00/298.00 CRN 263 to generate the TC 767 CRN 263. If the date of a posted TC 767 CRN 263 is incorrect, input an adjustment to correct it (i.e., reverse the erroneous TC 767 CRN 263 by inputting a TC 290.00/298.00 CRN 263 adjustment to post a TC 766 CRN 263 using the same date and amount as the erroneous TC 767 CRN 263 and then input the TC 290.00/298.00 CRN 263 to post the TC 767 CRN 263 with the correct date. *Reminder:* The IRC 965 Tool can be used to help determine the needed adjustments to the IRC 965(h) deferral.
Ensure the TC 76X CRN 263 transactions posted to the module accurately reflect the payments made or credits applied to the IRC 965 deferral. *Note:* The net unreversed TC 766 CRN 263 transactions should reflect the IRC 965 Total Tax minus payments made or credit applied towards the IRC 965 deferral on BMF accounts.

- If correct and the amounts on the notice accurately reflect the IRC 965(h) deferral amount and payments and credits applied to the deferral on the module, print the notice.
- If the TC 971 AC 114 and/or the TC 76X CRN 263 transactions were input incorrectly, input the appropriate adjustment(s) in accordance with IRM 3.14.2.6.5.3.1. 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 the unreversed TC 766 CRN 263 transactions on the module on BMF accounts.**

  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 the applicable percentage (8% in years 1-5, 15% in year 6, 20% in year 7 and 25% in year 8) of the most recently posted TC 971 AC 114

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amount unless a prior payment paid a portion of the installment amount that is due for the reporting year, in which case the Installment Amount Due will be less than the applicable percentage (8% in years 1-5, 15% in year 6, 20% in year 7 and 25% in year 8) of the most recently posted TC 971 AC 114 . If a previous payment paid all of the installment due for the reporting year, then the Installment Amount Due on the notice should be zero.

- 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. 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."
- 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 IRM 3.14.2.6.5.3.1 and void the notice.
- If the TC 971 AC 114 amount is less than the TC 766 CRN 263, void the notice.
- If the TC 971 AC 114 and TC 766 CRN 263 amounts are correct and the notice module has a credit balance, void the notice.
- If the 965 liability has been accelerated due to failure to timely pay installments, void the notice. See table below for more details.

If	Then
There is a history item on TXMODA of "965ACCEL" and/or the net 76X CRN 263 transactions on the module equal zero	Void the notice.
There is an open control base and one of the following history items is on TXMOD: "L6154", "965/L6154", "6154SNT"	1. Ensure the 965 amounts on the module are accurate and match the notice. If so, print the notice. 2. If an adjustment is needed to the module, contact the employee with the open control prior to making any adjustment and retype the notice accordingly.

- If there is an indication of a transfer agreement on the module and you are unable to determine the accuracy of the notice, refer the case to the lead who will contact SB/SE Brookhaven for assistance. See the table below for information on how to identify transfer agreements on IRC 965 modules.

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Transaction Code	Meaning
TC 971 AC 507	An unreversed TC 971 AC 507 indicates an approved IRC 965 Transfer Agreement. This transaction creates an MFT 83 Transferee module which mirrors the Transferor's module. Once established any payment made towards the transferred 965 liability will be recorded on both modules until it is paid in full. TC 971 AC 507 links the transferor and transferee accounts.
TC 76X CRN 337 RC 160	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 transferor accounts.
MFT 83	Indicates an IRC 965 liability was transferred. MFT 83 is the transferee's module and IRC 965 payments/credits on this account should mirror the IRC 965 payments/credits on the transferor's 965 inclusion year module until the 965 tax liability is paid in full.

3.14.2.6.5.5
(11-05-2019)
IRC 965(h) Liability Schedule CFOL Screen (Command Code BMFOLM)

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

(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, as well as, the remaining deferral amount still owed. It will allow you to determine if an installment amount was paid, overpaid with the overpayment being credited to the next installment or if the installment was underpaid.

(6) The BMFOLM display screen will recalculate with the input of a new TC 971, AC 114 and/or a new TC 766/767 CRN 263 amount.

Note: See IRM 2.3.59-125, Command Code BMFOL IRC 965 Liability Schedule Screen for a detailed display.

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3.14.2.6.6 (01-01-2023) **Reviewing Notices with Freeze Codes**	(1)	Consider all existing freeze codes before taking any action on a tax module.
	(2)	Refer to *Document 6209 Section 8A* for a complete listing of Master File Freeze Codes with explanations of the codes, conditions on the account, and freeze release instructions. Consult your work lead for instructions for resolving cases with freeze codes not mentioned in the following sections.
3.14.2.6.6.1 (01-01-2023) **Duplicate Return Freeze (-A)**	(1)	The -A Freeze is set when a duplicate or amended return (TC 976 or TC 971 (AC 010)) posts to a tax module that contains a posted original return.
	(2)	The freeze generates a CP 193 transcript that is routed to Accounts Management (Adjustments) for resolution.
	(3)	If the notice is selected for review, follow the procedures in the **-A Freeze Decision Table** below.

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If	Then
The Category Code is DUPF or 941X	• **Do not transfer credit into or out of the notice module.** • Do not assess the TC 160 penalty . • Mail notice
• The return posted to an incorrect tax period and has to be reprocessed, **and** • Either the receiving or losing module contains an -A Freeze	Void the notice.
• If box 1 above applies, **and** • The notice module contains excess credit, **and** • The TC 976 tax liability on CC BMFOL or CC BRTVU matches the excess credit amount	Void the notice.
The notice module has an -A freeze with no current open control and there is a pending payment (TC 6XX)	Label the notice.
The notice module is in balance due status with no current open control and a payment is located.	Transfer payment into notice module and determine the correct notice disposition.
If payment found on Losing module contains -A Freeze and no open control base.	Transfer payment into notice module and determine the correct notice disposition. See IRM 3.14.2.7.10 Notice Disposition.
The notice module has an -A freeze with no current open control.	Mail the notice. Do not assess TC 160.
Controlled to a tax examiner outside Accounts Management	Contact the tax examiner for case resolution (notice disposition, etc.) for all other instances see IRM 3.14.2.7.3 .
There is a pending adjustment with no Hold Code or Hold Code 1 on the notice module.	Label the notice.
CP 267	Refer to IRM 3.14.2.6.8.

3.14.2.6.6.2
(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 Statute of Limitations for refunds expires.

(3) You must contact the Statute Unit for all notices with a tax increase selected with a -B Freeze to determine notice disposition. Use chart below for disposition.

(4) Follow any special instructions given by the Statute Unit when making an adjustment to the tax module.

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(5)   If increasing the tax, input a HC 4 to hold any remaining credit.

(6)   If transferring credit with a TC 820, input a secondary TC 570 on the debit side of the transfer to create a -R Freeze and hold any remaining credit on the module.

(7)   Any of the following actions will release the freeze:

- TC 820
- The module balance becomes zero or debit, or less than $5.00 credit.

(8)   Follow procedures in **-B Freeze Decision Chart** below.

If	Then
Notice with **refund** selected with -B Freeze	Void the notice.
Notice with **tax increase** selected with -B Freeze	Contact the local Statute Unit. Your contact should state that if you do not receive any instructions from the Statute Unit before cycle closeout, the notice will be voided.

3.14.2.6.6.3
(01-01-2016)
Offset Overflow Freeze (C-)

(1)   This freeze delays a TC 846 for one or two cycles.

(2)   Master File generates this freeze when an offset overflow (computer capacity exceeded) exists.

(3)   Follow normal review procedures.

(4)   If the delayed refund needs to be reduced:

a.   Hold the notice.
b.   Monitor the case for posting of the TC 846.
c.   Delete the refund.

3.14.2.6.6.4
(01-01-2025)
Refund Statute Expiration Date (RSED) Freeze (-D)

(1)   This freeze prevents credits from refunding or offsetting (including Credit Elect) from the module.

(2)   The -D Refund Statute Expiration Date (RSED) Freeze is set when:

- An RSED is present
- A BMF adjustment (TC 29X/TC 30X) posts to the account
- The IRS received date of a taxpayer's return is more than three years after the due date or extended due date, whichever is later, and the module has a previously posted Substitute for Return (SFR)
- All or part of the credit must be made up of prepaid credits (prepaid credits are credits posted by the due date of the return). The credit is frozen and an RSED-STAT transcript is generated and distributed to the Statute Function for resolution 4 cycles after the -D Freeze is set.

(3)   If the conditions above are met, void the notice.

Caution: The following conditions will release the -D Freeze:

- A TC 29X with a Priority Code 4 posts to the module

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• The module balance becomes zero or debit

3.14.2.6.6.5
(01-01-2016)
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:

• No original return (TC 150) has posted, but a duplicate (TC 976) return posts to a tax module
• TC 971 Action Codes 010, 012, 013, 014, or 015 is input

(3)   Any of the following actions will release the freeze:

• TC 150
• TC 971 with Action Code (AC) 002

Note: If the case is controlled to a Tax Examiner (TE), contact the tax examiner for case resolution.

3.14.2.6.6.6
(01-01-2016)
Rollback Freeze (-E)

(1)   This freeze prevents credits from offsetting into a debit module the computer has performed a rollback analysis on **or** to a debit module that has no modules in status 22, 23, 24, or 26 for the previous 12 months.

(2)   Any of the following actions will release the freeze:

• Computer released after 10 cycles
• The credit discrepancy is resolved
• The module balance becomes zero or credit
• The module reaches status 22, 23, 24, or 26

Caution: Overpayments must be transferred into modules with -E Freezes only if the credit is claimed on the module, intended to be applied, or the taxpayer requested the credit transfer.

3.14.2.6.6.7
(11-05-2019)
Math Error Freeze (-G)

(1)   This freeze grants Appeal Rights to the taxpayer and prevents the tax module from updating to TDA status.

(2)   One of the following conditions **usually** sets this freeze:

• An original return with a Math Error Notice Code (TPNC) posts to the module
• An adjustment in Blocking Series 770-789 posts to the module

(3)   The freeze will automatically release in twelve weeks. Any of the following actions will release it earlier:

• TC 472 with Closing Code 94
• TC 290 with Priority Code 6

3.14.2.6.6.8
(01-01-2016)
Restricted Failure to Pay
Penalty Freeze (G-)

(1)   This restricts the Failure to Pay penalty.

(2)   Any of the following conditions will set the freeze:

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- TC 270/271 (except with Reason Code 62)
- TC 320 (Return due date is before 1-1-87)
- TC 534 (for significant amount)
- TC 780 with a TC 480

(3) Any of the following actions will release the freeze:

- TC 272 (zero amount)
- TC 321
- TC 535 (if the TC 534 amount is completely reversed)
- TC 781 or TC 782

(4) Manually compute the penalty and retype the notice if necessary.

Note: Any transaction with Doc Code 52 will restrict FTP penalty and interest (credit and debit) in the module with that transaction. This restriction is permanent and cannot be released. This condition does not set the G-freeze. Nevertheless, manual penalty and interest computation is required. Exception: A transaction with Doc Code 52 with Julian Date 999 will not restrict the Failure to Pay penalty and interest.

3.14.2.6.6.9
(01-01-2016)
Restricted Credit Interest Freeze (I-)

(1) This freeze restricts credit interest.

(2) One of the following conditions will set the freeze:

- TC 770
- TC 780
- TC 534 (for significant amount)

(3) Any of the following actions will release the freeze:

- TC 771
- TC 772
- TC 535 (must completely reverse TC 534 amount)
- TC 781 or TC 782
- Net module balance becomes zero or debit

Note: Any transaction with Doc Code 52 will restrict FTP penalty and interest (credit and debit) in the module with that transaction. This restriction is permanent and cannot be released. This condition does not set any I freeze. Nevertheless, manual penalty and interest computation is required. Exception: A transaction with Doc Code 52 with Julian Date 999 will not restrict the Failure to Pay penalty and interest.

(4) Follow normal review procedures.

3.14.2.6.6.10
(01-01-2023)
Restricted Debit Interest Freeze (-I)

(1) The -I (Debit Interest) Freeze sets when a manual abatement or assessment requirement is placed on an account. The -I Freeze is generated when a TC 340/ TC 341 posts or when CCC "Z" is placed on an account identifying combat zone taxpayers entitled to an automatic postponement of a deadline. You must manually compute interest on adjustments input on an account with the -I Freeze. It also prevents credits from refunding or offsetting into or out of the module for eight weeks.

(2) A TC 340/341 sets this freeze.

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(3)   TC 342 will release this freeze.

(4)   Manually compute the interest and retype the notice if necessary.

Reminder: Electronically document reason for action taken when available to function inputting adjustment.

Example: If case is located on Accounts Management Services (AMS) system and/or the CIS (Correspondence Imaging System) - effective February 17, 2009 renamed as AMS (Accounts Management Services) - notate the following in case history:
• reason interest has been restricted
• relevant interest computation dates/amounts for that adjustment
• any specific information helpful in reconstructing the posted restricted interest adjustment.

Reminder: Any transaction with Doc Code 52 will restrict FTP penalty and interest (credit and debit) in the module with that transaction. This restriction is permanent and cannot be released. This condition does not set any I freeze. Nevertheless, manual penalty and interest computation is required. Exception: A transaction with Doc Code 52 with Julian Date 999 will not restrict the Failure to Pay penalty and interest.

(5)   For a complete list of conditions for -I Freeze refer to Document 6209 Section 8A, chapter 4, *Document 6209 Freeze Codes.*, .

3.14.2.6.6.11
(01-01-2016)
Credit Balance Freeze (-K)

(1)   This freeze prevents the credit balance from refunding or offsetting from the module.

(2)   Any of the following conditions will set the freeze:

•   TC 29X with Hold Code 1, 2, or 4
•   TC 30X with Hold Code 1, 2, or 4
•   Form 1120 with CCC "N" (Joint Committee Case) is posted

Note: A TC 290 .00 with Hold Code 4 sets this freeze on a refund delete case.

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)   Any of the following actions will release the freeze:

•   TC 150 posts to the module
•   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 debit

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3.14.2.6.6.12
(04-03-2023)
Form 2290 (L-)

(1) This freeze is set when MFT 60 (Form 2290) module has a credit balance of $10.00 or more.

    a. The freeze was created to prevent erroneous refunds.
    b. The credits are recorded on the Form 2290 Credit Report which is worked by the Excise Group at Cincinnati Campus.
    c. The module is frozen from refunding and offsets.

                                                                                                                             #

the form is requested by the Excise Team route to Internal Revenue Service, Excise Operation, Stop 5701-G 7940 Kentucky Drive, Florence, KY 41042.

3.14.2.6.6.13
(01-01-2016)
AIMS Indicator Freeze (-L)

(1) A TC 420 or TC 424 sets this freeze.

Note: This freeze will not prevent a refund.

(2) Follow normal review procedures.

Note: If a CC REQ54 adjustment is needed, use Priority Code 1.

(3) Freeze is released by certain TC 30X or TC 42X transactions.

3.14.2.6.6.14
(01-01-2025)
Disaster Freeze (-O)

(1) The -O freeze allows the IRS to provide special processing related to any filing, payment or interest relief, granted for a geographical area. It is input systemically at the request of the Disaster Program Office.

(2) This freeze is set by TC 971 (Action Code 086 or 087).

    • AC 086 Normal Disaster FTF and FTP suspension - also for TC 972
    • AC 087 Disaster with 7508(a) relief - also for TC 972 (reversal)

(3) The -O freeze provides the following relief:

    • Suspends the mailing of notices with the exception of assessment notices required by IRC 6303 and notices pertaining to the Release of Levy/Release of Property from Levy.
    • Establishes a filing and payment postponement period for eligible taxpayers with a filing or payment due date/extended due date within the disaster period.
    • Allows for special penalty/interest computation for taxpayers meeting the criteria for the filing and payment relief granted.
    • Suspends a number of collection and examination activities.

(4) The -O freeze does NOT freeze the module from refunding.

(5) The -O freeze is released when the current date is beyond the secondary date (disaster ending date) of the TC 971 AC 087.

Note: When performing account research, the -O freeze can be viewed using IDRS CC ENMOD and/or BMFOLE. The Disaster Victim Code will also post on the Entity portion of IDRS. For more information on the Disaster Victim Code see, IRM 3.14.2.6.6.19, Disaster Freeze (-S).

(6) Please refer to IRM 3.14.2.6.4.4, Natural Disaster Procedures, for more information.

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3.14.2.6.6.15
(11-04-2021)
Refund Deletion Freeze
(P-)

(1) This freeze prevents overpaid balances from refunding or offsetting from the module.

(2) Any of the following conditions will set the freeze:

- TC 720
- TC 841
- TC 842 with a posted TC 150

(3) Any of the following actions will release the freeze:

- TC 29X posts to the module
- TC 30X posts to the module
- TC 721 posts to the module
- TC 722 posts to the module
- TC 820 posts to the module
- TC 830 posts to the module
- A Doc Code 24 or 34 credit transfer
- A TC 571 or TC 572 AFTER a TC 570 has previously posted
- The module balance becomes zero or debit

Caution: If an open control base is on the module regardless of status, do not release the freeze without contacting the originator.

3.14.2.6.6.16
(01-01-2025)
Rollover Freeze (Q-)

(1) The Q-Freeze is set when a return posts with unclaimed excess credits.

(2) The account is frozen from refunding or offsetting for 15 cycles for MFTs 01, 02, 03, 05, 10, 11,12,16, and 33.

Caution: If a credit transfer or adjustment needs to be made to it must be input at least 3 cycles before the Q- freeze release cycle. Example: If the Q-freeze will release in cycle 20XX20, then a necessary credit transfer must be input no later than cycle 20XX17.

(3) Any of the following actions will release the freeze:

- Automatically at the end of 15 cycles
- A TC 652 or TC 662 posts and remaining credits are within $10.00 of the claimed amount (including penalties and interest)
- A TC 290 .00 with Hold Code 3 and Priority Code 4 posts
- The module balance becomes zero or debit

3.14.2.6.6.17
(03-08-2024)
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 X posts
- A TC 291 with Priority Code 7 posts

(3) Any of the following actions will release the freeze:

- TC 571
- TC 572
- TC 29X

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- TC 180 posts for zero to a module with an unreversed TC 186
- The module balance becomes zero

Caution: Carefully review account conditions and open control bases before releasing any frozen overpayments. Use the Document 6209 or IAT Code Search Index (CSI) to review all TC 971 Action Codes before taking action.

(4)   Accounts requiring further review of EPE claimed credits by SB/SE and/or LB&I are identified by a TC 971 AC 831. These accounts will be frozen with a -R freeze. Do **not** release these overpayments. Perform regular review of the case, however only items other than EPE should be adjusted by Notice Review. Use a hold code 4 if retyping and hold code 1 if labeling the notice. **Never input a TC 571 on these cases**. Ensure that account actions do not inadvertently release the overpayment.

Caution: Notice Review does not have the authority to adjust EPE credits. If EPE credits appear to need adjustment refer the case to a lead. Leads will contact local P&A and HQ if necessary after review.

3.14.2.6.6.18 (01-01-2016) **RPS Multiple 610 Freeze (R-)**	(1) Any of the following actions will set this freeze: - Multiple TC 610s on module when the TC 150 posts - Multiple TC 610s posted with no TC 150 posted on module (2) Any of the following actions will release the freeze: - TC 29X - TC 30X - TC 612 (to reverse the TC 610) - The module becomes zero or debit

3.14.2.6.6.19
(04-03-2023)
Disaster Freeze (-S)

(1)   The -S freeze is a systemic disaster indicator that gives the IRS flexibility to grant filing and payment relief without suspending compliance activities and the generation of notices when the impact and scope of a federally declared disaster does NOT warrant the use of the -O Freeze.

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(2)   The -S freeze is set/reset by TC 971/972 with AC 688 with disaster beginning and ending dates for all taxpayers located within ZIP codes in the IRS covered disaster areas.

Note: The Disaster Victim Code will post on the Entity portion of IDRS. The Disaster Victim Code is a value indicator that is defined in the table below:

Disaster Victim Code	Definition
1	-S freeze active
2	-O freeze active

Disaster Victim Code	Definition
3	Both -S and -O freezes are active
4	Historical indicator reflecting that the -S freeze or -O freeze were active at some point in the past but are not currently active

(3) The -S freeze is released when the current date is beyond the secondary date (disaster ending date) of the TC 971 AC 688.

(4) Please refer to IRM 3.14.2.7.4.4, Natural Disaster Procedures, for more information.

(5) For detailed disaster information and impacted state list see *Tax Relief in Disaster Areas.*

3.14.2.6.6.20
(01-01-2016)
Undelivered Refund
Check Freeze (S-)

(1) This freeze prevents any overpayment from refunding. It also causes a CP 231 to be issued to the taxpayer.

(2) A TC 740 sets the freeze

(3) Any of the following actions will release the freeze:

- TC 018
- TC 742 (net of all TC 74X is zero and debit)
- TC 014
- The module balance becomes zero or debit

3.14.2.6.6.21
(01-01-2016)
Outstanding Liability
Freeze (V-)

(1) This freeze indicates an outstanding liability on another tax account.

(2) A TC 130 sets this freeze.

(3) Any of the following actions will release the freeze:

- TC 131
- TC 132
- TC 824

(4) Follow normal review procedures.

3.14.2.6.6.22
(01-01-2016)
Bankruptcy Freeze (-V)

(1) This freeze causes the Campus Status to become 72.

(2) A TC 520 with Closing Codes 60-67, 83, 85-89 sets the freeze.

(3) A TC 521/522 with Closing Codes 60-67, 85-89 releases the freeze.

(4) Follow normal review procedures.

(5) Closing Code 81 usually indicates that the Department of Justice (DOJ) is litigating a bankruptcy matter relating to the account. Follow procedures below. **Caution: Taking actions on these cases before seeking DOJ concurrence/ approval may have a negative and serious impact on the ongoing litigation or secured judgment.**

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(6)   If during review, it is decided that the Territory Office Special Procedures function needs to be contacted:

   1.   Give the case to the work lead.
   2.   The work lead will contact the Territory Office Special Procedures function for case resolution.
   3.   The work lead will return the case to the tax examiner with instructions for case resolution.
   4.   The tax examiner will resolve the case.

3.14.2.6.6.23
(11-05-2019)
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.

(4)   If during review it is decided that the Territory Office Special Procedures function or the Appeals Office needs to be contacted:

   1.   Give the case to the work lead.
   2.   The work lead will contact the Special Procedures function and/or Appeals Office for case resolution. (To inquire about the status of a case in Appeals Office, call the Appeals Customer Service Line at (559) 233-   #
   3.   The work lead will return the case to the tax examiner with instructions to resolve the case.
   4.   The tax examiner will resolve the case.

3.14.2.6.6.24
(11-05-2019)
Litigation Pending
Freeze (-W)

(1)   A TC 520 with various closing codes sets this freeze.

(2)   Follow normal review procedures.

(3)   If during review it is decided that the Territory Office Special Procedures function or the Appeals Office needs to be contacted:

   1.   Give the case to the work lead.
   2.   The work lead will contact the Special Procedures function and/or Appeals Office for case resolution. (To inquire about the status of a case in Appeals Office, call the Appeals Customer Service Line at (559) 233-   #
   3.   The work lead will return the case to the tax examiner with instructions to resolve the case.
   4.   The tax examiner will resolve the case.
   5.   The following defines a Department of Justice (DOJ) case:

   •   Any module in Status 72 and/or an unreversed TC 520 with closing codes 70, 75, 80 and 82.
   •   Any module with a TC 550 and definer code 04.

   Caution: Taking actions on these cases before seeking DOJ concurrence/approval may have a negative and serious impact on the ongoing litigation or secured judgment.

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| 3.14.2.6.6.25
(01-01-2025)
Refund Freeze (X-) | (1) | An X- freeze **requires** a manual refund, regardless of dollar amount or case type. In addition, all refunds in excess of $100 million dollars also require a manual refund. |
| | (2) | Notice Review **must initiate a manual refund** for all X- freeze cases unless another area has an open control or the refund should not be released. See IRM 3.14.2.7.2.2, Manual Refunds for more information. |

3.14.2.6.6.26
(01-01-2025)
Unresolved Manual Refund Freeze (-X)

(1) The -X freeze is set when one of the following conditions is present:

- A TC 150 with Computer Condition Code (CCC) 0 posts to the account without a TC 840 (manual refund).
- A TC 840 posts to a module and creates a balance due.
- A manual refund is input and a TC 840 posts to the account and a corresponding adjustment is input without the proper Hold Case (HC), causing a duplicate refund to generate.
- A TC 840 posts without a TC 150 on the account.
- A TC 840 posts to an account in debit balance.

(2) If after review the case should be refunded, input a TC 290 .00, hold code 3, priority code 8.

3.14.2.6.6.27
(02-26-2016)
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.

3.14.2.6.6.28
(01-01-2024)

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3.14.2.6.7
(01-01-2025)
Math Error Condition

(1) A math error notice generates whenever a mathematical error is made by the taxpayer on the return or the posted payment information does not agree with the amount claimed on the return.

  a. The taxpayer notice code (TPNC), also called the math error code, is a two-digit numerical code assigned by ERS or ECC-MTB for the specific error condition. See IRM 3.14.2.11 Taxpayer Notice Codes (TPNCs), for allowable TPNCs by Form type.

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    b.   The computer translates this code into an explanatory paragraph that prints on the math error notice.

    c.   This message notifies the taxpayer of the error on the return or account.

(2)   Complete all general review procedures in IRM 3.14.2.6 **before** reviewing the math error condition. The return may or may not be included with the NRPS package, depending on the error condition.

(3)   The Math Error Notices are:

    a.   **Overpayment Notices**

Form	Computer Paragraph Notice
940, 940-EZ	111
941, 943, 944, 945	112
CT-1, CT-1X	113
720	114
11-C, 706, 706-NA, 709, 709-NA, 730, 2290	115
990PF, 4720, 5227	116
1042	117
990-T, 1041, 1120, 1120-C, 1120X	133
720, 940, 940-EZ, 941, 943, 944, 945, 1041, 1120, 1120-C, 1120X	268
940(sp)	811
941(sp), 943(sp), 944(sp)	812

    b.   **Even/Balance Due Notices**

Return	Computer Paragraph Notice
940, 940-EZ	101
941, 943, 944, 945, 941X, 943X, 944X, 945X	102
CT-1, CT-1X	103, 123
720	104, 124
11-C, 706, 706-NA, 709, 709-NA, 730, 2290	105, 125
990PF, 4720, 5227	106, 126
1042	107, 127
990-T, 1041, 1120, 1120-C, 1120X	131, 131A and 132
940(sp)	801
941(sp), 943(sp), 944(sp)	802

(4)   To view an exhibit of a notice, refer to the Taxpayer Correspondence Services (TCS) website Servicewide Notice Information Program, *SNIP*.

3.14.2.6.7.1
(01-01-2025)
Reviewing Return Math Errors

(1)   Review math error notices to verify the changes made during processing and each corresponding Taxpayer Notice Code (TPNC).

(2)   To verify the tax return changes made during processing:

a.   Review all lines and schedules impacted by point of error (usually the first TPNC assigned) verifying taxpayer and ERS math calculations.
b.   Review for transcription errors or a misplaced decimal point. See IRM 3.14.2.6.7.1.3, Decimal Point Errors Review and Correction, for more information.
c.   Review for taxpayer intent. Working a line calculation backwards from the total can help identify taxpayer intent for impacted lines.

Example: On a Form 941 with TPNC 07, the taxpayer's figure for Total Social Security and Medicare Taxes (line 5d), divided by the correct percentage equals the Taxable Social Security Wages (line 5a). If this amount does not match the taxpayer's figure for line 5a, it could equal the entry for Wages, Tips and Other Compensation for (line 2). Line 5c will be greater than or equal to the total of lines 5a and 5b. Verify taxpayer intent **before** adjusting the account.

Reminder: A CP may generate when the taxpayer is claiming total payments as estimated payments. Void the notice if the refund exactly matches the amount the taxpayer is expecting and there are no other error conditions present.

(3)   The tax return is required for math error verification if:

a.   The account has a balance due of $250,000 or more **or**
b.   The account has an overpayment of $100,000 or more

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Note: If any required return is not received before cycle close out input an H Disposition in OLNR, as approved by Headquarters, (see also) until the return is received. If the account is overpaid with a TC 846 on the notice module, intercept the refund using NOREF

(4)   Correct any obvious errors found during review.

(5)   To verify the TPNCs assigned on a math error notice:

a.   Review the validity of Taxpayer Notice Codes (TPNCs) for correct assignment by form type. See IRM 3.14.2.11, Taxpayer Notice Codes (TPNCs) and the corresponding subsection for each form. TPNCs by line number can be found in *Business Master File Notice Review Job Aid 2533-701*.

b.   Review assigned TPNCs clearly state the error(s) the taxpayer made on their return.

(6)   If the assigned TPNC is incorrect, retype the notice to remove the incorrect TPNC(s) and add the correct TPNC(s).

(7)   If you are reviewing a **math error notice** with a balance due of $250,000 or more or an overpayment of $100,000 or more, then you are **required to have the return**. If it is not provided then you should request the document by using CC ESTAB. If the document is not received and the accuracy of the overpayment cannot be confirmed before the close out, you must input CC NOREF if there is a TC 846 present on TXMOD and input an H Disposition, as approved by Headquarters, until the return is received.

Note: If the document is not received within the applicable timeframes for CC ESTAB, request the document using Form 2275.

(8)   Analyze for the taxpayer's intent. If the taxpayer entered a line incorrectly it could affect the whole return. This can sometimes be discovered by working a line calculation backwards.

(9)   If the tax or credits are incorrect, input CC REQ54 on IDRS:

a.   Change other items, such as item reference numbers, as needed.
b.   Do **not** adjust reference items unless also changing the tax or credits.
c.   Refer to IRM 3.14.2.7.6 when inputting tax adjustments.
d.   See IRM 3.14.2.7.6.6 and Document 6209, *Document 6209 Item Adjustment Codes and Credit Reference Numbers* for specific item reference numbers.

Reminder: If adjusting tax on Employment Tax Returns, the FTD Penalty (TC 186) must be addressed. (Refer to IRM 3.14.2.6.17.8 , Failure to Deposit Penalty.)

(10) Delete a refund using CC NOREF:

a.   If increasing the tax
b.   If decreasing the refundable credits
c.   If a debit transaction is pending

Note: Refer to IRM 3.14.2.7.1 for instructions on inputting Command Code NOREF.

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3.14.2.6.7.1.1
(01-01-2025)
Math Error Processes for Specific Issues and Forms

(1) Some forms and the corresponding CP notices, have special steps or review processes that should be done in addition to normal math error review procedures. In addition, some processing issues require specific corrective actions. The following subsections contain specific information for some common math error processing with correction guidance.

3.14.2.6.7.1.2
(01-01-2025)
Corporate Alternative Minimum Tax (CAMT)

(1) The Inflation Reduction Act of 2022 amended IRC 55 to create a new Corporate Alternative Minimum Tax (CAMT) which imposes a 15% minimum tax on the adjusted financial statement income (AFSI) of applicable large corporations under IRC 59(k) for taxable years beginning after Dec. 31, 2022. Form 4626, Alternative Minimum Tax – Corporations, is used to determine whether a corporation is an applicable corporation under IRC 59(k) and to calculate CAMT under IRC 55 for applicable corporations.

Note: S corporations, regulated investment companies (RIC), and real estate investment trusts (REIT) are **not** subject to CAMT.

Caution: The CAMT applies to domestic and foreign tax forms.

(2) An applicable corporation under IRC 59(k) is any corporation that satisfies the AFSI test for one or more tax years which are prior to the current tax year and which end after December 31, 2021. A corporation meets the general AFSI test for that tax year when the corporation's average annual AFSI for the 3-tax-year period ending with the tax year exceeds $1 billion. NOTE: All AFSI of members of a controlled group is included in the AFSI of the corporation for AFSI test purposes.

(3) For the first tax year beginning after December 31, 2022, a corporation may choose to apply the safe harbor method (simplified method) for purposes of determining whether it is an applicable corporation. See Notice 2023-7, section 5, for additional information. If a corporation has been in existence for less than 3 tax years of the 3-tax-year period, the AFSI test is applied by averaging the tax years of the 3-tax-year period during which the corporation existed. AFSI for any tax year of fewer than 12 months shall be annualized by multiplying the AFSI for the short period by 12 and dividing the result by the number of months in the short period. NOTE: See Form 4626 Instructions for additional information on ASFI and the ASFI test applicable to Foreign-Parented Multinational Groups (FPMG) (FPMG AFSI Test).

(4) CAMT applies if the tentative minimum tax for the tax year exceeds the sum of the regular income tax plus the base erosion minimum tax (imposed under IRC 59A). The tentative minimum tax for the tax year is the excess of 15% of AFSI for the tax year, over the CAMT Foreign Tax Credit (FTC) for the tax year. For any corporation that is not an applicable corporation, the tentative minimum tax for the tax year is zero. See Form 4626 and the Form 4626 instructions for additional information on calculating CAMT.

(5) A corporation may take a credit against regular tax for alternative minimum tax (including CAMT) incurred in prior years. See Form 8827, Credit for Prior Year Minimum Tax—Corporations, for details.

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3.14.2.6.7.1.2

(6) A new field on entity module BMFOLE and ENMOD display TCAMT for a sum total of CAMT, which updates anytime a new return with CAMT or an adjustment to CAMT is input.

(7) Math verify Form 4626 in addition to any other parent form lines that impact tax (from the point of error). If a correction needs to be made to CAMT, adjust with REQ54, using Item Reference Number (IRN) 905 for increase or decrease.

3.14.2.6.7.1.3
(01-01-2025)
Decimal Point Errors Review and Correction

(1) Decimal error issues are most common on Forms 940, 941 and 943, but can occur on any form. When these forms are processed, sometimes the data is transferred with incorrect placement of decimal points.

Example: A CP 111 generated with tax of $5.60. The NRPS package shows taxable income of $700.00. The taxpayer's account has posted deposits of $56.00. The difference between the posted tax and the taxpayer's deposits ($50.40) is refunding. The return shows the taxpayer reported taxable wages of $7,000.00 and a tax of $56.00. It appears a transcription or scanning error was made during processing.

(2) Review the return if available. If the return is not available, research the NRPS package and IDRS, including but not limited to: TXMOD, BRTVU, and BMFOLT. If research indicates a misplaced decimal point or transcription error the account must be adjusted.

    a. If the exact amount of the adjustment **can** be verified using current account data **and** previous filing history (at least one year for quarterly filers and two years for annual filers) the adjustment can be input without ordering the return.

        Example: BMFOLT for the account being reviewed (CP 111 example above) shows tax (TC 150) of $59.00 the previous year and $55.00 the year before that with matching payments from the taxpayer. This is a clear filing history pattern. The filing history in conjunction with current IDRS data and research allows for an adjustment to be made without the return.

    b. If the necessary adjustment **cannot** be verified without the return, request the return using CC ESTAB. If the return is not received before cycle close-out., use notice disposition of "H" in OLNR, to allow more time to secure the return. Notify the lead of **H** disposition.

(3) Once the necessary research is complete and the return secured if required, figure the correct account adjustment utilizing a TC 290 and all necessary item and credit reference numbers.

    a. See IRM 3.14.2.7.6 , Tax Adjustments, and IRM 3.14.2.7.6.6, Credit Reference (CRN) and Item Reference Numbers (IRN) for more information.

    b. Do **not** access IDRS CC REQ54 until all CRNs, IRNs and dollar amount adjustments have been calculated including the expected final module balance.

Example: Using the previous case data in this section, here is the final information needed to calculate the necessary adjustment. The Form 940 indicates the state of Missouri for FUTA and unemployment taxes. The taxpayer

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filing history and payment record verify the need for an increase from the posted tax, even if the return was not unavailable. Since the decimal error impacted the whole return in this example, the wages posted and taxes posted need to be adjusted. The TC 150 is $5.60. The correct tax amount is $56.00. The current taxable wages on IDRS is $700.00 The correct taxable wages amount is $7,000.00. The account needs to be adjusted to the taxpayer's figures. The taxpayer paid timely, so does not need to receive a notice. This information used in conjunction with IRM 3.14.2.7.6.6.3, CRNs/IRNs for Form 940, is all that is required to figure the correct adjustment.

(4)   When the adjustment has been calculated and all fields are identified, input the adjustment using CC REQ54, response screen ADJ54. After adjustment input verify the new IDRS module balance matches the adjustment calculations.

Example: Based on the calculations above from the continuing example in this subsection, here is the correct adjustment input information for the ADJ54 screen: Blocking Series 15, Hold Code 3, TC 290 $50.40, WMO $6,300.00, and TMO 50.40. The account should also have a history item of CP111VOID or similar.

3.14.2.6.7.1.4
(01-01-2025)
Employment Forms, Review and Retype Instructions

(1)   Employment forms require careful review. Decimal and transcription errors occur often. In addition, payments can be misapplied between quarterly and annual form MFTs for the same EIN. See *BMF Notice Review Job Aid 2533-701* for specific employment form line information.

(2)   See IRM 3.14.2.6.4.8, for Form 944 special issues.

3.14.2.6.7.1.4.1
(01-01-2025)
Review of Form 940, Form 940(sp) (MFT 10) and Notices CP 101, 111, 801 and 811

(1)   Form 940 and Form 940(sp), Employers Annual Federal Unemployment (FUTA) Tax Return are annual tax returns filed by employers to report unemployment tax.

(2)   The calendar year return is due January 31st of the year following the end of the tax period.

(3)   Four separate quarterly tax deposit payments are required in April, July, October and January.

(4)   Compare payment dates and amounts with liabilities shown on the return (if the return is necessary to complete the review of the notice or if the return is available for viewing on EUP).

Note: Payments intended for Form 940 sometimes post to Form 941 modules.

(5)   If a missing payment is located in another module, move the credit to the correct module.

(6)   Research any unclaimed payments using RTR or IDRS CC EFTPS. If the correct posting of the unclaimed payment can be determined, intercept the refund and move the credit to correct module.

(7)   If an unclaimed credit is consistent with Form 941 payments, stop the refund and transfer the payment(s) to the correct module.

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(8)   If there is a possibility of another TIN, research all available IDRS CCs for another EIN and missing payments.

(9)   Review the document for attachments/additional information for incomplete processing (if the document is necessary to complete the review of the notice or if the return is available for viewing on EUP) .

3.14.2.6.7.1.4.2
(01-01-2025)
Review of Form 941 and Form 943 - including Spanish - (MFT 01 and 11) and Notices CP 102, 112, 802 and 812

(1)   Form 941, Employers QUARTERLY Federal Tax Return, Form 943, Employers Annual Tax Return for Agricultural Employees and Form 944, Employers ANNUAL Federal Tax Return all have a Spanish equivalent identified with (sp) following the form title. Review the entire section for specific issues pertaining to review of these forms and the corresponding notices.

(2)   Form 941 is a quarterly return due April 30, July 31, October 31, and January 31.

(3)   Form 943 is an annual return due on January 31.

Note: Form 944 is also an annual employment return due on January 31. See IRM 3.14.2.6.4.8, for Form 944 special issues.

(4)   If any of these forms contain a math error the following notices will generate:

a.   English notices CP 102, balance due and CP 112 overpaid.
b.   Spanish notices CP 802, balance due and CP 812 overpaid.

(5)   If a return is filed late, consider misapplied payments from another tax period.

(6)   Compare tax and liability on the document (if available) and account with credits and payments on other modules without a TC 150 (open module). Research any unclaimed payments using RTR or IDRS CC EFTPS.

Caution: A document may have posted to an incorrect period. If payments on the open module exactly match the payments claimed on the notice module, and research indicates a reprocess is needed, intercept refund and secure the return before reprocessing.

(7)   If the NRPS package indicates another EIN, research IDRS.

(8)   If a credit on a Q- Freeze module is needed, follow instructions in IRM 3.14.2.6.8 CP 267 and CP 268 Review - Notice of Excess Credit Q- Freeze, before transferring any credits.

a.   If reviewing a CP 812, and Q- Freeze indicates Schedule A was checked but Back-up Withholding (BUWH) was not assessed see IRM 21.5.4, General Math Errors Procedures for more information.

Note: Always use appropriate Hold Code to prevent another notice from generating.

(9)   Compare the tax on Federal Insurance Contributions Act (FICA) wages with adjusted total of FICA taxes.

(10) Check for possible processing errors such as: FICA adjustment on withholding not recognized during processing and created a balance due notice for twice the amount.

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(11) On Form 941, if the difference between the overpayment on the account and the credits claimed by the taxpayer is the same as the TC 716 (prior year credit) amount, verify no payments are misapplied. Once all payments are researched and no other issues are identified, intercept the refund and adjust the account. The Form 941 has been transcribed incorrectly. The taxpayer's claim of credit elect from the prior year on the form has been transcribed as an additional credit, TC 766.

(12) Review other accounts for TC 706 (BMF) for possible offsets.

(13) If TC 826 present in module and action offsets part or all of credit to another module but actually belongs on another tax period, reverse TC 826. Void or retype the offset notice, CP 138 or 838.

3.14.2.6.7.1.5
(01-01-2025)
Estate and Gift Tax Forms, CP 105 and CP 115, Review and Routing Instructions

(1) Estate and Gift Tax Forms include Forms 706, 706-NA, 709 and 709-NA.

(2) These forms have specific rules for return due dates.

   a. Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return, is due the day of the ninth calendar month after decedent's death numerically corresponding to day of calendar month on which death occurred. For example, if the decedent died on May 31 of the current year, the due date is February 28 of the following year. An application for extension of time for filing (Form 4768, Application for Extension of Time To File a Return and/or Pay Estate (and Generation-Skipping Transfer) Taxes, may be granted even if the application is made later than 9 months after the Date of Death (DOD). Unless the executor is abroad, the extended due date for filing estate tax return may not be later than 15 months from date of the decedent's death.

   b. Form 706-NA, United States Estate (and Generation-Skipping Transfer) Tax Return Estate of nonresident not a citizen of the United States, is due the same date as the date of the decedent's death nine months after the calendar month in which the death occurred. For example, if the decedent died on May 31 of the current year, the due date is February 28 of the following year. If the date falls on a Saturday or Sunday the due date would be the following Monday. Extensions are not allowed for this form.

   c. Form 709, United States Gift (and Generation-Skipping Transfer), is filed on a calendar-year basis regardless of the taxpayer's income tax accounting period. It is an annual return which, generally, must be filed on or after January 1 and by April 15 of the year following the date the gift was given. Any extension applied to the taxpayer's Form 1040 individual return is also applied to the Form 709.

   d. Form 709-NA, United States Gift (and Generation-Skipping Transfer) Tax Return of Nonresident Not a Citizen of the United States, is for gifts made after December 31, 2023. The form is due April 15 following the calendar year when gifts were made. If a donor makes a gift the year they die then the estate must file a Form 706, and the following rules apply: if the taxpayer died before July 15, the gift tax return is due when the estate tax return is due (Form 706, nine months after the Date of Death plus extensions).If the taxpayer died after July 14, the gift tax return (Form 709-NA) is due April 15 of the following year. If no estate

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tax return is required to be filed, the due date for the Form 709-NA, (without extensions) is April 15, 20XX.

(3)   Review per normal math error procedures, starting from the point of error, verifying math for changes made in processing and the accuracy of the assigned TPNC.

(4)   If an error is found in the transcription or other changes made during processing and an adjustment is needed, **stop the refund if applicable** and follow routing instructions below.

Caution: **Notice Review cannot adjust any Form 706, Form 706-NA Form 709, or Form 709-NA accounts. If an adjustment is needed for these forms, the return must be routed to Cincinnati SB/SE. See below before routing instructions.**

(5)   If Notice Review is not in possession of the paper return, request the return using normal procedures.

- •   Use Label 1 for the notice disposition.

  Exception: If the required adjustment is a reprocess, **void** the notice.

- •   Leave a history item on IDRS for notice disposition.
- •   Leave a history item on IDRS for routing to SB/SE "F706toSBSE" or similar.
- •   Input STAUP on balance due notices.
- •   Once the return is received recharge it to 0283000000, using CC ESTAB.

(6)   Route the return to Internal Revenue Service Estate and Gift Tax Operation, Stop 824G, 7940 Kentucky Drive Florence, KY 41042 Estate and Gift at the Cincinnati Campus, mail stop 824G. Attach a note explaining the adjustment or reprocess needed.

3.14.2.6.7.2
(01-01-2025)
Credit Discrepancy -
Excess Credits

(1)   Excess credits occur when more credits are posted to the module than the amount claimed by the taxpayer. The credit may belong on another module or the taxpayer may have forgotten a payment was made.

(2)   Examples of notices reviewed are CP 111, CP 112, CP 117, CP 134R and CP 834R. This list is not all inclusive.

(3)   Use the NRPS selection keys as a guideline when reviewing the account and notice.

(4)   Identify the excess credit amount by subtracting the total payments claimed by the taxpayer from the actual amount posted. Since the taxpayer may be requesting a refund or credit elect, use **the credit amount the taxpayer claimed** on the return to decide the discrepancy. **Do not use the tax amount.**

Caution: Consider that any credit elect (TC 716/TC 710) or credit applied (TC 700) posted to the module may not have been claimed by the taxpayer or the credit elect posted may not match the full amount requested by the taxpayer on the prior module return..

(5)   Use the NRPS package data to assist in identifying which credit(s) or part of a credit is creating the discrepancy.

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Exception: If discrepancy is $ .99 or less void notice and leave a history item in IDRS.

(6) Review all other modules provided in the NRPS package for the selected notice to decide if the excess credit belongs on another module. If research indicated the excess credit is for a different module, transfer the payment using IAT. Use the following to analyze the account for the taxpayer's intent.

   a. Review the payment pattern.

      Example: BMFOLT for the account being reviewed shows tax (TC 150) of $100.00 the previous year and $105.00 the year before that with matching payments from the taxpayer. This is a clear payment pattern.

   b. Review payments claimed by the taxpayer and any underpaid tax amounts.
   c. Review liability schedules on balance due modules (IDRS research is required).
   d. Review the NRPS package for evidence of a previous transfer to or from another TIN (Research any other TIN on IDRS if found in the NRPS package).

(7) Several payments may be misapplied between two or more modules.

   a. Analyze the entire account (IDRS research is required).
   b. Multiple credit transfers may be required. When inputting a credit transfer follow the instructions in IRM 3.14.2.7.7, Credit Transfers.

(8) If the date of the overpayment is timely for a prior year or prior quarter return use Exhibits 13-29, for due date and payment information starting at Exhibit 3.14.2-13 Form 11-C and ending at Exhibit 3.14.2-29 Form 2290, to decide if the payment belongs on the prior module (IDRS research is required).

(9) Transfer a payment into a full paid module **only if** the transfer(s) will reduce penalty and/or interest, **or** if the transfer into the account will overpay the module and another misapplied payment will then be transferred to a different module. Otherwise, allow the refund to generate from the notice module. When inputting a credit transfer follow the instructions in IRM 3.14.2.7.7, Credit Transfers.

(10) Research unclaimed credits that do not fit the payment pattern for the taxpayer.

   a. Research the payment using RTR.
   b. If a payment is made on the Electronic Federal Tax Payment System (EFTPS), research for a correction to an incorrect module or tax type. See IRM 2.3.70 , Command Code EFTPS and Document 6209, Section 4, Chapter 8, EFTPS.
   c. Verify that all unclaimed, refunding TC 670 payments belong to the taxpayer.

   Note: Payment with return (TC 610) will not generate a credit discrepancy notice. However, if the TC 610 amount is not the balance due per taxpayer, and NRPS/IDRS research does not explain the payment, verify the payment using the above research steps.

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(11)   Check for misplaced line entries creating erroneous credits. Federal Tax Deposits or extension payments may be entered on withholding or refundable credits lines on income tax returns. Compare the tax and liability data on the notice module with credits and payments posted on other modules.

Caution: Do not void or label a CP 161 if the module is partially or fully paid by credits that offset (TC 706) in the same cycle as the notice. A CP 138 will generate from the losing module. Print the notice.

If	And	Then
Tax liability or claimed credits match **timely** credits posted on another tax module.	TC 150 has not posted to the other module.	Request the return using Form 2275 (if the return is not included with the NRPS package). The return may need to be reprocessed. Use Disposition Code H to hold the notice until a determination can be made regardless of selection key.
Tax liability or claimed credits match **timely** credits posted on another tax module.	TC 150 has posted to the other module and the tax liability matches the credit on the notice module.	Request returns for both modules using Form 2275 (if not included with the NRPS package). If the returns posted incorrectly, do not reprocess the returns. Adjust the tax on each module to agree with the information on the correct tax period. Use Disposition Code H to hold the notice until a determination can be made regardless of selection key.

(12)   After completing the necessary research, refer to the table below to determine when to delete the refund (NOREF).

Note: See (13) below if the module with excess credits also has **zero** tax liability (TC 150 for .00).

If:	Then delete the refund using NOREF and:
There is a pending (AP, PN, UP, CU, TP, or RS) **debit** transaction listed in the NRPS package and on IDRS	Use the LCF to request the subsequent CP 260 or Adjustment notice that should be voided. See IRM 3.14.2.5.4.1, NRP97 Input Information, for more information. Void or retype the original notice as appropriate.
The taxpayer requested credit elect, a TC 836 has not posted and credit is available	Transfer the credit elect to the subsequent module using IAT. Void or retype the notice as appropriate.
A payment is claimed on or intended for another module	Transfer the payment to the correct module using IAT. Void or retype the notice as appropriate.
An unclaimed payment is timely and in-line for the next tax period or another MFT	Transfer the payment(s) to the correct module using IAT. Void or retype the notice as appropriate.

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If:	Then delete the refund using NOREF and:
The taxpayer entered the credit elect, total deposit amount, or extension amount on the Refundable Credits line or Withholding line on the return, a TC 766 generated, giving the taxpayer a double credit or erroneous withholding credit	Reverse the TC 766 or TC 806 using CC REQ54. Void or retype the notice as appropriate.
The return posted to the incorrect tax module and requires reprocessing	Follow IRM 3.14.2.6.18, Reprocessing Returns. Void the notice.
Unable to determine where a payment should be applied	Set -R freeze by inputting a TC 570 using REQ77. Print the notice.
TC 976 , TC 971 (AC 010) or TC 150 is pending on the notice module and the overpayment will **not** exceed the updated tax information (Check TRDBV or AMS to review the pending return to decide if TC 976 will post with tax liability.)	Void or retype the notice as appropriate.
TC 976 has posted on BMFOLT and the overpayment will **not** exceed the updated tax information	Void or retype the notice as appropriate.

(13)   If the module with excess credits also has **zero** tax liability (TC 150 for .00) then follow the steps below.

    a.   Check for other TINs refer to IRM 3.14.2.6.1.1.1, Employer Identification Number (EIN) for more information. Also, check the return, if provided, for any other TINs.

    b.   Use CCs INOLE and ENMOD to check for possible name changes. Check the return if provided for any other names.

       Note: Sole proprietors may incorporate and file incorrect preprinted forms. If a Doing Business As (DBA) is entered on the return if available, check CC NAME with the appropriate definer B for a corporation TIN. If an indication of previous sole proprietor is found on the return if provided, check CC NAMEB/NAMEI for a sole proprietor's TIN.

    c.   If another TIN is found, use IDRS to decide if the excess credit belongs on the other TIN.

    d.   Decide if the taxpayer is liable for other types of tax. The credit may belong on a different MFT.

    e.   Research excess payments to verify the payments belong to the taxpayer and have posted correctly.

    f.   Request the return using Form 2275, only if it is required to complete the review of the notice.

    g.   If prior history indicates the taxpayer is liable for tax on the notice module (significant TC 150 amount on prior modules), refer to the table below.

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If	Then
The payment(s) belong on another TIN or MFT	Delete the refund. Transfer the payment to the correct module using IAT. Void or retype the notice as appropriate.
Prior history indicates the taxpayer has filed returns with tax liability and payment patterns are in line with the payments posted to the notice module *Note:* Prior history research is limited to 2 years. *Example:* BMFOLT for the account being reviewed shows tax (TC 150) of $100.00 the previous year and $105.00 the year before that with matching payments from the taxpayer. This is a clear payment pattern.	Delete the refund. Set -R freeze by inputting a TC 570 using REQ77. Print the notice. *Exception:* If CCC F, see below.
If CCC F	Allow the refund if payments or credits are not posted on the subsequent module.
A posted payment is out of line (amount and/or date)	Delete the refund. Set -R freeze by inputting a TC 570 using REQ77. Print the notice.
TC 570 is pending on the notice module	Delete the refund. Print the notice.
TC 976 , TC 971 (AC 010) or TC 150 is pending on the notice module and the overpayment will **not** exceed the updated tax information (Check TRDBV or AMS to review the pending return to decide if TC 976 will post with tax liability.)	Delete the refund. Void, label, or retype the notice as appropriate.
TC 976 is posted on BMFOLT and the tax liability matches the refund amount	Delete the refund. Void, label, or retype the notice as appropriate.
Unable to determine where payment should be applied	Delete the refund. Set -R freeze by inputting a TC 570 using REQ77. Print the notice. *Exception:* See IRM 3.14.2.6.8, CP 267 and CP 268 Review - Notice of Excess Credit Q- Freeze for correct case resolution for CP 267 and CP 268.

     h.   When a taxpayer changes Reporting Agent (RAF) within a given quarter and does not terminate the contract with the old agent, the old agent is still required to file tax returns until the contract is terminated. Any credits posted to the module must be held until the new agent files the correct return. Refer to the table below.

If	And	Then
Prior history indicates taxpayer **did not file returns for prior quarters** *Note:* Your prior history research is limited to 2 years.	TC 846 is present on the account	Follow instructions above in IRM 3.14.2.6.7.2 (13).
Prior history indicates taxpayer is liable for tax and payments are posted to the module	There is no posted or pending TC 976 on the module and TC 846 is **not** present	1. Void the notice. 2. Input a REQ77 TC 570 to set the -R freeze. 3. Add ELF150ZERO as an additional History Item.
Prior history indicates taxpayer is liable for tax and payments are posted to the module	There is no posted or pending TC 976 on the module and TC 846 **is** present	1. Void the notice. 2. Delete the refund using CC NOREF. 3. Input a REQ77 TC 570 to set the -R freeze. 4. Close base and input ELF150ZERO as Case Activity (history).
Prior history indicates taxpayer is liable for tax and payments are posted to the module	If a pending or posted TC 976 **is** on the module and no TC 846 is present	1. Void the notice. 2. Add ELF150ZERO as an additional History Item.
Research indicates there is a partial offset of the refund and a CP 138 has generated in the same cycle as the notice cycle	There is no posted or pending TC 976 on the module and a TC 846 **is** present	Print the notice and the CP 138. Do not reverse the offset.

(14) Use the table below to determine if the refund should be released to the taxpayer.

If:	Then:
The excess credit is timely and in line with other posted credits in the module and does not belong on any other module	Allow the refund to release and print the notice.
The excess credit is an unclaimed Credit Elect (TC 716 or TC 710)	Allow the refund to release and print the notice.
The excess credit is an extension payment that does not belong on another module	Allow the refund to release and print the notice.
Information on the return explains the excess credit or indicates the taxpayer is requesting a refund for the amount of the excess credit	Allow the refund to release and print the notice.

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If:	Then:
CCC F- Final Return and payments or credits are not posted on subsequent module	Allow the refund to release and print the notice.
There is no indication an amended return will post to the notice module	Allow the refund to release and print the notice.
The excess credit is an unclaimed Credit Elect (TC 716 or TC 710)	Allow the refund to release and print the notice.
The excess credit is an extension payment that does not belong on another module	Allow the refund to release and print the notice.
Information on the return explains the excess credit or indicates the taxpayer is requesting a refund for the amount of the excess credit	Allow the refund to release and print the notice.

(15)   **Form 1120/1120-S - Specific Review**

    a.   If an MFT 02 return has been filed with a TC 150 .00 and a TC 610 payment is refunding, it may be a Form 1120-S. In some instances, a Form 1120-S may not have tax liability and the income reported is taxed to the shareholders on their individual tax returns (Schedule K-1).

    Caution: Please be aware that the tax can be for $ .00 if the taxpayer's income is less than their deductions. In these instances, allow the refund, do not set a freeze on these accounts.

    b.   To decide if a return is a Form 1120 or a Form 1120-S, check CC ENMOD and refer the **Form 1120/1120-S Decision Table** below.

If	Then	Action
TC 091 or TC 096 has posted with Blocking Series 950 - 999	The return was originally a Form 1120-S and the filing requirements have been changed to Form 1120. The taxpayer will be liable for tax.	**If the return is available:** • Delete the refund using CC NOREF. • Assess the tax using CC REQ54 with Hold Code 3. • Void the notice. If the return is **not** available: • Request return using Form 2275 . • Delete refund if applicable using CC NOREF. • Input a H notice disposition if return is not received before cycle closeout. • Once the return is obtained, follow instructions above under the heading, "If the return is available".
No TC 091 or TC 096 has posted	Tax must not be assessed.	Allow the refund.

(16) **Form 1041T, Transmittal of Estimated Taxes Credited to Beneficiaries - Specific Review**

Note: Form 1041T is used by an estate or trust to make an election to transfer the estimated tax payment from the 1041 account to the individual accounts of the beneficiaries.

a. Review the account to decide if estimated credits have already been transferred to the beneficiaries. Refer to the **Decision Table** below.

If	Then
The credits have already been transferred	No action is required.
The credits have not been transferred and are frozen with a -P Freeze	No action is required.
The credits have not been transferred and are refunding	Notify lead to contact Accounts Management Function for correct resolution.

Note: If Form 1041T is attached to the Form 1041, detach it and route it to Accounts Management.

3.14.2.6.7.3
(01-01-2025)
Credit Discrepancy - Missing Credit

(1) Missing credits occur when the total credits posted to the module are less than the amount claimed by the taxpayer. The credit may have posted to another module or the taxpayer may not have made the payment. To decide the missing credit amount:

a. Subtract the posted credits from the amount claimed on the return.
b. Consider that any credit elect (TC 716/TC 710) or credit applied (TC 700) posted to the module may not be claimed on the return.
c. Consider that the taxpayer may have claimed credit elect, but not received any or not received the full amount.

Reminder: If there has been activity on account by Accounts Management or some other area, involving the transferring of credits or payments, (i.e., AP, PN, CU, RS, TP credits), reflect payment and use appropriate label.

(2) Examples of notices reviewed are CP 101, CP 102, CP 107, CP 134B and CP 834B. List is not all inclusive.

(3) Check the selection key for an indication of how to find the missing credit. See Exhibit 3.14.2-5 for a complete listing of selection keys.

Note: If the selection key is Key 31, **OR** The taxpayer is claiming a credit or payment(s) that refunded in a prior year, prior quarter, or from a different MFT, then use Label 8.

a. Key 40 is a common selection key for missing credits. Key 40 notices are selected by NRPS because the underpaid tax amount equals a posted credit on another module.
b. The NRPS package provides a possible payment in another module that meets the criteria for resolving the balance due on the notice module. Review the entire NRPS package and complete the steps below to verify

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if the payment identified in the NRPS package should be moved to the notice module or remain where it posted.

(4)   Look for pending (AP, PN, CU, RS, TP) credits on the contents page of the NRPS package and IDRS.

Note: If a TC 650/660 (Doc Code 97) payment dated later than the last day of the tax period is unclaimed and overpays the module, the payment may roll to the subsequent tax period or into the FTD module. (A rolled payment will post on BMFOLT as TC 650/660 for .00). Refer to **Payment Decision Table** below.

If	Then
The payment is not claimed and does not appear to belong on the notice module	**Do not** include the payment amount on the notice.
The payment belongs on the module but has or will roll (i.e., is posted on BMFOLT as TC 650/660 for .00) it may require monitoring for correct determination	Transfer the payment back into the notice module. (Use bypass indicator(s) or freeze code(s) as applicable)
The payment has posted but does not belong on the notice	Decide where the payment belongs and transfer to the correct module.
The taxpayer is claiming a credit or payment(s) that refunded in a prior year, prior quarter, or from a different MFT	Mark your disposition and add Label 8 to the notice.

(5)   Using the NRPS package and IDRS, look for credits that match the missing credit amount, the underpaid tax amount, or the liability schedule.

(6)   Look for credits that match taxpayer's payment pattern. Compare the number of payments made on the notice module to the prior and subsequent tax modules. Also compare the dates and money amounts of the payments.

(7)   **Like payments on employment tax returns** are payments for the same amount, made weekly, biweekly or monthly based on the taxpayer's deposit requirements. Most employers with like liabilities and like payments are monthly depositors with deposits due by the 15th day of the month following the month the employees are paid.

   a.   Transfer a like payment only if timely for the module based on the liability due date or payment pattern.
   b.   Do not transfer a like payment if the payment is dated earlier than the beginning of the tax period for the notice module. Multiple transactions may be required to transfer payments into correct modules. IDRS is required to research prior tax periods not included in the NRPS package.

   Example: The notice module is missing credit is a like payment. Payment found in the FTD module is dated early for the notice module but timely for the prior module. A payment dated timely for the notice module has posted to the prior module. Multiple transfers are required.

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(8) **If the missing credit(s) is found on an open module (no TC 150),** before transferring the credit determine if it is "in-line" with the other payments in the notice module. In-line refers to similar payment amounts that have posted to your module.

Note: When inputting a credit transfer, follow instructions in IRM 3.14.2.7.7 and IRM 2.4.17.

     a. Transfer a late payment if there is a clear indication based on payment amount, liability schedule, total deposits or balance due amounts (does not apply to like payments).

       Example: A payment is a dollar and cents payment that matches a liability **or** is the amount of the missing credit.

     b. **Do not transfer credits posted earlier than the beginning day of the tax period**.

     c. If credits posted earlier than the tax period are claimed on the return, this may indicate the return has posted to the wrong tax period.

     d. Decide the correct Filing Requirements if Form 941 is filed and the credit(s) have posted to a Form 943 open module, or if Form 943 is filed and the credit(s) have posted to a Form 941 open module. The taxpayer may have filed the incorrect form. Check for tax liability on prior tax modules using CC BMFOLT to decide which form the taxpayer is liable to file. If the taxpayer has filed the incorrect form, do not transfer the credit(s). Print the notice instead.

       Note: The taxpayer's entity (first name line and/or DBA) may serve as a guideline to decide if the taxpayer is an agricultural Form 943 filer.

     e. If the return is available for review, verify the tax period and refer to the **Tax Period Verification Decision Table** below.

If	Then
The tax period matches	Print the notice.
The tax period is incorrect and belongs on the tax period where the credits have posted	Reprocess the return to the correct tax period. See IRM 3.14.2.6.18 , Reprocessing Returns.

     f. When the return is not available for review, refer to the decision table below:

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If	And	Then
An incorrectly posted return regardless of selection key is suspected (not certain the return is a reprocess) **or** The return **posted incorrectly** based on 2 or more claimed credit(s) or one payment for the full amount of tax, that posted timely to an open module (no TC 150) regardless of selection key	The notice is reviewed before Friday of current cycle	1. ESTAB for the return. 2. Open Control Base. 3. Use notice disposition H (Hold). 4. Input STAUP for 9 weeks. 5. After the return is received, reprocess if posted incorrectly. See IRM 3.14.2.6.18 Reprocessing Returns. Input Hold Code 4 on CC REQ54. 6. If the return is not a reprocess, reduce STAUP to 5 cycles. 7. Close the control base.

(9)   **Missing credit is found on a module with TC 150 posted** :

If	Then
The liability schedules or payment dates indicate misapplied payments between **multiple** modules.	Transfer multiple credits. Use proper bypass indicators to prevent unpostables and ensure all credits post in the same cycle to prevent an erroneous notice. Transfer the credit in before transferring credit out to prevent a settled module from going into a balance due status. *Caution:* **Do not put a full paid (settled) module into balance due**.
Credits located on another module match the missing credits or tax of the notice module, **and** the credits posted on the notice module match the tax or credits claimed on the other module.	Do not transfer the credits or reprocess the returns. Order the other return(s) and adjust the tax for both modules.
Missing credit has previously refunded from another module	**Do not transfer the credit.**
Missing credit is located on a full paid module (balance .00)	**Do not transfer the credit. (Do not put a full paid module into balance due.)**
Missing credit is located on a balance due module and the taxpayer has received a previous notice that included the credit	**Do not transfer the credit**.
The missing credit is located on a module with a Q- Freeze and credit is available for transfer.	Transfer the credit. Taxpayers often claim the Q-Freeze credit on a subsequent module.
The missing credit is on a module with a Q-Freeze and is the amount of overpayment before any penalty and/or interest	Transfer the credit and allow CP 260 to generate for penalty and interest.

If	Then
The missing credit is on a Q- Freeze but is not the total amount of overpayment (partial credit is needed to full pay tax on Q- Freeze module)	Transfer the available credit as a lump sum module balance (TC 820/700). **EXCEPTION** to IRM 3.14.2.6.1.5.2 (Lump Sum Credit Offset TC 826/706, 820/700): For this situation, use the date of the payment claimed as the credit availability date.

Note: Refer to IRM 3.14.2.6.8 CP 267 and CP 268 review for additional information.

Reminder: **At least three cycles must remain when transferring credits from a Q- Freeze to allow sufficient time for the transfer to post**. When less than three cycles remain on the Q- Freeze, refer to the **Q- Freeze Decision Table** below.

If	Then
All debit modules have -E Freeze	1. Transfer credit with applicable posting delay codes to allow transfer to post after TC 841. 2. Complete notice disposition in cycle. 3. Monitor for TC 846 and intercept the refund.
All debit modules **do not** have -E Freeze	Credit will offset to the earliest debit module. 1. Complete notice disposition in cycle (Label the notice if FTD penalty is on the account and unable to decide recomputation). 2. Monitor for any TC 846 posting and intercept the refund. 3. Reverse offsets as required and transfer credit to notice module.

(10)   Review NRPS package and return (if included in the NRPS package) for evidence of another EIN.

   a.   Research IDRS for missing credit(s) for any other EIN found.
   b.   Verify the return has posted to the correct EIN.
   c.   Transfer available missing credit(s) or reprocess return based on review.

   Caution: Do not transfer credit(s) or reprocess a return with a merge in process. CC BMFOLI will not display an index of tax modules when accounts are merging. Instead, MRG-PRO will be indicated. TC 011 is located on CC ENMOD on the losing module's TIN. The XREF TIN listed under TC 011 is the receiving module. (The account with TC 011 will merge to the XREF TIN listed) If credits will be merged into a balance due notice module, consider the credits as pending to the notice module and input CC STAUP to prevent the generation of an erroneous CP 504.

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      d.   If credit will fully pay module void notice. Use Local Control File to select any adjustment notice.

      e.   If the credit will not full pay module use appropriate label .

3.14.2.6.8
(01-01-2025)
CP 267 and CP 268 Review - Notice of Excess Credit Q- Freeze

(1)   A Q- Freeze (Rollover Freeze) is set and CP 267 or CP 268 generates when the module contains more credits than claimed on the return. The credit is frozen from refunding or offsetting for 15 cycles from the posting of the TC 150. See IRM 3.14.2.6.6.16, Rollover Freeze (Q-) for more information.

- CP 267 is a non-math error notice with unclaimed excess credit(s) that were rolled into the notice module because it met roll-over criteria. This notice informs the taxpayer of possible misapplied payments and allows them to advise the IRS of their correct application. This notice requires a response from the taxpayer.
- The CP 268 is a math error notice with unclaimed excess credit that was rolled into the notice module because it met roll-over criteria. This notice informs the taxpayer of a math error on the return and possible misapplied payments, resulting in an overpayment. It allows the taxpayer the opportunity to advise IRS of the validity of the math error and of proper application of the credits. This notice requires a response from the taxpayer.

(2)   To view an exhibit of a CP 267 or CP 268 refer to the Taxpayer Correspondence Services (TCS) website Servicewide Notice Information Program *SNIP*.

(3)   The Q- Freeze will release when any of the following occurs:

      a.   The module balance becomes zero or debit balance.

      b.   A TC 652/662 posts **and the credit discrepancy is resolved** - any   #
           #

      c.   A CC REQ54 is input with Hold Code 3 and Priority Code 4.

      d.   15 cycles have elapsed and no corrective action was taken on the account.

(4)   **CPs 267 and 268 Review**

      a.   Complete all General Review Procedures. See IRM 3.14.2.6.

        Exception: **If the return is not signed, do not correspond for a signature unless releasing the refund. Reference IRM 3.14.2.6.1.1.6 as a guide on requesting signatures on a paper filed return.**

      b.   CP 268 only - Verify the math error condition.

      c.   Use the selection key as a guideline to assist in the review of the notice.

      d.   Review the account for -A Freeze conditions that may affect notice disposition. Refer to the **-A Freeze Condition chart** below.

If	Then
The module contains a -A freeze with no case control or open control base to Accounts Management. Do not input CC REQ54 TC 290 .00.	Void the notice.

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If	Then
The control base indicates the case is assigned to another employee	Contact employee to decide case resolution and notice disposition.
TC 976, TC 971 (AC 010) or TC 150 is pending on the notice module, or TC 976 is posted on BMFOLT *Note:* A pending TC 971 (AC 010) or TC 150 on the notice module will post as a TC 976 and create an -A Freeze.	Void the notice.
The overpayment is caused by a rolled payment and the module that the credit rolled from now has a -A freeze or pending TC 976	Print the CP 267. **DO NOT** release the credit (Q freeze).

> *Exception:* **If the -A freeze is being released with a pending TC 290.00 with no change to tax, release the Q- freeze and apply Label 22.**

    e.   Compare the tax amount on the notice module with the tax amount on the return (if the return is necessary to complete the review of the notice or if the return is available for viewing on EUP) .

If	Then
The tax return is not included in the NRPS package and you suspect a decimal point, transposition or transcription error	If the return is necessary to complete the review of the notice, request the return using CC ESTAB or view the return on EUP, if available). If return is needed for review and not received in time for cycle close-out, input a disposition of "H" until the return is received and the notice can be reviewed.
The tax amount differs from the tax amount on the return and is not an obvious transposition or decimal point error	Research to determine the cause. If the cause cannot be determined, then request the entire block to determine if a slipped block condition exists. Reference Section IRM 3.14.2.6.4.3 Slipped Blocks and Mixed Data Blocks. Mark Notice disposition H until the block is received.

> *Note:* Review the return for taxpayer request for credit elect. If credit elect is requested but not transcribed, manually transfer the amount requested on the return.

    f.   When inputting a credit transfer follow the instructions in IRM 3.14.2.7.7 and IRM 2.4.17.

    g.   Review the NRPS contents page and IDRS for pending transactions (AP, PN, UP, CU, RS or TP) that may affect notice disposition.

> *Note:* If a TC 650 or 660 is pending and the payment is dated later than the last day of the notice module, the payment may roll to the subsequent period or into the FTD module. Check CC BMFOLT; a TC with a dollar amount .00 indicates the credit rolled while attempting to post. If the rolled payment belongs on the notice module, then

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transfer the payment back into the notice module. Decide if other payments will be transferred out and excess credit released.

If	Then
The taxpayer indicates on their return to apply credit to the next quarter (year)	Manually transfer the amount requested and void/ retype the notice as appropriate.
There is no indication because the return does not show either a refund or credit elect box is checked.	Mail the notice.
If the CCC is set to E but there is no credit available or the balance on the return is zero.	Mail the notice.

h.   If a TC 670 and TC 570 with the same DLN created the overpayment, look for an incoming correction to the original return (i.e., pending TC 976, TC 971 (AC 010) or pending TC 150). If present, void the notice. If not present, mail the notice.

(5)   **Researching CP 267 / CP 268**

a.   Use the NRPS notice module data (including liability schedule, if available) to decide which credit(s) or part of a credit created the excess credit discrepancy. Subtract the total credits claimed on the return from the actual total credits posted.

b.   If prior history indicates the taxpayer is liable for tax on the notice module but the notice module contains a TC 150 for $.00 **and is not a $ .00 tax return for all fields in BRTVU**, you must follow procedures to set a -R Freeze on the account. See the case processing table below:

Case Processing
1. If CCC F, do not set the -R Freeze
2. Mail the notice in cycle
3. Input REQ77 TC 570

c.   Review other NRPS modules to decide if the unclaimed credit on the notice module is claimed or belongs on another module.

d.   Review the return (if included in the NRPS package) for any explanation of the unclaimed credit.

e.   Research the NRPS package and the return (if included in the NRPS package) for any indication of another TIN. If another TIN is found, research IDRS to decide if the unclaimed credit belongs on the other TIN.

f.   If a payment(s) rolled or was transferred in from another module or TIN creating the overpayment, verify there is no balance due or pending assessment on that module or TIN. If a -A Freeze is on the losing module, do not release the Q- Freeze. Mail the notice. (Requires IDRS research.)

g.   If the date of the overpayment is timely for an earlier tax period, or is timely and the payment amount is in-line for another MFT, research to decide if the payment belongs on the earlier tax period or other MFT. (Requires IDRS research if the prior tax module or other MFT is not on NRPS.)

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h. Compare the tax liability data on the notice module with credits posted on other modules. If the tax matches credits posted timely on another module, decide if the return posted to an incorrect tax period and should be reprocessed. (Refer to IRM 3.14.2.6.18 Reprocessing Returns.)

i. It is not necessary to order vouchers or checks to verify payments. If a payment does not appear to belong to the taxpayer, (dated 10-28-03 and subsequent) use RTR to verify that the payment belongs to the taxpayer. Review the check and voucher (if applicable) for an indication of another TIN or for correct posting of the payment. Follow instructions below for Q-Freeze resolution and notice disposition.

(6) **Resolving CP 267 / CP 268 Q- Freeze -- Releasing Q- Freeze**

a. If the overpayment is caused by a rolled payment and the module that the credit rolled from now has a -A freeze or pending TC 976, print the CP 267. **DO NOT** release the credit (Q freeze).

b. Input TC 290 .00, Blocking Series 15 or 17 for MFT 05, HC 3, PC 4, NSD, on CC REQ54 to release the Q- Freeze if the Over Payment amount is $10 or more in following situations:

IF AN UNCLAIMED OVERPAYMENT IS CAUSED BY	THEN RELEASE THE CREDIT AND
• Credit Elect TC 716/710 • TC 700 credit from another module • Rolled payment (99 in DLN) • Payment transferred in (Doc 24/34) • COBRA Premium Assistance Credit TC 766 • HIRE Credit TC 766	Apply Label 22. The TE must look for the actual, specific, unclaimed overpayments that are exact or within $10.00 of the overpayment. *Caution:* If the overpayment is not exact, but is equal to any combination of these credits within $10.00 BEFORE penalty and interest, release the credit and apply Label 22.

Reminder: If overpayment amount is $ 9.99 or less, a REQ54 290.00 is not necessary. The payment will release automatically.

c. Do not input CC REQ54 TC 290 .00 if a -A Freeze is on the module. Posting of the TC 290 .00 would release the -A Freeze. Void the notice if Accounts Management does not have an open control base otherwise reference section on the -A Condition If and Then table in IRM 3.14.2.6.8 (4)d.

(7) **Resolving CP 267 / CP 268/ Q- Freeze - Transferring credit(s) to balance due module(s)**

a. To decide if a payment will be transferred to a balance due module: review the account for balance due modules, liability amounts, previous notice amounts, credits claimed by the taxpayer minus credits posted to the module and other payments posted.

b. Transfer only those credits that belong on the balance due module. Do not transfer credits based only on the availability of the Q- Freeze credit.

c. Transfer the entire payment if claimed on another module. Do not split a payment unless taxpayer intent can be determined.

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    d.   Research **TC 670 payments** on the RTR system - may be intended for a balance due module or for another MFT or TIN. Check for balance due amounts, previous notice amounts, and taxpayer intent. If check or voucher indicates the payment belongs on another TIN, transfer the payment. If the payment belongs to the taxpayer, but a determination to transfer the payment cannot be made, mail the notice.

> ***Reminder:*** If TC 670 and 570 with the same DLN is creating the overpayment, and a TC 976, TC 971 (AC 010), or TC 150 (correction to the module) is pending, void the notice.

(8) **Resolving CP 267 / CP 268/ Q- Freeze - Transfer credit(s) to a subsequent open module(s) (No TC 150)** when **all** the following conditions are met:

    a.   The payment(s) have valid dates for the subsequent period
    b.   The payment amounts are in-line with prior history payment patterns
    c.   A payment is missing on the subsequent module (based on posted data and history of payment patterns)

(9) Use the Decision Table below when the credit transfer resolves the Q- Freeze as follows:

If the credit transfer	Then
Results in a partial excess credit remaining on the module and the taxpayer is not in a balance due status.	Retype the notice, or Void the notice if the remaining credit is $9.99 or less of the overpayment the taxpayer expected. ***Note:*** The Q- Freeze does not need to be resolved.
Resolves any remaining excess credit on the module and the account is in zero balance.	Void the CP.
Does not resolve the Q- Freeze but the unclaimed excess credit remaining on the module meets the criteria for releasing the Q- Freeze.	Retype the notice to remove the transferred credit, add label 22 to the CP 267 and release credit with TC 290 .00, HC 3 and PC 4 and PD 1.
Results in a balance due on the notice module for penalty and/or interest only.	Transfer the credit and retype CP 267 to a CP 161 balance due notice.
Results in a balance due for underpaid tax on the notice module when the underpayment can be decided by comparing the liability schedule with the tax deposits.	Transfer the credit and retype to a CP 161 balance due notice.
Results in a balance due for underpaid tax but the missing liability payment cannot be decided by comparing the liability schedule with the deposits.	Do not transfer the credit. Mail the notice.

(10) Q- Freeze Retype Condition Flow Chart. Use the flow chart below to determine the actions that should be taken on notices with Q-Freeze on the module.

Q- Freeze Retype Condition Flow Chart for CP 268 and CP267-after inputting a credit transfer
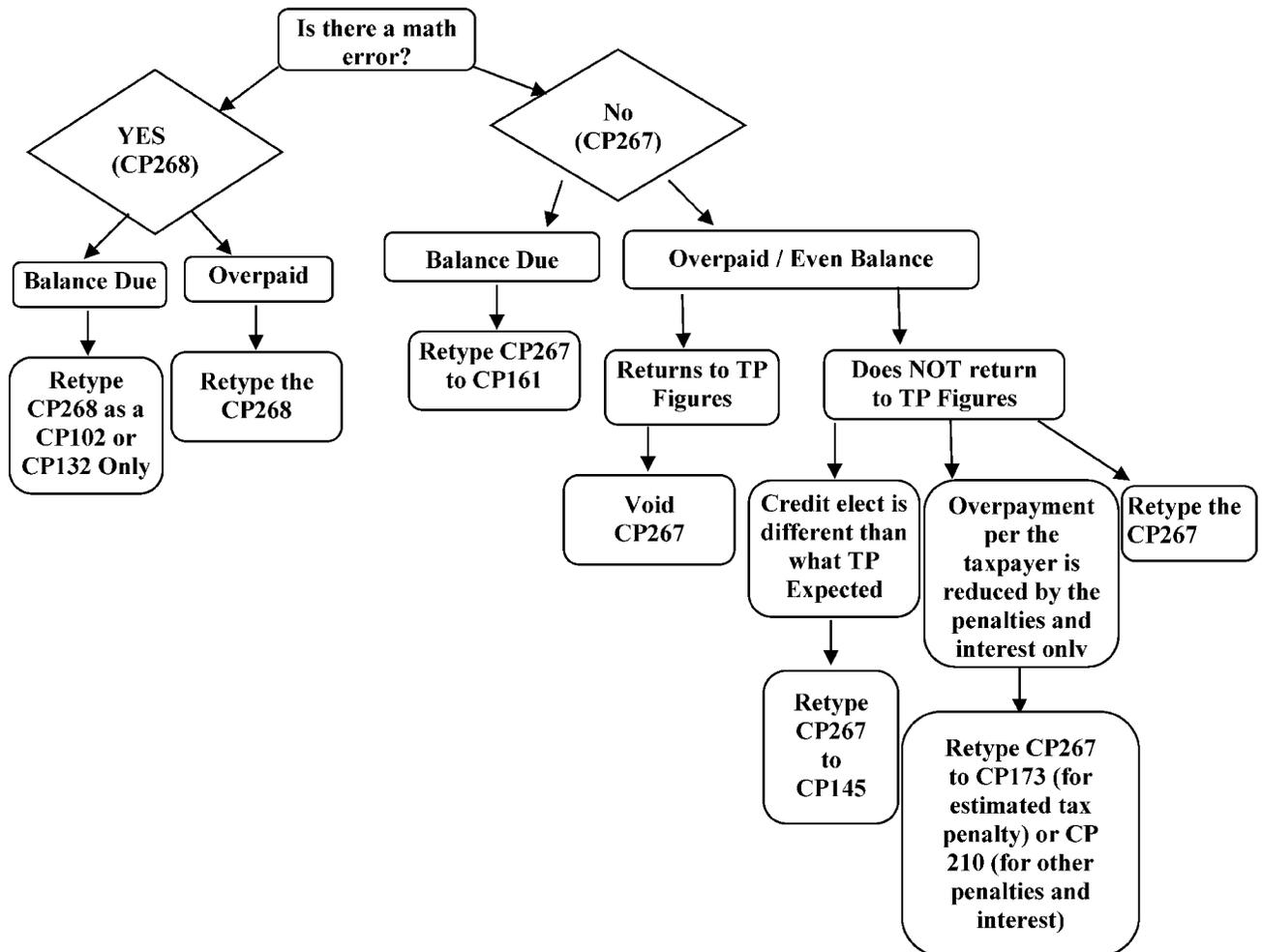
Figure 3.14.2-3 Q- Freeze Retype Condition Flow Chart

(11)   Retype the CP 267 or CP 268 notice based on the account conditions that remain after all corrective IDRS actions have been input on the module.

- A math error remains with the taxpayer figures on the tax return.
- A credit discrepancy remains.
- The account is in balance due status.

   Note: If none of the above apply, see IRM 3.14.2.7.10.3 , Voiding Notices, for more information.

Note: CP 267 and CP 268 can **only** be retyped to one of the following CP notice types, due to programming limitations. Follow instructions in IRM 3.14.2.7.10.5, Retyping Notices, when retyping to one of the notices listed below.

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Caution: If you are unable to retype the CP 268 to the necessary CP **and** the taxpayer **must** receive a notice (balance due), retype the CP 268 to the corresponding math error notice, even if no math error remains. Update all fields on the retype screen as needed to match the account. Assign a TPNC 90 with the following wording: Your tax return was processed incorrectly due to an error. All necessary corrections have been made. This notice reflects the current balance due on your account.

CP	Retype Options
CP 267	CPs 101, 102, 104, 111, 112, 114, 132, 133, 145,161, 268
CP 268	CPs 101, 102, 104, 111, 112, 114, 132, 133, 267

(12)   **Resolving CP 267 / CP 268/ Q- Freeze -Transfer a payment to another MFT** when the payment fits the pattern per date and amount. Examples are:

If a	Then
Small payment posted to a Form 941, 944, 945, or 1120 module	Decide if the payment belongs on the Form 940 account.
Large payment posted to a Form 940 module	Decide if the payment belongs on a Form 941, 944, 1120, or 1041 account.
Large even payment posted to the notice module	Decide if the payment belongs on a Form 1120 or 1041 account. (See specific review -- Form 1120, 1041, 990 T (12 a and 12 b below).
Form 944 filer does not meet the qualification (whose annual liability for social security, Medicare, and withheld federal income taxes is not $1000 or less).	TE will move the credits to a Form 941.

(13)   **Specific Review Form 990, Form 1041 and Form 1120:**

a.   Check the notice module for posted estimated tax payment(s). Transfer payment(s) from the notice module to the correct module if the payment amount matches other posted payments and the date is in line with required estimated tax payments.

b.   Transfer the payment if it is one-fourth or a multiple of one-fourth of the total tax liability on the notice module and the payment date is in line for the subsequent tax year module.

   Example: The subsequent module is missing the first two Estimated Tax deposits. The overpayment on the Q- Freeze is one-half of the notice module's tax liability. Transfer the payment per taxpayer intent to combine both payments.

c.   If a misapplied payment is transferred from a notice module with an estimated tax penalty, and the overpayment per the taxpayer is reduced by the penalty, retype the notice to a CP 173 (if no other discrepancy exists).

d.   Review module for the incorrect posting of TC 806 (Credit for Withheld Taxes) or TC 766 (Refundable Credits). Check for payment(s) posting to

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the module that match the TC 806 or TC 766 amount. If the credit is incorrect, reverse the TC 806 with CR REF CD 807 and TC 766 with CR REF CD 767.

(14) If transferring a timely misapplied payment from a notice module for Form 940, 941, 943, 944, or 945, **check CC FTDPN or PIFTD for FTD penalty computation**:

If	Then
An FTD penalty (TC 186) **has not posted** on the notice module, but CC FTDPN indicates a penalty amount over tolerance	The FTD penalty will assess when the credit transfer posts. Refer to Q- Freeze Retype Condition Chart to decide if notice must be retyped to the applicable notice or voided and allow CP 210 to generate.
AN FTD penalty (TC 186) **has posted** on notice module and CC FTDPN or PIFTD indicates the penalty will recompute	The penalty will recompute when the credit transfer posts. Use LCF to void subsequent adjustment notice or suppress adjustment notice on CC REQ54, 290 .00, Hold Code 3. (See Q- Freeze Retype Condition Chart for notice disposition.) If LCF is being updated, see IRM 3.14.2.5.4.1 , NRP97 Input Information.

> **Note:** **Specific Review Credit Elect** -- If a Credit Elect (TC 836) has offset from the notice module to the subsequent module (TC 716), and a debit balance results when a misapplied payment is transferred, reverse the amount of offset needed on the notice module. Reverse offset with TC 832/712.
>
> Notify the taxpayer of any reduced Credit Elect amount on the retype if retyping to a settlement with the pop-in paragraph. Type CP 145 if the Credit Elect pop-in paragraph is not included on the retyped notice (such as CP 173 or CP 210).

(15) **Specific Selection Key Review** - Follow applicable procedures above to review, research and resolve CPs 267/268:

a. **Selection Keys 01 or 03 - CP 267 overpaid for $250,000.00 or more**. If the taxpayer claimed at least a $1,000,000.00 but less than $10,000,000.00 refund initiate a manual refund to avoid additional credit interest. If additional unclaimed credits remain on the module, do not release the Q- Freeze. Retype the notice to reflect the unclaimed payments. (Do not address the $1,000,000.00 manual refund because the taxpayer is expecting it.) **However** , if the refund is questionable in nature and taxpayer intent cannot be decided, **mail** the notice.

b. **Selection Key 11** -- The overpayment amount is equal to or greater than 100 times the tax liability -- verify tax amount for decimal error, transposition error, or transcription error. If the tax is incorrect, adjust on CC REQ 54. For Forms 941, 943, 944, and 945, compute FTD penalty on CC

3.14.2.6.7.1.3, Decimal Point Errors Review and Correction, for more information.

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     c.   **Selection Key 18** -- TC 186 and Schedule Indicator Code (SIC) 1 with Schedule B attached to return -- Ensure the criteria for SIC Code 1 is met. If the liability schedule has been disregarded incorrectly or transcription errors are found, verify addition on the Schedule B. If the schedule is valid, compute the FTD penalty on CC FTDPN and adjust penalty according to the computation.

     d.   **Selection Key 34** -- Select if the overpayment amount is equal to the TC 716/TC 710 +/- $10.00 before penalty and interest. If so, release credit and apply Label 22.

     e.   **Selection Key 12** -- The overpayment amount is between $500.00 and $24,999.99 and no other CP 267 / CP 268 selection criteria are met.

     f.   **Selection Key 36** -- When the CP 267 / CP 268 notice amount is $500.00 or more and a TC 766 or TC 806 is present.

(16) **Notice Disposition**

     a.   Void if returning to taxpayer's figures.

     b.   Void if TC 976 or TC 971 (AC 010) is posted or pending.

     c.   Mail if no changes are made or no action is taken on the account -- determination to transfer or release the overpayment cannot be made.

     d.   Retype CP 267 / CP 268 or retype to the appropriate notice based on corrective actions taken on the module.
          * If a math error is found add the appropriate TPNC(s) that clearly state the taxpayer's error to the retyped notice (CP 268 or other math error notice as appropriate if no credit discrepancy remains) .
          * OLNR will populate the fields depending on what notice you are attempting to retype the notice to.
          * Use a Hold Code when retyping the original notice to prevent the subsequent notice or use the Local Control File, IRM 3.14.2.5.4 to intercept the subsequent notice
          * Use CC ACTON to enter a history item on IDRS when retyping, voiding and/or labeling a notice. If retyping to a different notice, include both CP numbers in the history item, such as CP267TO161 as an example.
          * If a Balance Due Notice is held past the notice cycle, update the Pay by date to the current cycle Pay by date. Update the balance due, penalties, and interest to the 23C date. Refer to the Posting Cycle Chart in the *BMF Notice Review Job Aid 2533-701*.
          * For additional instructions refer to IRM 3.14.2.7.10.5 .

     e.   Apply Label 22 **only** when releasing a credit elect TC 716/710, TC 700 credit from another module, rolled payments(s) or transferred in payments(s), COBRA, or HIRE credit TC 766. (See IRM 3.14.2.6.8 (10), Q-Freeze Retype Condition Chart).

Note: The Q- Freeze will remain on the notice module if an unclaimed credit bal-

     rect credit balance.

Reminder: A CP 260 credit reversal notice generates when the credit reversal

     260 with input of TC 570 on debit side of Doc Code 24 . A secondary TC 570 will not suppress an adjustment notice. To suppress an adjustment notice, input CC REQ54, TC 290 .00, Hold Code 3.

Note: **Doc Code 34 input with a credit freeze will not suppress the CP 260.**

(17) **Multiple IDRS transactions**:

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If	Then
Releasing a Q- Freeze and completing a credit transfer (DOC Code 24, 34 and 48)	Retype notice to remove the transferred credit and add Label 22. Release the Q- Freeze with HC 3, PC 4. Use PD 1 to cycle CC REQ54 one cycle past the credit transfer to avoid creating an un-postable condition.
The remaining credit after completing a credit less	CC REQ54, Priority Code 4 is not required. The remaining credit will release automatically. *Note:* The Q- Freeze will remain in effect if the difference between the credit claimed and the remaining credit on the module is
Adjusting the tax or credits and releasing the Q- Freeze	CC REQ54 must be input. Input the second CC REQ54 with Hold Code 3, Priority Code 4 to release the refund. (Posting Delay is not required.) *Note:* A CC REQ54 does not apply to a tolerance and over must be manually released with a second CC REQ54, Hold Code 3, Priority Code 4.

#
#

#

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Caution: Do not input CC REQ54 if a -A Freeze or a pending TC 976, TC 971 (AC 010) or TC 150 is on the notice module. Void the notice.

3.14.2.6.9
(01-01-2025)
CP 161 (CP 861 Spanish) Balance Due Notice - Non-Math Error

(1) The CP 161 (CP 861 Spanish equivalent) is a non-math error notice informing the taxpayer of a balance due of $5.00 or more. The balance due may be the result of any combination of tax, penalties, and interest.

(2) Use the selection key as a guide for reviewing the notice. See Exhibit 3.14.2-5.

(3) Look for pending (AP, PN, TP, RS, UP or CU) credits in the NRPS package and IDRS. If the payment overpays the module and is not pending on TXMOD or posted on BMFOLT, decide if the payment belongs on the notice module before including the payment on the notice.

(4) If the payment is UP, check UPTIN for the Unpostable Resolution Code to decide if the payment will post to the module. If the unpostable case is open, use CC UPCASZ to enter information to facilitate posting of the payment.

Reminder: Input CC STAUPS for 9 cycles.

(5) Look for misapplied payments in the NRPS package. Look for credits that match the underpaid tax amount on the tax return and the liability schedule. When inputting a credit transfer follow instructions in IRM 3.14.2.7.7 and IRM 2.4.17

Reminder: Do not transfer credits dated earlier than the tax period.

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(6)   Check for credits on others MFTs and Fiscal year ending returns. Decide correct Filing Requirements before transferring credit.

(7)   If timely credits have posted to a module with no TC 150, and they match the tax liability of the notice module, the return may have posted to the wrong tax period. Verify the tax period. Follow instructions in IRM 3.14.2.6.18 ; Reprocessing Returns and IRM 21.8.2 , BMF International Adjustments, for International notices.

(8)   Do not void a CP 161 or CP 861 if fully paid by credits that offset (TC 706) into the notice cycle. A CP 138 will generate from the Losing module. Print the notice.

(9)   Do not label if the offset partially pays the module. A CP 138 will generate from the losing module. Print the notice.

(10)   Do not move TC 766 credits from a different module on a Form 8752, MFT 15 generating a CP 161. Only misapplied payments should be moved.

(11)   **Form 8288 MFT 17 (OSPC Only)-Specific Review**: Research using IDRS and BMFOLI for possible misapplied payment(s). The missing payment may have posted to the incorrect tax period. In this case, BMFOLI will show the account you are working and the account the payment posted to.

   a.   If the Tax Period on the CP 161 is 20XX01 and the missing payment is on Tax Period 20XX02, look at the "DT-OF-TRFR>" on TXMODA to determine if the payment belongs to your module.

   Note: The Tax Period is always the "Date of Transfer" from Form 8288.
   Example: If "DT-OF-TRFR>" on TXMODA is 20XX0120, the Tax Period will be 20XX01. The Date of Transfer on TXMODA is always in YYYYMMDD format.

TXMOD DT-OF-TRFR DISPLAY	ADJ54 INPUT DT-TRNSFR FIELD INPUT
YYYYMMDD	MMDDYYYY
Example: 20XX0120 (January 20, 20XX)	Example: 012020XX

If	And	Then
The payment will satisfy the debit balance	Penalties will recompute (TCs 166, 186, 176 or decrease TC 276)	1. Transfer the payment in 2. TC 290.00, HC 3, DT-OF-TRFR> *Note:* On this screen (REQ54), input the DT-OF-TRFR as MMDDYYYY. 3. Input a CC STAUP for 9 cycles 4. Void the notice

(12)   **Forms 941/943/944/945 - Specific Review** - If a tax liability schedule is attached but not transcribed, and a FTD Penalty (TC 186) is assessed on the notice module, refer to IRM 3.14.2.6.17.8 , Failure to Deposit Penalty.

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(13) **Forms 990 /1041/1120series - Specific Review - ES Penalty (TC 170)**: If the module contains an Estimated Tax Penalty (TC 170), the missing payments may include the balance of tax, plus the taxpayer's computed ES Penalty. Add TC 170 to the balance due to decide the missing payment amount.

Note: When timely credits are applied to a module containing a TC 170, a CP 234 transcript will generate. Accounts Management will review and recompute the ES Penalty if necessary.

(14) **Forms 990 /1041/1120 series - Specific Review - Penalty (TC 276, 166) and Interest (TC 196)**: The taxpayer may have included any combination of FTP penalty, FTF penalty, and interest in the balance due amount on the return. If the return is included in the NRPS package, review thoroughly for any notation. Also, consider the taxpayer's addition of penalty and interest when looking for a missing payment.

Note: **Return not included in the NRPS package** : If a payment is dated close to the received date of the return, but overpays the tax due, check CC INTST to the date of the payment. If the balance due on INTST is the amount of the payment, the taxpayer computed penalty and interest, transfer the payment.

(15) **Forms 990 /1041/1120 series - Specific Review - Extensions** : Search for timely credits and an extension of time to file. A timely filed extension with or without credits can post to an incorrect tax period or EIN. If you decide the extension was intended for the notice module, transfer the extension. See IRM 3.14.2.7.9 , Extensions.

(16) **Form 990 Series - Specific Review** - CP 161 generates as a settlement notice for missing credits. Decide missing credit amount by subtracting claimed credits from credits posted. Check for tax due, tax due plus penalty and/or interest, and missing claimed credits. If payments posted to other modules appear to be timely for the notice module, use CC BRTVU to decide total claimed credits. (Extension payments may not appear on NRPS as claimed credits.

(17) **Form 2290 - Specific Review** CP 161 is issued when there is an L- Freeze present on the account. See IRM 3.14.2.6.6.12 for more information on Form 2290 L- freeze. The Form 2290 (MFT 60) Heavy Highway Vehicle Use Tax, is unique because the tax rate is charged per vehicle in use. The tax period and tax are based on the month(s) the vehicle(s) was put in use and the number of vehicles in use. These notices are selected for review due to payments posted to a prior year settled module. Review the account, including the previous module(s) to see if the balance due can be resolved and/or prior year payments can be moved. .

 a. After completing general review procedures (IRM 3.14.2.6), verify the tax return has been processed to the correct tax period. The determination for From 2290 is different than other forms. View the notice module on TXMOD and review the tax per taxpayer and TC 150 amounts.

 Example: If the tax return has posted as 202307 for one vehicle in category column V, then the tax charged should be $550.00.

 b. Compare the posted tax (TC 150) on TXMOD to the data from BRTVU page R2, verifying the following: vehicle category column (VEH CAT),

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number of vehicles (NUM VEH A / NUM VEH B), and VEHICLE HIGHWAY TAX (per CMPTR). The amounts on BRTVU should match the posted TC 150 **and** Form 2290 tax rates found in Exhibit 3.14.2-29 .

c.   If the TC 150, BRTVU, and Form 2290 tax rates **match**, using the NRPS package, IDRS and BMFOL, identify the payments that have posted to a prior module causing the overpayment. Using verified tax (steps above), return information (if available), RTR, EFTPS, and payment pattern history, decide if the taxpayer claimed or intended the payment(s) for the notice module. The prior year module must have a credit balance (over-payment) to move any payments to the notice module.

  Note: See (e) below if the module information does **not** match the pro-cessing and Form 2290 tax rate.

d.   If the payments belong on the notice module use the following table to determine action and notice disposition:

If	And	Then
1. The taxpayer is claiming the payment on the notice module (or research has indicated the payment is misapplied)	Moving the payment will not place the "from" module in debit (balance due) status	Transfer the payment using the IAT credit transfer tool. See IRM 3.14.2.7.7 , Credit Transfers for more information.
2. The taxpayer is claiming the payment on the notice module (or research has indicated the payment is misapplied)	Additional credit will remain after the payment is transferred out	Use a TC 570 on the debit side of the credit transfer to hold any remaining credit.
3. If the payment is timely	Full pays the notice module (penalty and/or interest will abate)	Void the notice.
4. If the payment is applied	It is not timely, or there is still a remaining balance	Use the appropriate label. See IRM 3.14.2.7.10.6 , Labeling Notices for more information.

e.   If the TC 150, BRTVU, and Form 2290 tax rates do **not** match, a reprocess may be required. If a MeF return follow IRM 3.14.2.6.18.1. If a paper return, request the document from files and follow IRM 3.14.2.6.18. Do not make a determination for reprocess without the paper return. Instead use OLNR disposition **H** to hold the notice.

  Reminder: If a notice needs to be held past cycle, the lead must notify the Headquarters analyst.

(18)   **Form 706 and Form 709 - Specific Review** - Use CC IMFOL to research the IMF SSN (for joint returns check both SSNs) for possible misapplied payments. For Form 709, a missing extension payment may be posted to the Form 1040 account:

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If	And	Then
There is excess credit on Form 1040 that is refunding	The overpayment equals the amount claimed on the Form 709	1. Stop the refund on the Form 1040 account. Refunds in IMF can only be intercepted if there is a TC 570, DLN blocking series of 55555. If there is a TC 846 the account has already refunded. If there is a TC 846 on the IMF account, skip step 2 and 3. Add the extension if necessary. 2. Transfer the credit. 3. Input a CC STAUP for 9 cycles on the Form 709 account. 4. Add the extension to Form 709 account if no extension has posted and there is a TC 460 on the IMF account. See Exhibit 3.14.2-11, Adding and Deleting Extensions for more information.

3.14.2.6.10
(02-05-2024)
CP 162 Series Balance Due - Non-Math Error Notices

(1) Prior to January 1, 2022, CP 162 was a balance due notice used to notify taxpayers of penalties assessed on Form 1065 (MFT 06) and Form 1120-S (MFT 02). This notice was issued when Form 1065 or Form 1120-S was assessed a penalty for failure to file by the return due date (including extensions), for failure to include required information on a return, or (for Form 1065) for failure to file electronically when required. See IRM 21.7.4.4.2.7, Partnership Penalties, and IRM 20.1.2.4, Failure to File a Partnership Return - IRC 6698, for more information

(2) After December 31, 2021, the CP 162 was revised and will inform Partnerships with more than 100 partners that they are being assessed a penalty for failure to file electronically. After December 31, 2021 TC 16X will no longer be used to assess IRC 6698/6699 penalties.

   a. After December 31, 2021, the CP 162 was revised to generate for Form 1065 (MFT 06) when the failure to file electronic media penalty is assessed using TC 24X with PRN 688.

(3) In January 2022, CP 162A was created to inform a partnership, Real Estate Mortgage Investment Conduit or S corporation that a penalty has been assessed for failure to timely file Form 1065, 1066 or 1120-S.

   a. A CP 162A will generate for Forms 1065, 1066 and 1120-S when a failure to file/late filing penalty is assessed using TC 24X PRN 722 with or without a PRN 688. See Exhibit 3.14.2-22, Form 1065 Return and Extension Due Dates, Exhibit 3.14.2-28, Form 1120-S Estimated Tax Payment and Return Due Dates.

(4) Also, in January 2022, CP 162B was created to inform a partnership or S corporation that a penalty is being assessed for missing or incomplete information in relation to Form 1065 or 1120-S.

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a.   A CP 162B will generate for Forms 1065 and 1120-S when a missing/ incomplete information penalty is assessed using TC 24X PRN 723 with or without a PRN 688.

(5)   In January 2024, the CP 162C notice was created to generate when there is a manual or systemic adjustment to a prior assessed penalty **and** the resulting module balance is either a credit of $0.99 cents or less OR a debit greater than $4.99. The CP 162C generates in lieu of CP 210/220.

(6)   In January 2024, the CP 162E was created to generate when there is a manual or systemic adjustment to a prior assessed penalty **and** the resulting module balance is between $1.00 credit and $4.99 debit. The CP 162E generates in lieu of CP 210/220.

3.14.2.6.10.1
(01-01-2025)
CP 162 Failure to File Electronic Partnership Return

(1)   For partnership returns that are due in calendar years beginning **after** December 31, 2023, partnerships are required to file their partnership return electronically if :

•   the partnership is required to file 10 or more returns during that calendar year ending with or within the taxable year of the partnership **or**
•   the partnership had more than 100 partners during the partnership's taxable year

(2)   For returns due **before** January 1, 2024, partnerships with 100 partners or less can file a paper return or can voluntarily file their returns electronically. Partnerships with more than 100 partners were still required to file electronically but the number of returns did not apply.

Note: See IRM 21.7.4.4.2.8.1.1 and IRM 20.1.2.5 for more information on partnerships that are required to file electronically.

(3)   For years ending December 31, 2000 and later, IRC 6011(e)(6) requires partnerships with more than 100 partners to file electronically, unless an exception applies. Treas. Reg. 301.6011-3(c) provides for a penalty for partnerships that fail to file electronically when required to do so. (See information concerning waivers for this requirement in IRM 21.7.4.4.2.8.1.2 and IRM 20.1.2.5.1).

(4)   If a partnership is required to file their return electronically and they fail to do so, a penalty will be assessed for each schedule K-1 over 100. See the table below for a list of penalty amounts by year:

For Returns Due	Penalty Per Partner in Excess of 100	Higher Maximum Penalty	Lower Maximum Penalty
In 2024	$310	$3,783,000	$1,261,000
In 2023	$290	$3,523,500	$1,777,500
In 2022	$280	$3,426,000	$1,142,000
In 2021	$280	$3,392,000	$1,130,500
In 2020	$270	$3,339,000	$1,113,000
In 2019	$270	$3,275,500	$1,091,500

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For Returns Due	Penalty Per Partner in Excess of 100	Higher Maximum Penalty	Lower Maximum Penalty
In 2018	$260	$3,218,500	$1,072,500
In 2017	$260	$3,193,000	$1,064,000
In 2016	$260	$3,178,500	$1,059,500
Between January 1, 2011 & December 31, 2015	$100	$1,500,000	$500,000
Before January 1, 2011	$50	$250,000	$100,000

Note: Partnerships with average gross receipts of $5,000,000 or less in the three most recent taxable years qualify for a lower maximum penalty; however, the penalty per partner over 100 remains the same.

For example, if a partnership return with 120 partners is due between January 1, 2011 and December 31, 2015, the penalty would be $2,000 (20 x $100). If the return was due between January 1, 2016 and December 31, 2016, the penalty would be $5,200 (20 x $260) because the penalty is determined by multiplying the number of partners over 100 by the base penalty amount.

(5)   The failure to file electronically with more than 100 partners penalty is assessed as TC 246 with reference number 688.

Note: A return with over 100 partners may have both Failure to File and Failure to File Electronically penalties assessed. The systemically charged penalties can be identified by the following transaction codes: before December 31, 2021, TC 166 for Failure to File and TC 246 Failure to File Electronically; after December 31, 2021, TC 240 PRN 722 or 723 and TC 240 PRN 688.

Reminder: If a partnership was assessed a penalty in excess of the lower maximum penalty, and has shown its average gross receipts for the previous three years was $5,000,000 or less, the excess penalty is abated with TC 241 using penalty reason code (PRC) 045. Notice Review does not make these adjustments.

(6)   Follow general review procedures then research BRTVU and BMFOLT history to ensure the number of partners is correct. If the number was increased in error during processing and the taxpayer does **not** owe the failure to file electronically penalty (fewer than 100 partners) remove the penalty using REQ54/ADJ54 with the following information:

- Use blocking series 17
- TC 290 $.00
- Input penalty reason code (PRC) 045 in the fourth position in the reason code field
- Reverse the full amount of the penalty using PRN 688, with the penalty amount as a negative (trailing minus)

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Caution: If the correct number of partners cannot be established by reviewing historical data, request the return using normal procedures.

| 3.14.2.6.10.2 (01-01-2025) **CP 162A Failure to File Form 1065, Form 1066 or Form 1120-S General Review Procedures** | (1) CP 162A was developed to inform taxpayers that a penalty has been assessed for failure to timely file or failure to file a complete tax return for Form 1065, U.S. Return of Partnership Income, Form 1066 U.S. Real Estate Mortgage Investment Conduit (REMIC) Income Tax Return and Form 1120-S Income Tax Return for an S Corporation . The following conditions upon posting as an original assessment will generate a CP 162A: |

MFT (Form)	With original account posing of:
MFT 02 & TC 150 doc code = 16 (Form 1120-S)	TC 24X with PRN 722 posted in cycle
MFT 06 (Form 1065 or 1065-B)	TC 24X with PRN 722 posted in cycle with or without PRN 688
MFT 07 (Form 1066)	TC 24X with PRN 722 posted in cycle

(2) The following conditions upon assessment adjustment will generate a CP 162A:

MFT	And	IRN 851	IRN 852
MFT 02 (Form 1120-S)	TC 29X input with PRN 722 to generate a TC 24X	Number of Shareholders	Number of Months
MFT 06	TC 29X input with PRN 722 to generate a TC 24X	Number of Partners	Number of Months
MFT 07	TC 29X input with PRN 722 to generate a TC 24X	Number of Residual Interest Holders	Number of Months

Note: IRN 851 will pass the number of Shareholders/Partners/Residual Interest Holders to the notice. IRN 852 will pass the number of months late/incomplete to the notice. When a CP 162A generates as a result of an assessment of the penalty, compare the "Number of Partners/Shareholders" and "Number of Months" in OLNR to the values in IRNs 851 and 852 reflected on the module and the amounts reported on the return, if the return is available. If the amounts are incorrect on the module or in OLNR, correct them and retype the notice accordingly.

Reminder: **If a TC 29X adjustment with a PRN 722 is input to generate a TC 241 PRN 722 to reduce, abate or remove a penalty assessment, a CP 162C or 162E will generate. See IRM 3.14.2.6.10 for specific generation criteria.**

(3) Follow general review procedures in IRM 3.14.2.6 to determine the timeliness of the return. If the return was filed late follow the procedures below to determine the number of months for which the penalty needs to be assessed.

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- IRS date stamp (Earliest date stamp by Campus, Area Office, US Consulate, or Revenue Officer.
- The earliest legible postmark date (U. S. Postal Service, Foreign Postmark, or Private Delivery Service) on the return.

If	Then
An envelope is not attached	Use the postmark date stamped on the face of the document.
An envelope has both a USPS or Foreign postmark and private metered postmark,	Always use the USPS or Foreign postmark.
An envelope has two private metered postmarks,	Always use the latest private metered postmark.
An envelope has only one private metered postmark,	Use the private metered postmark.

- Taxpayer signature date
- Julian date minus 10 days
- Current date minus 10 days

Note: All other issues should be referred to your lead or manager so that a determination can be made.

(4)   If received date as figured above is different than the date on CC TXMOD you must manually adjust the FTF Penalty.

Reminder: When Adjusting these accounts you must input the correct received date in the REQ54 adjustment screen by entering the correct date in the Ret Proc Date field on IDRS.

(5)   If a partnership terminates before the end of the tax year, Form 1065 must be filed for the short period. The short period consists of the period from the beginning of the tax year through the date of termination. Therefore, the return is due the 15th day of the third month following the termination. If more time is needed to file, the Form 7004 must be filed by the short period return due date (the 15th day of the third month following the date of termination).

(6)   If a Form 1120-S is used to file a short period return, it must filed by the 15th day of the 3rd month following the end of the short tax year. A dissolving corporation is required to file a return for the short period from the first day of its normal accounting period to the date of dissolution. The return is due the 15th day of the 3rd month following the close of the short tax year.

(7)   Research the module and return if the return is available, to verify the number of partners/shareholders on the module match the number of partners/shareholders displayed in OLNR. If the number listed on the module is correct and the number of partners/shareholders in OLNR differs from that amount, retype the notice with the correct number of partners/shareholders and update the penalty amount in OLNR as appropriate.

(8)   Research the module and return if the return is available, to verify the number of months matches the number of months on the module match the number of months displayed in OLNR. If the number listed on the module is correct and

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the number of months in OLNR differs from that amount, retype the notice with the correct number of months and update the penalty amount in OLNR as appropriate.

(9) Research the module to verify that the base penalty amount displaying in OLNR is correct.

   a. The penalty for failure to file **or** failure to file a complete return for Form 1065, **or** Form 1066, is charged for each month (or part of a month) that the failure continues for up to 12 months (for tax periods after December 20, 2007). See IRM 20.1.2.4.2, entitled, Penalty Computation for more information on these penalties.

   b. The penalty for the failure to file or failure to file a complete return, Form 1120-S, U.S. Income Tax Return for an S Corporation, is charged for each month (or part of a month) that the failure continues for up to 12 months. See IRM 20.1.2.6.2, entitled, Penalty Computation for more information on these penalties.

   Note: See the Table below for base penalty amounts for failure to file and/or failure to file complete Forms 1065, 1066 & Form 1120-S, see, IRM 20.1.2.4.2 and IRM 20.1.2.6.2 for information on base penalty amounts for previous years not mentioned below.

Form 1065/ 1066/ 1120-S Return Due	Base Penalty Amount
After January 1, 2024	$235
Between January 1, 2023 & December 31, 2023	$220
Between January 1, 2022 & December 31, 2022	$210
Between January 1, 2021 & December 31, 2021	$210
Between January 1, 2020 & December 31, 2020 (without regard to extension)	$205
Between January 1, 2019 & December 31, 2019 (without regard to extension)	$200
Between January 1, 2018 & December 31, 2018 (without regard to extension)	$200
Between January 1, 2017 & December 31, 2017	$195

(10) The Late filing/Incomplete return penalty amount field displayed in OLNR (OLNR field Ret Pen) should equal Number of Partners/Shareholders x Base Penalty Amount x Number of Months late. If it does not, and the information on the module is correct, retype the notice to match the information displayed on the module.

   Note: If when retyping the notice, there is a payment reflected on the module and in the "Payments Section" at the bottom of the OLNR display screen, add the total payment amount to the "Less Penalty Paid" field.

(11) If research determines the received date is different than the date on CC TXMOD, manually adjust the FTF penalty and retype the notice.

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(12) If a CP 162 should have generated instead of a CP 162A (i.e., the penalty is assessed with a PRN 688 only without no PRN 722), then input an "H" disposition to hold the notice and provide your lead with the notice information who will refer it to HQ immediately.

(13) If the information on the notice is correct, print the notice.

(14) Refer any other issues with the CP 162A not addressed in this section, to your lead or manager who will refer it to HQ, so that a determination can be made.

3.14.2.6.10.3
(02-05-2024)
CP 162B Missing Information on Form 1065 and Form 1120-S General Review Procedures

(1) CP 162B was developed to inform a partnership or S corporation that a penalty is being assessed for missing or incomplete information in relation to Form 1065 or 1120-S. The following conditions will generate a CP 162B upon original assessment of the penalty:

MFT/Form	AND
MFT 02 & TC 150 doc code = 16 (Form 1120-S)	PRN 723 present in cycle
MFT 06 (Form 1065 or 1065-B)	PRN 723 present in cycle with or without PRN 688

(2) The penalty is assessed with Transaction Code (TC) 24X PRN 723.

Note: The penalty is abated systemically with TC 241/247 if changes post to the account that cause the system to compute a lower penalty or no penalty.

(3) The following conditions upon assessment adjustment will generate a CP 162B:

MFT/Form	And	IRN 851	IRN 852	IRN 853
MFT 02 (Form 1120-S)	TC 29X input with PRN 723 to generate a TC 24X	Number of Share-holders	Number of Months	Missing Information Code (MIC) *Note:* Acceptable MIC codes for MFT 02 are: 33, 34, 36, 45, 46, 47, or 49.

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MFT/Form	And	IRN 851	IRN 852	IRN 853
MFT 06 (Form 1065 or 1065-B)	TC 29X input with PRN 723 to generate a TC 24X	Number of Partners	Number of Months	Missing Information Code (MIC) **Note:** Acceptable MIC codes for MFT 06 are: 33-39 and 45-52.

Note: IRN 851 will pass the number of Shareholders/Partners/Residual Interest Holders to the notice. IRN 852 will pass the number of months late/incomplete to the notice. IRN 853 will pass the missing information code.

(4)   When a CP 162B generates as a result of an adjustment made to assess the penalty, compare the "Number of Partners/Shareholders", "Number of Months" and the "Missing Information Code" in OLNR to the values in IRNs 851, 852 and 853 reflected on the module and the amounts reported on the return, if the return is available. If the amounts are incorrect on the module or in OLNR, correct them and retype the notice accordingly.

Note: If when retyping the notice, there is a payment reflected on the module and in the "Payments Section" at the bottom of the OLNR display screen, add the total payment amount to the Less Penalty Paid field.

(5)   Research the module to verify that the base penalty amount displaying in OLNR is correct. See IRM 3.14.2.6.10.2 . The steps to review 162A and 162B and the base penalty amounts are the same.

(6)   If a secondary assessment was input on a module and the balance on the CP 162B only reflects the current adjustment and not the total penalty assessed and owed on the module, retype the notice to reflect the total penalty amount owed.

(7)   Verify the information on the notice is accurate. Retype, Void, Print as appropriate.

Note: If when retyping the notice, there is a payment reflected on the module and in the "Payments Section" at the bottom of the OLNR display screen, add the total payment amount to the "Less Penalty Paid" field.

(8)   If an S corporation return is both late and incomplete, the penalty will be assessed for filing an incomplete return, unless the return is 12 months or more late.

3.14.2.6.10.4
(04-17-2024)
CP 162C Adjustment of Previously Assessed Penalty Refund Under $1.00 or Balance Due Forms 1065, 1066, or 1120-S and Review Procedures

(1) The CP 162C was developed to more clearly explain adjustments to previously assessed penalties in lieu of issuing a CP 210/220 adjustment notice when the resulting module balance will be a credit of $0.99 or less or a debit greater than $4.99.

(2) An adjustment of the previously assessed penalties below will generate a CP 162C:

MFT/Form	With a	And a resulting Module Balance of
MFT 02 & TC 150 doc code = 16 (Form 1120-S), MFT 06 (Form 1065 or 1065-B), or MFT 07 (Form 1066)	TC 29X/TC 30X manual or systemic adjustment to TC 161	a credit of $0.99 or less **or** a debit balance greater than $4.99
MFT 02 & TC 150 doc code = 16 (Form 1120-S), MFT 06 (Form 1065 or 1065-B),or MFT 07 (Form 1066)	TC 24X with PRN 722 manual or systemic adjustment in current cycle with or without PRN 688 adjusted in current cycle	a credit of $0.99 or less **or** a debit balance greater than $4.99
MFT 02 & TC 150 doc code = 16 (Form 1120-S) or MFT 06 (Form 1065 or 1065-B)	TC 24X with PRN 723 manual or systemic adjustment in current cycle with or without PRN 688	a credit of $0.99 or less **or** a debit balance greater than $4.99

(3) For more information on the specific penalties being abated see IRM 3.14.2.6.10.1, IRM 3.14.2.6.10.2, and IRM 3.14.2.6.10.3.

(4) Due to programming constraints, in 2024 CP 162C notices will only be reviewed as Manual Intervention cases see IRM 3.14.2.5.3.

3.14.2.6.10.5
(02-05-2024)
CP 162E Adjustment of Previously Assessed Penalty Even Balance Form 1065, Form 1066 or Form 1120-S and General Review Procedures

(1) The CP 162E was developed to more clearly explain adjustments to previously assessed penalties in lieu of issuing a CP 210/220 adjustment notice when the resulting module balance will be between $1.00 credit and $4.99 debit.

(2) An adjustment of the previously assessed penalties below will generate a CP 162E:

MFT/Form	With a	And a resulting Module Balance between
MFT 02 & TC 150 doc code = 16 (Form 1120-S), MFT 06 (Form 1065 or 1065-B), or MFT 07 (Form 1066)	TC 29X/TC 30X manual or systemic adjustment to TC 161	$1.00 credit and $4.99 debit

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MFT/Form	With a	And a resulting Module Balance between
MFT 02 & TC 150 doc code = 16 (Form 1120-S), MFT 06 (Form 1065 or 1065-B),or MFT 07 (Form 1066)	TC 24X with PRN 722 manual or systemic adjustment in current cycle with or without PRN 688 adjusted in current cycle	$1.00 credit and $4.99 debit
MFT 02 & TC 150 doc code = 16 (Form 1120-S) or MFT 06 (Form 1065 or 1065-B)	TC 24X with PRN 723 manual or systemic adjustment in current cycle with or without PRN 688	$1.00 credit and $4.99 debit

(3) For more information on the specific penalties being abated see IRM 3.14.2.6.10.1, IRM 3.14.2.6.10.2, and IRM 3.14.2.6.10.3.

(4) Follow general review procedures in IRM 3.14.2.6 to determine the timeliness of the return.

(5) Research the module and return if the return is available, to verify the return received date and the notice information in Control D and OLNR matches IDRS for base penalty amount, adjustment amount, and module balance.

3.14.2.6.10.6
(01-01-2024)
Return and Extended Due Dates for Forms 1065 and 1120-S

(1) Starting in tax year 2023, due to IRA legislative changes, the Form 1065 can claim credits and have an overpayment or balance due. Before tax year 2023, Form 1065 was an information return and therefore had no tax. Each partner's distributive share of each partnership item is reported on the partner's return of income.

(2) See table below for the **Form 1065 Return and Extended Due Dates for tax periods beginning before January 1, 2016:**.

Note: Form 1065 filers with a tax year beginning **BEFORE** January 1, 2016 were granted an 5 month extension with upon receipt of a timely filed Form 7004 extension request.

Period Ending	Return Due Date	Extended Due Date
Jan. 31	5-15	10-15
Feb. 28	6-15	11-15
Mar. 31	7-15	12-15
Apr. 30	8-15	1-15
May 31	9-15	2-15
June 30	10-15	3-15
July 30	11-15	4-15
Aug. 31	12-15	5-15
Sept. 30	1-15	6-15
Oct. 31	2-15	7-15

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Period Ending	Return Due Date	Extended Due Date
Nov. 30	3-15	8-15
Dec. 31	4-15	9-15

> **Note:** The due date for Form 1065 for tax periods beginning before January 1, 2016 is the 15th day of the 4th month following the end of the tax period.

(3)   See table below for **Form 1065 Return and Extended Due Dates for tax periods beginning January 1, 2016 and subsequent**.

> **Note:** Form 1065 filers with a tax year beginning **ON or AFTER** January 1, 2016 were granted a 6 month extension upon receipt of a timely filed Form 7004 extension request.

Period Ending	Return Due Date	Extended Due Date
Jan. 31	4-15	10-15
Feb. 28	5-15	11-15
Mar. 31	6-15	12-15
Apr. 30	7-15	1-15
May 31	8-15	2-15
June 30	9-15	3-15
July 30	10-15	4-15
Aug. 31	11-15	5-15
Sept. 30	12-15	6-15
Oct. 31	1-15	7-15
Nov. 30	2-15	8-15
Dec. 31	3-15	9-15

> **Note:** The due date for Form 1065 for tax periods beginning January 1, 2016 and subsequent is the 15th day of the 3rd month following the end of the tax period.

> **Note:** **As a result of Public Law 114-41 Section 2006, the return due date changed for partnership returns (Forms 1065, 1065-B and 8804) and for corporations (with the exception of Forms 1120-C, 1120-IC-DISC and Form 1120-S) effective for tax periods beginning after December 31, 2015. HOWEVER, this law did NOT change the due date for Corporate return periods that end June 30. They will remain the same until tax period 202606, at which time they will also change.**

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(4)   See table below for **Form 1120-S Return and Extended Due Dates** . Form 1120-S is due the 15th day of the 3rd month following the end of the tax period (March 15 for a calendar year return).

Period Ending	Return Due Date	Extended Due Date
Jan. 31	4-15	10-15
Feb. 28	5-15	11-15
Mar. 31	6-15	12-15
Apr. 30	7-15	1-15
May 31	8-15	2-15
June 30	9-15	3-15
July 30	10-15	4-15
Aug. 31	11-15	5-15
Sept. 30	12-15	6-15
Oct. 31	1-15	7-15
Nov. 30	2-15	8-15
Dec. 31	3-15	09-15

3.14.2.6.10.7
(02-05-2024)
Selection Key for CP 162, CP 162A, CP 162B, 162C, and 162E

(1)   The selection key for CP 162 is 53. See the chart below for an explanation of Key 53.

CP 162 Selection Key	Explanation
Key 53	The return is filed late and an extension (TC 460) has posted to a different, open module (no TC 150) or a posted TC 610 has a Julian date that indicates the return may be filed timely by extended due dates.

Note: CP 162, CP 162A, CP 162B, CP 162C, and CP 162E can also be selected through the LCF and as such can appear in LCF keys. See IRM 3.14.2.5.4 , NRPS Local Control File, for specific LCF keys.

3.14.2.6.10.8
(01-01-2025)
Specific Review Procedures for Key 53

(1)   The selection criteria for Key 53 is a balance due notice with a delinquency penalty with an extension of time to file pending or a potentially mis-posted extension of time to file.

(2)   Refer to the **Key 53 Decision Table** below.:

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If	Then
The EIN and/or tax period are incorrect and the tax return is not available	Decide if the return needs to be reprocessed. If so, follow the reprocessing returns procedures in IRM 3.14.2.6.18 (Abate the penalty (using CC REQ54, Blocking Series 00, TC 16X or TC 24X with applicable PRN, Hold Code 3). If return must be reprocessed void the notice.
The number of partners transcribed is incorrect (compare the number of partners on the notice with the number on the return) **Note:** If the return is not available for partner verification, check BRTVU or TRDBV for number of partners on previous tax years.	Abate or adjust the penalty (using CC REQ54, Blocking Series 00, TC 16X or TC 24X with applicable PRN, Hold Code 3) based on the penalty computation using the correct number of partners. Void or retype the notice, as applicable.
The postmark is timely for the Return Due Date or for a posted extension	Abate the TC 166 or TC 24X penalty (using CC REQ54, Blocking Series 00, TC 16X or TC 24X with applicable PRN, Hold Code 3) and void the notice..
A payment(s) or refundable credit is on the module or in the payment tab area of OLNR for a notice generating from Form 1120-S	a. Retype CP 162, CP 162A or CP 162B and add the total payment amount to the Less Penalty Paid Field. Change MIC Code to 00 except if retyping a CP 162B where the correct MIC code is required (see IRM 3.14.2.6.10.3 for more information on MIC codes). b. Void any additional current cycle notices that are selected for the same EIN, MFT and Tax period. (They will be in the same batch.)
The return was filed by an extended due date and the extension has posted on an open tax module (no TC 150)	Delete the extension from the open module and add the extension to the notice module using CC REQ77. Void CP 162, CP 162A or CP 162B. Input TC 290 .00, appropriate Blocking Series, Hold Code 3 to suppress the subsequent adjustment notice.
The extension was timely filed and Form 1065 is received by the short period extended due date, (the 15th day of the third month following the date of termination)	Input the extension on the notice module using CC REQ77 .Void the notice. Input TC 290 .00, appropriate Blocking Series, Hold Code 3 to suppress the subsequent adjustment notice.
The extension was timely filed and Form 1120-S is received by the short period extended due date (third month following the date of termination)	Input the extension on the notice module using CC REQ77. Void the notice. Input TC 290 .00, appropriate Blocking Series, Hold Code 3 to suppress the adjustment notice.

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If	Then
The extension was processed to an incorrect tax period (prior year)	Determine timeliness of the extension, using the Julian date of TC 460 and/or TC 620. • If the Julian date makes the extension timely filed, delete the extension from the incorrect module and add the extension to the correct module using CC REQ77. Void CP 162, CP 162A or CP 162B. • If the Julian date indicates the extension was not timely filed for the correct tax period, delete the extension from the incorrect module. Print the CP 162, CP 162A or CP 162B.

Note: If Form 1065 or Form 1120-S is used to file a short period return, it must be filed by the Return Due Date of short tax year.

Reminder: Indicate on CC REQ54 in remarks field that the penalty is being abated based on a timely filed extension for a short period return.

3.14.2.6.10.9
(01-01-2023)
Reasonable Cause Requests for Form 1065

(1) **All** Reasonable Cause requests for penalty abatement on partnership returns with over 100 partners are processed at the **Ogden Campus**.

 a. If there is a "1382C letter" action trail in the left margin of the return or CCC "R" is present on the return, Code & Edit has already addressed the Reasonable Cause statement and no further action is required.

 b. If there is no indication that Code & Edit has addressed the Reasonable Cause statement, it must be either faxed or routed to Accounts Management. Either method is acceptable. See below.

Manner of Routing	Steps to Take	
To fax to Accounts Management		#
		#
		#
	• Input CC STAUP for 9 cycles and mail the notice • An Interim letter is required if more than 25 days have elapsed from the return received date	

Manner of Routing	Steps to Take
To route to Accounts Management	• Photocopy the first page of the return and the original Reasonable Cause Statement letter (Notate "photocopy") • Attach the photocopy of the letter to the original return • Route original letter and photocopy of the first page of the return to Ogden Accounts Management at: Ogden Service Center 1973 N. Rulon White Blvd Ogden, UT 84404 M/S 6552 • Input CC STAUP for 9 cycles and mail the notice • An Interim letter is required if more than 25 days have elapsed from the return received date

3.14.2.6.11
(01-01-2023)
Reviewing Notices with Remittance Processing System (RPS) Indicators (Key 02)

(1) An RPS coded return (TC 150) posts to the Master File and the corresponding RPS TC 610 or TC 670 payment transaction is not present on the module.

(2) An RPS timely coded return (TC 150) posts and there is a corresponding RPS TC 610 or TC 670 payment transaction with a delinquent service center received date.

(3) RPS notices are designated as selection Key 02 or by the literal RPS-Discrepancy or the Control D, NRPS Appended Data page. Review all notices with the RPS indicator.

(4) Follow General Review Procedures. See General Review Procedures at IRM 3.14.2.6.

(5) **To locate the missing TC 610 or TC 670 payment:**

    a.   Check the NRPS Appended Data for a pending, unpostable, or reject transaction.
    b.   Check the NRPS tax modules and the tax modules on IDRS.

If	Then
The payment posted to an incorrect tax period	Transfer the payment. Use appropriate notice disposition. Refer to IRM 3.14.2.7.10
The payment is found on another EIN (look for any cross-referenced data on the NRPS package tax modules) and research CC NAMEE ON IDRS	Transfer the payment. Use appropriate notice disposition. Refer to IRM 3.14.2.7.10

    c.   When researching IDRS:

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Research CC SUMRY, TXMOD, or BMFOL
Input CC UPTIN to check the Generalized Unpostable Framework (GUF)
If an open case is found, use UPCASZ to notify Unpostables of the correct information

(6)   The TC 610 payment can be posted to the notice module but may have an incorrect date. The payment may have been delayed in processing or batched incorrectly. The payment date may need to be changed.

    a.   Verify the return is timely.
    b.   To correct the payment date, input CC ADD24 using IAT and use the same tax period on the debit and credit sides.

Input the corrected transaction date on the credit side:
Use an Override Date Indicator 2 on both sides
Input a TC 570 on the credit side

(7)   If the payment cannot be located or transferred, mail the notice.

Note: In cases where the TC 610 cannot be found, the returns could have been blocked incorrectly, causing the RPS indicator to generate in error.

(8)   **Overpaid RPS Notices**-Three different conditions are possible with overpaid RPS notices:

    a.   Multiple TC 610s posted on the notice module (R- Freeze). Research the excess payment through local ISRP procedures.
    b.   The posted TC 610 does not match the DLN of the TC 150 (R- Freeze). Research any TC 610 payment with a DLN different from the TC 150. The payment may belong to another taxpayer.
    c.   The TC 610 payment is missing on the module. Other payments posting to the module may have created the overpayment. Look for the missing TC 610 payment and research any extra payments on the module.

If	Then
The TC 610 document is available,	Follow instructions in IRM 3.14.2.6.4.3 . (Slipped Blocks and Mixed Data Blocks) or perform additional research.
The payment belongs to another taxpayer,	Transfer the payment to the correct account.
The payment belongs on the EIN where posted,	Follow the taxpayer's intent. The payment may be intended for a subsequent period.

(9)   For pending payments, credit transfers, or changing the payment date, follow the notice disposition instructions. See IRM 3.14.2.7.10.

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3.14.2.6.12
(01-01-2024)
Refund Transcripts

(1) Refund Transcripts are reviewed to decide if the account overpayment should be allowed to refund. Refund transcripts are identified on NRPS as CPs and marked in OLNR.. **However, a CP notice is not issued**. Transcripts are selected for NRPS and reviewed by key. There are four types of Refund Transcripts:

- CP 380 - Refund of 1 Million dollars or more
- CP 384 - Normal NRPS Refund Transcript
- CP 386 - Highly Questionable Refund
- CP 388 - Refund Interest Transcript

(2) Allowable OLNR dispositions for refund transcripts are:

- T (Transcript) - Use this disposition to mark the account as a transcript and the money should be allowed to refund to the taxpayer.
- TI (Transcript/Intercept) - Use this disposition to mark OLNR when the refund needs to be stopped using NOREF.

(3) **Disposition TI should only be used if Notice Review intercepts the refund.**

Note: Use the T disposition if another area input the Refund Intercept/NOREF request.

(4) **CPREF** shown on CC TXMOD (in the CP notice section) indicates Refund Transcript. Refund Transcripts generate from the same file as CP notices.

(5) A transcript is issued when:

a. The refund amount includes interest of more than $50.00 on a module that contains a TC 766
b. The refund amount is $500.00 or more for Form 941 (MFT 01), or $1000 or more on all other forms
c. The amount of the overpayment claimed by the taxpayer differs by more than $100 from the IRS amount.

(6) TC 570 blocking series 55555 is input by Frivolous Return Program (FRP) on BMF accounts to stop frivolous BMF refunds. Do **not** release these refunds.

3.14.2.6.12.1
(01-01-2025)
Million Dollar Transcript (CP 380)

(1) Refunds of $100 million or more must be reviewed by a lead or experienced Subject Matter Expert (SME). See IRM 3.14.2.6.1.6 for more information.

\#
\#

b. The select key for Million Dollar NRPS Transcripts is Transcript key 020.
c. If there is an open control base, contact the employee identified as having control over the account.
   This contact should be done as an email notification that this account has an X- Freeze posted that is 15 cycles old.
   Once the contact has been made, 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. If there is no open control base to another area,**

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Notice Review must initiate the manual refund. See IRM 3.14.2.7.2.2, Manual Refunds, for more information.

3.14.2.6.12.2
(01-01-2024)
**Normal Refund
Transcripts (CP 384)**

(1) Review the transcript module using the keys below to help focus IDRS research to identify if the refund should be allowed to refund to the taxpayer.

(2) Normal NRPS Refund Transcript selection keys are:

- Key 024 - selected if there is a pending debit transaction
- Key 025 - selected if a TC 670 is causing the refund

#
#

- Key 027 - selected when no other select key criteria is met

(3) **Delete the refund under the following circumstances:**

  a. Payment(s) that appear to be misapplied. Determine taxpayer intent by evaluating payment patterns, amount claimed on return, missing payments on other modules, and liability schedule(s). Use research tools such as RTR, if available, to verify payment(s) . Look for a history of mis-applied payments that have been moved to other modules (See IRC 965 note below).

Note: If the payment that is attempting to refund has a designated payment code (DPC) of 64, research to determine if an IRC 965 inclusion was made on a 201712-201911 module. If an IRC 965(h) election is identified on an inclusion year module and the 965(h) liability has not been paid in full (i.e., there is still an outstanding deferral on the inclusion year module, intercept the refund and move the payment to the inclusion year module and post as a TC 670 DPC 64. See IRM 3.14.2.6.5.3 and IRM 3.14.2.6.5.3.1 for more information on IRC 965(h) deferrals.

Note: If a payment is attempting to refund on a 94X module, research all 2020 quarters to determine if there is an unreversed TC 766 CRN 280. If the payment matches the amount due on the deferral, intercept the refund and move the payment to the 94X deferral module. See IRM 3.14.2.6.4.10.3 for more information on COVID deferrals.

  b. Unclaimed payments are refunding on another tax period. The following situations apply:

Unclaimed Payment Requirements
TC 620 (payment with extension) posted to the incorrect tax year -- transfer to correct year
TC 660 or TC 650 posts to the incorrect tax period or year (per date and amount of payment) -- move to the appropriate tax period or MFT
The overpayment matches the tax due per taxpayer for another module, or the amount on a balance due notice -- move to the appropriate tax period or MFT
The overpayment is refunding from MFT 67 (Form 990) and is not a result of a payment made for a penalty that was subsequently abated -- transfer the credit to MFT 34 or 44 if filing requirements, previous filing history, or payment history indicates payment will be transferred

  c. A TC 610 payment substantially overpays the module and does not match the taxpayer's figures. Complete the following:

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TC 610 Over Pays Module
Check other modules on the taxpayer's account for debit balances (with or without penalty and interest) that match the overpayment **Note:** Taxpayer may submit one payment intended for tax on two or more modules. If this is the case, then move the payment(s) to the correct module(s).
Check account for a pending debit transaction as the payment may belong there. If so, move the payment.
Check for any indication that the refunding TC 610 is actually a subsequent year ES payment (i.e., one-fourth of the tax liability). If so, move the payment.
Research the TC 610 payment to ensure the payment was credited to the correct taxpayer and/or tax period. If research determines the payment was credited to the incorrect taxpayer and/or tax period then move the payment to the correct taxpayer and/or tax period.

    d.   If unclaimed payments are refunding and the reason for the payment cannot be determined.

        Exception: TC 670 with Designated Payment Codes 05, 07, or 15 do not require verification. These refunds should not be deleted. These payments are in response to levies/liens. Transcripts are generated and resolved by the Collection Function for these payments.

    e.   The overpayment is the amount of TC 670 payment(s) and the following apply:
The taxpayer did not previously receive a balance due notice for the amount;
RTR research and/or balance(s) due on other module(s) indicate the payment is misapplied.

Unclaimed Refunding Payments
Research the payment, and delete the refund if the required research has not been received before the CC NOREF delete deadline.
Check the notice history for a CP 207, and CC FTDPN for an indication of a potential FTD penalty **Note:** TC 670 may be in response of the CP 207. (The FTD penalty will assess fifteen weeks after the CP 207 generates unless a TC 180 is input by the Accounts Management (Adjustments) Function).

        Note: Research an Electronic Federal Tax Payments System (EFTPS) payment if it is extremely out-of-line or if the taxpayer has not previously made EFTPS payments. Transfer to the correct module or MFT if possible. If a determination cannot be made, contact with the taxpayer may be necessary to verify the payment.

    f.   The refund is due to erroneous IRS math error condition, duplicate posting of payment (same date and amount), or decimal point error (such as a TC 150 for $20.00 instead of $2,000.00). Make the necessary correction to resolve the error condition(s). Input the adjustment using

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REQ54. See IRM 3.14.2.6.7.1.3, Decimal Point Errors Review and Correction for more information.

g. The wrong line entry created erroneous credits (such as ES payments entered as withholding or as refundable credits). Watch for double credit situations. Make the necessary correction to resolve the erroneous credit(s). Input adjustment using REQ54.

h. The credit elect intended for the next period is refunding.

i. TC 976 or TC 971 (AC 010) is pending on the module.

j. A pending or unpostable Transaction Code would reduce the refunding credit or leave the module in debit status.

k. A TC 570 is pending.

> **Note:** If CP 260 or CP 210/220 will generate before the TC 841 posts use Local Control File to intercept the notice.

(4) If deleting a refund to transfer a credit from the refunding module will create a balance due, and:

If	Then
The taxpayer was not issued a previous settlement notice	Input TC 570 on debit side of credit transfer to suppress the CP 260 **or** input CC REQ54, TC 290 .00, Hold Code 3, to suppress an Adjustment notice. (See note below)
The taxpayer was issued a previous notice for the same balance due amount	Input TC 570 on debit side of credit transfer to suppress the CP 260 **or** input CC REQ54, TC 290 .00, Hold Code 3, to suppress an Adjustment notice.
The taxpayer was issued previous notices for amounts other than the resulting balance due or previous refunds	Allow the CP 260 or Adjustment notice to generate. Use the appropriate posting delay code on the credit transfer.

> **Note:** Because penalties may be assessed when timely credit is transferred out of the module, Local Control File may be used to obtain the CP 260 or Adjustment notice. This will ensure the correct penalty amounts are included on a typed settlement notice.

(5) **Allow the Refund under any of the following circumstances:**

a. The taxpayer requested the credit to be refunded.

b. The refund is caused by an action not requiring verification, such as an abatement of interest or penalty, or a valid Doc Code 24 or 34 credit transfer.

c. TC 700 or TC 706 posted to the module and a subsequent TC 670 is causing the refund.

d. Notice history indicates a bill was issued on the account for the refunding amount, but the module has since been satisfied.

> **Note:** Ensure the refunding amount is not a TC 650 or TC 660 that posted to the incorrect tax period.

e. The module has two 670 payments for the total tax amount and one is Doc Code 18. The taxpayer has paid the balance due twice.

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     f.   The module has multiple TC 670 payments for the same amount as part of an installment agreement and the module has been satisfied.

     g.   Over-estimated tentative tax was paid with a request for an Extension of Time to File (TCs 620 or 670 obviously submitted as an extension payment) for Forms 990 /1041/1120 Series.

> **Note:** The amount must be reasonable and the extension payment date applicable for the module. The TC 620 may belong on the subsequent year tax module.

     h.   TC 29X adjustment or TC 30X Examination Tax Adjustment created the refund.

     i.   TC 571 or TC 290 .00 has released the credit freeze.

     j.   Claimed TC 650 or TC 660 payments are posted and a subsequent TC 610 for the amount of tax due posts to the module.

3.14.2.6.12.3
(01-01-2024)
HQ (Highly Questionable) Refund Transcript (CP 386)

(1)   Carefully review the transcription errors and review payment dates for possible posting errors like incorrect tax period.

     #
     #

     b.   The select key for HQ NRPS Transcript is 021.

     c.   If criteria exists to generate a CP 112, the HQ Transcript will be suppressed and a CP 112 will generate with select key 021.

3.14.2.6.12.4
(01-01-2024)
Refund Interest Transcript (CP 388)

(1)   These transcripts must be reviewed to decide if a manual refund will be issued to meet the interest free period . (See IRM 3.14.2.7.2.2.3, Computing Credit Interest on Manual Refunds.)

     #
     #
     #

     b.   The select key for Refund Interest Transcripts is 022.

(2)   Credit interest is allowed on overpayments if a refund is **not** issued on or before 45 days (180 days on any overpayment resulting from tax deducted and withheld under Chapter 3 or Chapter 4) from the later of :

Credit Interest Allowed:
The Return Due 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 Return Processable Date (date required information is received if the return is received in an unprocessable form)

(3)   Verify if it is possible to meet the interest free period, using the following steps:

Decision Table for 45-Day and 180-Day Interest Free Period:
Count two work days past the current date on the calendar

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Decision Table for 45-Day and 180-Day Interest Free Period:
Subtract 45 days (180 days for Chapter 3 or Chapter 4 withholding) from the Julian date

    a.   No interest is allowed on refunds if the refund is issued within 45/180 days of the dates outlined in the table above.

    b.   For returns received or due on the day and later, it is still possible to prepare an interest free manual refund

    c.   Input CC NOREF to delete the TC 846 on the module and complete the Manual Refund procedures in IRM 3.14.2.7.2.2.2 .

    d.   Prepare Form 5792 for the manual refund.

Note: For BMF, the date of the refund check is the 23C Date of the TC 846 plus 1 calendar date. The date of the direct deposit is the 23C Date of the TC 846 minus 6 calendar days. The date of the refund check for a manual refund is the date certified by Accounting for allowing the refund.

3.14.2.6.13
(01-01-2025)
Required Payment or Refund Under Section 7519 - Form 8752

(1) Notices in relation to Form 8752 (MFT 15) are usually selected in batches 7600-7699 which are processed by Accounts Management Large Corp teams. If the selected notice is in Batch 7600-7699, then Large Corp personnel will review and input the appropriate disposition into OLNR for the notice. For additional information regarding the required payment or refund under Section 7519 - Form 8752, see IRM 21.7.4.4.7.

Caution: While most of these cases are not worked by Notice Review, some Form 8752 cases can be found in NR sample (batches other than 7600-7699). Review this complete section for case determination.

(2) Partnerships and S-Corporations file Form 8752 when they make the Section 444 election to file their income tax return on a fiscal year basis instead of the required calendar year. The Form 8752 is used to remit the required payment intended to represent the value of the tax deferral using a taxable year other than the required calendar year.

(3) Taxpayers electing Section 444 are not required to remit a payment until they incur a total liability for the current year and all previous years in excess of $500.00. Later, the taxpayer must make their required payment even when the amount is below the $500.00 threshold.

(4) The Form 8752 return will post to the Business Master File (BMF) as MFT 15, Document Code 23 and Tax Class 2.

Note: Personal Service Corporations do not file Form 8752.

(5) Form 8752 is an annual return due on or before May 15th of each year for which the election is in effect

(6) See the Form 8752 instructions for specific line by line computation instruction. Form 8752 notices are mostly selected by NRPS using Select Key 75, however key 40 and other keys may display for these forms.

(7) IRC section 6651 penalties (failure to file and pay) will not be applied to Form 8752 MFT 15 underpayments.

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(8)   The required payment (line 9b) will post as the TC 150 amount. The system will credit the payment and automatically roll that amount forward to the following year's account and post the credit with a TC 766; there will not be a corresponding debit for that amount. When the return posts, one of three things can occur:

   a.   TC 150 $5,000, TC 766 $8,000 (excess credit) the system will roll over $5,000 and issue a refund of $3,000.
   b.   TC 150 $8,000, TC 766 $5,000 (Balance due) if paid with the return, TC 610 for $3,000 and the system will roll over a credit of $8,000. If not paid with the return, a Balance Due Notice for $3,000 plus penalty and interest will be issued to the taxpayer. The system will roll over the credit of $5,000 and when paid, the system will roll over an additional $3,000.
   c.   TC 150 $5,000, TC 766 $5,000 (account in balance); The system will roll over a credit of $5,000.

(9)   **Review Instructions:**

   a.   Follow general review procedures. Verify the correct tax period. The tax period is the election year on the Form 8752. If the tax period is incorrect, route the case to Accounts Management (Adjustments) with a Form 3465 **and** void the notice.

      Caution: Do not follow reprocess procedures. Route to Accounts Man-agement if posted to the wrong tax period. Stop a refund if necessary and void the notice. No other actions should be taken for Form 8752 incorrect tax period cases.

   b.   Search for a missing TC 610 or TC 670 payment on a balance due case. If found on another module, transfer the payment to the notice module. Void or retype the notice. An adjustment notice will not generate from the 10% penalty (TC 246) recomputation. In addition:
      • Void the notice if the tax will be full paid after transferring the payment
      • Retype the notice if the tax will be only partially paid
      • Refigure the 10% penalty on the new underpaid tax amount
   c.   If the missing payment posted on another MFT 15 module that has a return, route the case to the Accounts Management (Adjustments) Function. Void the notice.
   d.   If the TC 766 amount does not match Line 10 of Form 8752, the fault lies with the prior year return. Mail the notice .
   e.   The TC 150 can be adjusted. If line 9b was transcribed in error, input a TC 290 or TC 291 to adjust the TC 150. Void or retype the notice.

(10) The IRS will issue a refund after April 15 and not later than the 90th day after the claim is filed. The taxpayer must file a final Form 8752 when terminating the Section 444 Election.

   a.   The taxpayer should check box c on Form 8752, or write at the top of the form Termination of Section 444 Election.
   b.   Credit interest will not be added to any refund made under this Section.

(11) Do not manually adjust the TC 76X credit.

   •   Programming will prohibit the manual input of a TC 76X
   •   The system will automatically adjust the TC 766 credit when the required payment (TC 150) is adjusted

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- The computer will accept a TC 290 or TC 291.

(12)   Section 7519 required payments will be treated as deposits rather than tax for the purpose of the statute of limitations on credits or refunds.

3.14.2.6.14
(01-01-2025)
Adjustment Notices

(1)   Adjustment Notices are CP 210, CP 220, CP 225, CP 260, CP 910 and CP 920.

(2)   Adjustment Notices generate to tell the taxpayer of adjustments or credit transfers made on the account. For example:

- Examination (Doc Code 47)
- Data Processing (DP) (Doc Code 54)
- Changes to penalties, Failure to File (FTF - TC 166/167, TC 240 PRN 722 or 723), Failure to Pay - **decrease only** (FTP - TC 277), Failure to Deposit (FTD - TC 186/187), Estimated Tax Penalty (ES - TC 176/177)
- Penalty assessed on an overpaid, non-math error return (CP 210/910 as first notice)
- Credit transfer on Doc Code 34 with Correspondence Received Date entered on the credit side of FRM 34 (CP 225)
- Credit reversal on an overpaid or even balance module resulting in a   #

(3)   To view an exhibit of the above CPs, refer to the Taxpayer Correspondence Services (TCS) website Servicewide Notice Information Program *SNIP*.

(4)   An adjustment notice **will not** generate with posting of TC 290 .00 without a Credit Transaction Code.

(5)   Notice Review TEs are responsible for determining the effects any adjustments or credit transfers will have on the module. Proper use of Hold Codes, Local Control File, TC 570, and unpostable bypass indicators is essential for preventing incorrect adjustment notices. When inputting a credit transfer follow instructions in IRM 3.14.2.7.7 .

3.14.2.6.14.1
(01-01-2025)
CP 210, CP 220, CP 910 and CP 920

(1)   **Notice Elements of CP 210 and CP 910 (Spanish)**- Account adjustment notice.

a.   The adjustment results in an overpayment, an even balance, or a   #
                                                                             #

module was in TDA Status (22, 24, or 26) before the adjustment for the conditions listed in b.

b.   The adjustment is a change to tax (DP or Exam) or credits (TCs 637, 766, or TC 767), penalties (FTF, FTP (**decrease only**), FTD or ES), or Civil Penalty (TC 240 with Reference Numbers 680-682, 686 for MFTs 05, 51, and 52).

Reminder: When an account has more than one pending payment (such as TCs 610, 620, 640, 650, 660, 670, 700 or 710) that are resequencing (RS), Tape Edit Processing (TEP), adjustment pending (AP), corrected unpostable (CU) or pending transaction (PN), then label the notice with the appropriate label and mail out the notice.

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(2) **Notice Elements of CP 220 and CP 920 (Spanish)**- Account adjustment notice.

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61) and the module was **not** in TDA Status (22, 24, or 26) before the adjustment for the conditions listed in (b).

b.   The adjustment is a change to tax (DP or Exam) or credits (TCs 637, 766, or 767), penalties (FTF, FTP (**decrease only**), FTD or ES), or Civil Penalty (TC 240 with Reference Numbers 680-682 for MFTs 05, 51, and 52).

Note: There is no minimum money amount tolerance for the notices. If the balance

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(3)   An adjustment notice will have the DLN of the TC 150 if it generated for the recomputation of FTF (TC 166), FTP (TC 276 **decrease only**), ES (TC 176), or FTD (TC 186) penalties to a timely credit or extension posting after the notice module has settled or at settlement if the notice module is overpaid with no math error.

(4)   The notice will have an adjustment DLN only if generated by a Doc Code 54 or 47 adjustment action. The 4th and 5th digits of the DLN will carry the Doc Code of the adjustment document. Doc Code 54 indicates an adjustment input on CC REQ54. Doc Code 47 indicates an adjustment input on CC REQ47 by Examination.

(5)   **CP 210 (CP 910) and CP 220 (CP 920) Review Procedures**

a.   Review Adjustment Notices on IDRS to accurately decide notice disposition. Ensure the action creating the adjustment notice:
• Is not a duplicate of a previously posted credit or adjustment
• Is a valid credit and has not unposted on the debit side of the credit transfer

b.   Reviewing a notice generated by a Doc Code 47 or 54.

If	Then	
The validity of the assessment or abatement is an duplicate	Compare the adjustment item with the source document. Verify the adjustment was input correctly.	#
The adjustment appears to be incorrect	Contact the originator (lead or manager if originator cannot be contacted) for advice in taking corrective action such as notice disposition or deleting refund.	
The originator or lead or manager cannot be contacted	Take case to Notice Review lead to decide possible corrective action.	

Note: Verification of the adjustment action is required only if the source document is provided with the NRPS package.

c.   If the notice module has a TC 300 .00 adjustment, look for a refunding TC 640 (advance payment of decided deficiency) on the module. If the TC 640 is refunding, check the Disposal Code on CC AMDISA.

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If	Then
Disposal Code is 01 or 02	Allow the refund and mail the notice.
Disposal Code is other than 01 or 02	Delete the refund and contact Exam for notice disposition.

(6) **CP 210 (CP 910) and CP 220 (920) Notice Disposition for Pending Doc Code 47 or 54 Transactions** .

   a. Notice disposition for **pending** Doc Code 47 or 54 tax decrease or credit increase transaction:

If the pending transaction was input with	And	Then
Hold Code 0 or Hold Code 1	Will reduce the refund	Delete the refund using CC NOREF. Retype the notice to remove credit interest if applicable and add Label 1 since a subsequent notice will generate.
Hold Code 0 or Hold Code 1	Will **not** reduce the refund	Add Label 1 since a subsequent notice will generate.
Hold Code 2 **with** a Doc Code 24 or 34 credit transfer posting in the same cycle	Will reduce the refund	Delete the refund using CC NOREF. Retype the notice to remove credit interest if applicable and add Label 1 since a subsequent notice will generate.
Hold Code 2 **with** a Doc Code 24 or 34 credit transfer posting in the same cycle	Will **not** reduce the refund	Add Label 1 since a subsequent notice will generate.

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If the pending transaction was input with	And	Then
Hold Code 2 **without** a Doc Code 24 or 34 credit transfer posting in the same cycle	Will reduce the refund	Delete the refund using CC NOREF. Retype the notice. A subsequent notice will **not** generate. If the correct amounts **cannot** be determined prior to the posting of a TC 841, hold the notice and notify your lead. Once the TC 841 has posted retype the notice.
Hold Code 2 **without** a Doc Code 24 or 34 credit transfer posting in the same cycle	Will **not** reduce the refund	Retype the notice. A subsequent notice will not generate.
Hold Code 3	Will reduce the refund	Delete the refund using CC NOREF. Retype the notice. A subsequent notice will **not** generate. If the correct amounts **cannot** be determined prior to the posting of a TC 841, hold the notice and notify your lead. Once the TC 841 has posted retype the notice.
Hold Code 3	Will **not** reduce the refund	Retype the notice. A subsequent notice will not generate.

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If the pending transaction was input with	And	Then
Hold Code 4	Will reduce the refund	Delete the refund using CC NOREF. Retype the notice. A subsequent notice will **not** generate. If the correct amounts **cannot** be determined prior to the posting of a TC 841, hold the notice and notify your lead. Once the TC 841 has posted retype the notice.
Hold Code 4	Will **not** reduce the refund	Retype the notice. A subsequent notice will not generate.

   b.   Notice disposition for **Resequencing (RS)** and **Unpostable (UP)** Doc
        Code 47 or 54 transaction.

If	Then
The transaction is resequencing (RS)	The transaction will post unless conditions on the module or the transaction data will cause it to unpost. Decide notice disposition based on Hold Code per previous chart.
The transaction is unpostable (UP)	Decide if transaction will post. If determination cannot be made, print the notice. If determination is made that transaction will post, decide notice disposition based on the Hold Code input per above.

   Example: A Doc Code 47 or 54 pending transaction with an L Freeze on the
               module will unpost without priority code 1.

   (7) **Reviewing CP 210 (CP 910) and CP 220 (920) with a Pending Credit or
        Debit Transaction**.

      a.   If review of the module indicates **pending** credits or debits will post to
           the module, the transaction may result in systemic recomputation of
           penalty and/or interest. Recomputation of interest (TC 196) does not
           generate an adjustment notice. Recomputation of penalties will result in
           the issuance of a CP 210/910 or 220/920:

If	Then
TC 166 (FTF Penalty)	CC PIFTF recomputes

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If	Then
TC 176 (ES Penalty)	CC PIEST recomputes
TC 186 (FTD Penalty)	CC PIFTD recomputes
TC 276 (Paying Late)	**Decrease only** CC INTST recomputes

> *Caution:* CC INTST does not provide correct computation of FTP or Interest if pending payment on IDRS is Unpostable (UP), Resequencing (RS), or Tape Edit Processing (TP). Use CC COMPAF to obtain this information.

b. The penalty period for FTP (TC 276) is calculated from the date the penalty period begins (the Return Due Date) to the same date in each following month. TC 276 **will not recompute** if the payment is late and dated within the same monthly period as the 23C Date of the notice. If the return is due the 15th of the month, the penalty will not recompute until the 15th of the month after the 23C Date of the notice.

#

    recompute and generate an adjustment notice even if the payment is dated within the same monthly period as the 23C Date of the notice.

c. If timely credit is removed from a module, an FTF or FTD penalty may assess on the module. See below.

If	Then
CC FTDPN indicates penalty	TC 186 will be assessed and an adjustment notice will generate.
CC PIFTF indicates penalty	TC 166 will be assessed and an adjustment notice will generate.

(8) **CP 210 (CP 910) and CP 220 (CP 920) Notice Disposition for Pending Credit Transactions.**

a. Notice disposition for pending (PN, RS, TP or UP) credit transactions such as TCs 610, 640, 650, 660, 670, 700 or 710:

If	Then
The notice module is overpaid, a refund will issue, and no subsequent notice will generate	Apply Label 6.
The notice module is balance due, the balance due will be reduced, and no subsequent notice will generate	Apply Label 3. If balance will be less than $5.00 retype the notice. See caution below.
The notice module is balance due or even balance, changes to overpaid, and no subsequent notice will generate	Apply Label 4. See caution below.

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If	Then
A subsequent notice **will** generate due to recomputation of penalty (FTF - TC 166, ES - TC 176, FTD - TC 186, or FTD - TC 276 (**decrease only)**	Apply Label 2.

Caution: INTST does not reflect recomputation of CCs PIFTD, PIFTF, or PIEST. If FTD penalty (TC 186), FTF (TC 166), or ES Penalty (TC 176) is on the module and timely credits are applied, CC INTST will not reflect any changes to the penalties in the balance due amount.

b.   Multiple pending credit transactions on the notice module may post in different cycles. Decide the cycle the credit will post and complete notice disposition:

If	Then
A subsequent notice **will** generate	Apply Label 2; Address only the pending credits that will be reflected in the adjustment on the subsequent notice.
A subsequent notice **will not** generate	Apply applicable label or retype per instructions in (8) a above. Address all pending credits.

c.   If credit is unpostable, decide if the credit will post. If determination cannot be made, do not reflect the credit on the notice.

d.   If the PN (pending), RS (resequencing) or TP (tepping) credit is listed on the NRPS contents page but not on BMFOLT or TXMOD, decide if the credit will post to the module. If determination cannot be made, do not reflect the credit on the notice.

Note: DLN of payment will indicate campus location of payment.

e.   CC INTST does not compute correct module information if the pending transaction is a RS, TP or UP. If the payment belongs on the module and a correct balance is required on the label:

If	Then
Payment is RS or TP and reflected on CC BMFOLT	Use CC RECON to bring the information to TXMOD and overlay with CC INTST to view the updated balance, then enter CC COMPA.
Payment is RS or TP but not reflected on CC BMFOLT	Compute correct balance using CCs COMPA and COMPAF.
Payment is UP and belongs on the module	Compute correct balance using CCs COMPA and COMPAF.

f.   Ensure the transaction creating the adjustment notice is correct and valid. The credit transfer may be a duplicate transaction. If TC 700 or TC 710, ensure the debit side of the transfer is not unpostable and the credit is available for transfer.

g.   If the transaction has unposted on the debit side, do not reverse the transaction. Unpostables will reverse the credit side of the transaction in a future cycle. Void the adjustment notice and request and void any sub-

sequent notice utilizing LCF. See IRM 3.14.2.5.4.1, NRP97 Input Information for specific information.

> ***Example:*** TC 710 posts to the notice module but has unposted on the debit side. Unpostables will reverse the TC 710 in a future cycle. Any previous penalty decrease will reverse and generate a subsequent notice.

(9) **CP 210 (CP 910) and CP 220 (920) Notice Disposition for Pending Debit Transactions**

    a.   Notice disposition for pending (PN, RS, TP or UP) debit transactions such as TCs 612, 642, 652, 662, 672, 701 or 702):

If	Then
The notice module is balance due and a subsequent notice will generate or overpaid and a subsequent notice **will** generate and the module balance will change to balance due.	1. Delete the refund if applicable using CC NOREF. 2. Retype as appropriate. 3. Remove any incorrect credit interest.
The notice module is overpaid and a subsequent notice **will not** generate and the balance will change to balance due.	1. Delete the refund if applicable using CC NOREF. 2. Retype the notice after all transactions have posted. You may have to remove credit interest
The notice module is overpaid and the module balance will remain in credit or even balance.	1. Delete the refund if applicable using CC NOREF. 2. Apply Label 7. 3. Retype to remove credit interest included on the notice if applicable. ***Note:*** Void the notice (rather than label) if the pending transaction(s) is a reversal of the transaction that generated the adjustment notice.
The notice module is balance due and a subsequent notice **will not** generate.	Retype the notice.
A subsequent notice **will** generate and the notice is reviewed after LCF cutoff (Thursdays at 12 PM Local Time) and the notice requires retyping (per above procedures).	1. Delete the refund if applicable using CC NOREF. 2. Retype the notice after all transactions have posted. 3. Apply label 13.
The pending transaction will transfer the credit to another EIN.	**Follow applicable instructions above, except in all instances, retype (do not label) the notice**.
You are reviewing a CP 210 or CP 910 and, your module contains two different credits that are PN on an overpaid module and they are being transferred to two different modules with the same EIN	Apply label 21

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b.   **Notice Disposition for Pending Debit Transactions -- (PN, RS, or UP) TC 820 or 830**. If the pending transaction is a TC 820 or TC 830, the transaction will unpost if the overpayment is refunding or the module balance is less than the transaction amount (because the credit is not available to be transferred). See below.

If	Then
TC 820 or TC 830 is correct and is pending on an overpaid, non-refunding module and the full credit is available.	1. Retype to remove credit interest included on the notice if applicable. 2. Apply Label 7. 3. If credit will remain on the account after the TC 820/830 posts, release the -R Freeze with TC 571 or TC 290.00 Hold Code 3, Posting Delay Code 1. ***Note:*** If the full amount of credit is not available, the transaction will unpost.
TC 820 or TC 830 transaction must be re-input if credit transfer has not been corrected **and the module is refunding**. ***Note:*** If unpostable record is open on CC UPCASZ leave history item if you are inputting the credit transfer.	1. Delete the refund using CC NOREF. 2. Apply Label 7. 3. Retype to remove credit interest included on the notice if applicable. ***Reminder:*** Notice Review Tax Examiner is responsible for notices generating on the credit side of the transactions. 4. Close case control. ***Note:*** Do not input 290.00 on account. Doc Code 24/48 will release the P- Freeze when the transaction posts.
The TC 820 or TC 830 transaction has been re-input already **and the module is refunding**.	1. Delete the refund using CC NOREF. 2. Apply Label 7. 3. Retype to remove credit interest included on the notice if applicable. 4. Close case control. ***Note:*** Do not input 290.00 on account. Doc Code 24/48 will release the P- Freeze when the transaction posts.
TC 820 or TC 830 is incorrect due to insufficient credit available	Follow above instructions as applicable and re-input transaction with correct amount.

Note: It may be necessary to contact the originating tax examiner to determine if the transaction is valid.

(10)   Review all aspects of the CP 210/910 and CP 220/920 notice module before voiding. CP 210/910 or CP 220/920 **can only be voided** if:

a.   The original notice was voided (returning to taxpayer's figures)

b.   The original notice was retyped to reflect the information on the adjustment notice or the information on the adjustment notice was previously communicated to the taxpayer

c.   An adjustment notice reflecting the correct module information will be retyped in a subsequent cycle

d.   The Doc Code 47 or 54 is incorrect and subsequent pending transaction will correct the module

e.   The credit transaction that created the notice is invalid and will unpost in a subsequent cycle

f.   A pending transaction on the notice module is a reversal of the adjustment action that created the adjustment notice

Note: If subsequent notice generates, request the notice on LCF and void or retype to exclude incorrect transaction as applicable. See IRM 3.14.2.5.4.1 , NRP97 Input Information.

(11)   CP 210/910 and CP 220/910 **cannot be voided** if:

a.   The taxpayer has not previously received the information and will not receive the information on a subsequent notice.

b.   If the original Balance Due Notice was voided in error and the subsequent CP 210/220/910/920 is selected, release the CP 210/220/910/920 with the current notice module information. If the taxpayer contacts Customer Service to inquire why a previous notice was not sent, the Customer Service Representative will be able to read the account history and explain the account activity to the taxpayer.

(12)   **For Ogden Notice Review only.**

a.   In January 2011, the IRS started to use the information submitted on Form 8947 to calculate the annual fee for branded prescription drug (BPD) sales (″the fee″). The fee was imposed by section 9008 of Public Law 111-148 (Patient Protection and Affordable Care Act), as amended by Public Law 111-152 (Health Care and Education Reconciliation Act of 2010) (the "Act").

b.   Branded prescription drug sales are sales of branded prescription drugs made to specified government programs (or sales due to coverage under the programs). A branded prescription drug is any prescription drug for which an application was submitted under section 505(b) of the Federal Food, Drug, and Cosmetic Act (21 USC 355(b)), or any biological product the license for which was submitted under section 351(a) of the Public Health Service Act (42 USC 262(a)).

c.   Section 9008(b)(4) sets an applicable fee amount for each year, beginning in 2011, that will be allocated among covered entities with aggregate branded prescription drug sales of over $5 million to specified government programs or pursuant to coverage under such programs.

d.   Branded Prescription Drug Fees will always have a tax period ending in August and MFT of 03. Example 03 201908.

e.   They will generally generate under Key 018, but may be selected by other key selection criteria.

f.   CP 210 or CP 220 will be the only notice generating for these accounts.

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Caution: These notices are **not to be worked** in Notice Review or Large Corp/Technical. Clerical should not batch with the regular cycle work. Do not input dispositions unless contacted by Headquarters staff.

3.14.2.6.14.2
(01-01-2016)
CP 225 - Notice of Credit Transfer

(1) CP 225 is issued to tell the taxpayer that a missing payment(s) inquired about either through correspondence or telephone, has been located and applied. It generates if the CORRESP-DT field on FRM 34 is overlaid with a correspondence received date **and will not be voided.**

a. There are four versions of CP 225. See below:

CP 225 Status	Information to Taxpayer
Complete CP 225:	1. Balance Due Generates if no other notice of demand is generated in the same cycle (a CP 210/220/910/920). • Informs taxpayer of payment(s) located and applied to the requested tax module. • Fully explains the balance due (including tax data and penalty information).
Partial CP 225:	2) **No Return Filed** - Informs taxpayer that payment(s) was located and applied. 3) **Overpayment** - Informs taxpayer that payment(s) was located, applied and the resulting overpayment amount. 4) **Even Balance** - Informs the taxpayer that payment(s) was located, applied and account is full paid.

b. The partial CP 225 and the CPs 210/220/910/920 generate in the same cycle.
c. Use the NRPS package and IDRS to review a partial or a complete CP 225. Ensure the credit transfer creating the CP 225 is valid.

Note: If both CP 225 and CP 210 are selected for review, both notices are to be reviewed. Verify tax period, all credits, tax assessed, prepayments, penalty and interest amounts. Verify balance due, even and overpayment amounts.

d. **Review the CP 225 for accuracy** :

If the CP 225 is	Then
Even balance	Verify the validity of the action that settled the account.
Overpaid	Verify that the action is valid and the refund must not be intercepted.
Balance Due	Verify that the action is valid; search for remaining claimed credit(s) that match the balance due. If found, transfer in.

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Note: If the credit transfer that settled the account is being removed from the account with a pending TC 652, or the validity of the transfer is questioned, mail the notice. Another CP 225 will generate after the pending transactions posts.

e. Review the NRPS package and IDRS for any AP, PN, or RS transaction that affect the notice module. For **complete balance due** CP 225 notices:

If	And	Then
Credit(s) are pending (AP, PN, or RS)	Penalties will recompute	Mail the CP 225 with Label 2.
Credit(s) are pending (AP, PN, or RS)	Penalties will not recompute	Mail the CP 225 with Label 3 or 4.
A TC 29X or 30X is pending	A subsequent notice will generate	Mail the CP 225 with Label 1.
A credit balance is refunding	A debit transaction is pending that will decrease the refund	Delete the refund. Mail CP 225 with Label 7 or 14.
A credit balance is refunding	The overpayment is the result of a duplicate credit transfer	Delete the refund and retype the notice.

Note: Follow procedures in IRM 3.14.2.6.14.1 - Notice Disposition of Adjustment Notices for any other condition.

f. **Review a partial CP 225 to ensure the credit transfer is valid. If valid, mail the notice**.

g. Because the partial CP 225 is verification to the taxpayer of the payment transfer, **do not label** to reflect other transactions pending on the module. An additional CP 225 will generate in subsequent cycles for pending Doc Code 34 credit transfers, if correspondence received dates were input. The CP 210/220 generating in the same cycle as the CP 225 will be labeled or retyped with any changes affecting the notice module. The partial CP 225 must be mailed. When inputting a credit transfer follow instructions in IRM 3.14.2.7.7.

3.14.2.6.14.3
(01-01-2016)
CP 260 - Credit Reversal Adjustment Notice

(1) CP 260 is generated to tell the taxpayer of a credit reversal on the tax module. The notice generates under the following conditions:

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b. The credit reversal does not cause a recomputation or assessment of penalties resulting in the generation of CP 210 or 220 adjustment notice (FTF, FTD, ES or decreased FTP penalties).

Note: TC 570 on the debit side of a credit transfer suppresses the CP 260 but does not suppress a CP 210 or CP 220. Hold Code 3 input on CC REQ54 does not suppress CP 260.

(2) Use the NRPS package and IDRS to review CP 260 for possible resolution of the debit balance.

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a.   Check all other tax modules for a credit claimed on the notice module. If located and available for transfer, process the credit transfer. Check NRPS and the tax module on IDRS for pending (AP, PN, RS, UP, and TP) transactions.

If	Then
The credit will satisfy the debit balance (overpay,	Void the notice.
The credit will **not** satisfy the entire debit balance, and penalties will not recompute	Label the notice with Label 3. Input CC STAUP if necessary.
The credit will **not** satisfy the entire debit balance but penalties will recompute (TCs 166, 186, 176 or decrease TC 276)	Void the CP 260 and allow the adjustment notice to mail to the taxpayer. Input CC STAUP if necessary.
If the credit is unpostable on the notice module or another module	Input CC STAUP for 9 cycles. Notify Unpostables by utilizing CCs UPTIN, UPDIS, and UPCASZ. Follow the above for correct notice disposition.

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b.   Check the tax module on NRPS and IDRS to decide if the credit needed has offset (TC 826/706).

If	Then
TC 826 generated from another module in the notice cycle	1. Reverse enough of the offset to cover the debit balance (if available). 2. Transfer the credit to the notice module. 3. Void, retype or label the CP 260, as applicable. 4. Void CP 138. (Retype if only part of the offset was reversed.) Pull and void or retype CP 128 if it generates.
TC 826 offset in a prior cycle from the notice module or from another module	Do not reverse the offset unless the credit is refunding or available for reversal, because the taxpayer has previously received the CP 138 (notification of the offset).
TC 856 (offset of generated interest) and TC 776 (generated interest) are present and the offset is reversed.	Use CC ADD24 to reverse TC 856 with TCs 731/ 851. Then use CC REQ54 to reverse TC 776 with TC 772 (Hold Code 3).

c.   Check the tax module for a prior cycle refund.

If	And	Then
The refund was deleted and the TC 841 will satisfy the debit balance	-	Void the CP 260 and input CC STAUP for 9 cycles. (STAUP is not required if TC 841 has posted on CC BMFOLT.)
The refund was deleted but the TC 841 will not completely satisfy the debit balance	A notice or a refund previously generated	Retype the CP 260 with the current account information.

If	And	Then
The refund was deleted but the TC 841 will not completely satisfy the debit balance	A notice or a refund did not previously generate	Retype the CP 260 to the appropriate settlement notice.
The case control history shows a category 3913	-	Void or retype the CP 260 using the above criteria. Input CC STAUP for 9 cycles.
The refund (TC 846 was not deleted and a category 3913 is not present).	-	Mail the CP 260.

Note: Use CC COMPA to compute penalties and interest when CP 260 retype is required. Input CC STAUP for 9 cycles.

    d.   Check the module for a pending tax adjustment:

If	And	Then
The adjustment contains: 1. No Hold Code 2. Hold Code 1 or 3. Hold Code 2, with a pending Doc Code 24/34 credit transfer	-	Void CP 260.
The adjustment contains: 1. A Hold Code 2, with no pending Doc Code 24/34 credit transfer 2. Hold Code 3 3. Hold Code 4	The module balance will be full paid or credit	Void CP 260.
The adjustment contains: 1. A Hold Code 2, with no pending Doc Code 24/34 credit transfer 2. Hold Code 3 3. Hold Code 4	The module will remain in balance due	Retype CP 260 with the correct balance due.

(3)   If the payment was transferred to a module for another taxpayer, (different TIN), mail CP 260.

(4)   It is important to know that the penalties and interest shown on CP 260 are accrued, and not yet assessed on the module and the taxpayer has not been previously notified of these accruals.

(5)   Always input history items when voiding, labeling or retyping CP 260.

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Reminder: When deleting a refund for a pending credit reversal, use Local Control File to pull the CP 260. Retype or void CP 260 based on the TC 841 amount.

3.14.2.6.14.4 (01-01-2024) **Employer Shared Responsibility Payment (ESRP)**	(1) Large employers (generally, employers with at least 50 full-time employees, including full-time equivalents employees, in the prior calendar year) may be assessed an employer shared responsibility payment (ESRP) under IRC 4980H(a) if they do not offer health insurance with minimum essential coverage (MEC) to full-time employees (and their dependents) and at least one full-time employee receives a premium tax credit (PTC) under IRC 36B. The ESRP may also be assessed under IRC 4980H(b) if the employer offers MEC to its full-time employees (and their dependents), but at least one full-time employee receives a PTC because the employer's offer of MEC was not affordable or did not provide minimum value or because the employee was not one of the at least 95 percent of full-time employees offered MEC.
	(2) Form **1094-C** and Form **1095-C** are used to report information about offers (or non-offers) of health coverage and enrollment in health coverage to an employee by the employer. ESRP will not be self-reported by the taxpayer but will be assessed by the Exam function based on information reported to the IRS. Form **1094-C** and Form **1095-C** are used by Exam in determining whether an employer owes an ESRP.
	(3) The ESRP assessments are processed on the BMF (Business Master File) under MFT43.
	(4) On MFT 43, the assessment posts as a TC 290 for 00 and/or a TC 298 for any amount (including zero), with a three-digit reference number which identifies the type of assessment. These reference numbers can be 240, 241, 242, 243, or 244 which identifies the type of assessment (reference number of 240 is the most common). A TC 150 never posts to this module.
3.14.2.6.14.4.1 (02-16-2018) **CP 220J/CP 233J, 4980H Adjustment Balance Due, Even Balance or Overpayment (ESRP) Notices**	(1) CP 220J/233J are assessment/adjustment notices - issued to employers once assessment has been posted or adjusted on MFT 43.
	(2) CP 220J is systemically issued when an assessment posts on MFT 43 as a TC 290 for 00 and/or a TC 298 for any amount (including zero) with a reference number 240.
	(3) CP 233J is systemically issued when any subsequent TC 298 or TC 299 posts on the MFT 43 module.
	(4) CP 220J/233J are selected via the LCF as a KEY 092 and will be included in the NRPS package.
	(5) Verify the information contained on the notice by utilizing the information in the NRPS Package and IDRS research command codes to compare the information contained on the notice to the information displayed on the applicable MFT 43 module to ensure the notice contains correct information. Verify the ESRP amount, Payments/Credits and Amount Due on the notice match the amounts on the MFT 43 module.

If	Then
The amounts on the notice match the amounts displayed on the MFT 43 module	Print the Notice
The amounts on the notice do NOT match the amounts displayed on the MFT 43 module	Retype the notice to reflect the correct module information

Note: Do NOT void the notice if there is a zero balance due on the notice. If the information on the notice matches the information contained on the MFT 43 module, print the notice.

3.14.2.6.15
(01-01-2025)
**Selection Keys -
Additional Review
Required for Notices
Generated Under Keys
09, 33, 52, 54, 55, 90
and 91**

(1) **Key 09 - TPNC 90** - When none of the standard TPNCs adequately describe an error condition on the return, the Error Resolution System (ERS) Tax Examiner writes a specific math error explanation on a 3 X 5 slip of paper and attaches it to the return or selects an approved 90 Math Error Code and writes 90 with the literal number on the corner of the tax return.

Example: 90-210

If	Then
The return is not included with the NRPS Package	Check with Notice Review Clerical Team to identify if the return was received from ERS.
The return is located at a different service center (based on the DLN)	Take the case to your lead to work with the other service center to ensure the math error is review correctly and the notice marked accurately.
The return is not located at any service center	Use CC BRTVU and all other IDRS research command codes to review the Math Error(s) and correctly disposition the notice.

Reminder: Coordination with ERS may be necessary in order to ensure the TPNC 90 returns are sent to Notice Review timely. Follow local procedures for providing feedback to ERS.

    a.   Follow normal review procedures.
    b.   Review the validity of the 90 Error Code written on or attached to the front of the return. Refer to the **90 Error Code Decision Table** below.

        Caution: If you do not have the return (paper document) and have not received other documentation for the TPNC 90 (printed ERS screens with the correct TPNC 90 copy paste information), see above for verifying the location of the return. Do not void the notice or change a TPNC 90 to another TPNC solely because the return has not been received in Notice Review.

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If	Then
The taxpayer is correct with no math error on the return	Void the notice if all conditions are met for voiding the notice per IRM 3.14.2.7.10.3 .
A standard TPNC is indicated on the 3 X 5 or the return and is correct	Select the correct TPNC in OLNR.
The standard TPNC is incorrect	Research the case and delete the incorrect TPNC and select the correct TPNC.
If the 90 literal written on the 3 X 5 or the return is correct	Select the TPNC 90 literal code from the *TPNC 90 Literals-Copy and Paste Job Aid*.
If the 90 literal written on the 3 X 5 or the return is incorrect	Research the case to identify the correct TPNC. Select the correct standard TPNC, , type the appropriate paragraph in the TPNC 90 open box in OLNR or select the TPNC 90 code from the *TPNC 90 Literals-Copy and Paste Job Aid*(TPNC, 90 Error Code, or appropriate paragraph).

> *Note:* ERS may indicate a standard TPNC for the math error rather than a 90 Error Code.

    c.   Beginning in 2014, some of the TPNC 90 literals have been numbered and are programmed for use in OLNR. They can be selected in the same manner as any other TPNC. A list of these programmed TPNC 90s can be found on the BMF Notice Review SERP Portal under "Job Aids", titled *TPNC 90 Math Error Code Job Aid*.

    d.   TPNC 90 literals that are **not** programmed into OLNR can be copied and pasted from the TPNC 90 Literals-Copy and Paste Job Aid. This job aid can be found on the BMF Notice Review SERP Portal under "Job Aids", titled *TPNC 90 Literals-Copy and Paste*.

    e.   TPNC 90 is still available to be used as an open fill-in paragraph box in OLNR.

(2) **Key 33 - CP 161, MFT 51 - Form 709 ***Kansas City Only***** - Key 33 cases generate for any CP 161 with an MFT 51. An extension filed for Form 1040, applies to Form 709 but as of 2004, the extension (TC 460) is not systemically placed on the Form 709 tax module. To decide if the taxpayer filed an extension for their Form 1040 **and** the payment intended for the Form 709 is available on the Form 1040 module, do the following:

    a.   Use CC IMFOLT or TXMOD to research the IMF SSN for a TC 460 on the tax module. This TC 460, extension, is also applicable to the Form 709 filing. If a joint return, research both the primary and secondary SSN.

    b.   If a **timely** extension is found, input the TC 460, using REQ77, on the Form 709 notice module. See IRM 3.14.2.7.9 , Extensions, and Exhibit 3.14.2-11 , Adding and Deleting Extensions, for more information.

    c.   If the 1040 module is overpaid, check CC RTVUE to decide the amount of credit claimed by the taxpayer.

    d.   If the credit is available and can be transferred to the Form 709 notice module without placing the IMF module into a balance due status, transfer the credit using the IAT credit transfer tool. Do not consider penalty and/or interest charges not claimed on the tax return if they create the balance due left on the account.

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e.   If the above actions will systemically abate any penalty and/or interest charges in full, on the Form 709 module, void the notice.

f.   If a balance due remains after completing the steps above, retype the notice including updates to penalties and interest.

(3)   **Key 52** - Generates if the notice balance due amount is less than or equal to the amount being refunded this cycle (TC 846) from another tax period for the same taxpayer. Intercept the refund where the credit is posted (must be a claimed credit or exact amount needed). Move the credit with a posting delay code 2 on the debit side of the credit transfer. Apply appropriate notice disposition.

(4)   **Key 54** -Delinquency Penalty (TC 166) was not assessed on a potentially delinquent return. The Balance Due Notices are selected if returns that appear to be late are processed with timely received dates.

Note: Key 54 process as outlined below is only for current year tax returns. If the tax year is other than current, do not request the return (unless needed for another issue), process the notice and notice module following normal procedures outlined in IRM 3.14.2.6.

a.   You must have the return to review this key. If the return is not available, you must request it using CC ESTAB. Mark notice disposition H. When the return is received, follow the remaining instructions.

Exception: Do **not** order the return or assess the penalty in the following situations:

Do Not Order Return or Assess the Penalty If:
There is a -A freeze on the account.
It is a 6020b return (not liable for penalties). A 6020b return is a substitute for a return using Forms 4549, 886-A, and 13496 in place of a return under IRC Section 6020b. These forms are completed during an Examination case.
It is a Dummy Return.

b.   Check CC BMFOLT and/or CC ENMOD for FEMA disaster areas and use the date shown to calculate interest and penalties.

Note: CC ENMOD can have several FEMAs listed, so verify you are using the dates for the correct filing period.

c.   Refer to IRM 3.14.2.6.17.3 for more information concerning FTF penalty.

d.   Use the following guidelines to decide the correct received date of the return and conclude if Failure to File penalty (TC 160) will be assessed:

Note: 7 days after the due date the return is considered on time. 8 days past the due date the return is considered 1 month late.

Received Date Decision Table
IRS stamped Received Date or edited Received Date, unless a timely postmark date is present.

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Received Date Decision Table
Earliest postmark date, if the envelope is attached, ***Note:*** **The return is not late if the postmark is on or before the Return Due Date (RDD), regardless of the IRS Received Date stamp**.
Use the **taxpayer** signature date if there is no IRS Received Date or postmarked envelope, (Do not use the preparer's signature date).
Julian control date of DLN (i.e., if more than one DLN is present, then use the earliest DLN Julian Date posted) minus 10 days.

> ***Caution:*** Do not use correspondence issued from Code and Edit to decide the received date. That correspondence is often sent on timely filed returns after the due date.

    e.   If the return is delinquent, compute and assess the FTF penalty using the following steps:

FTF Penalty Assessment
1. Identify the penalty period -- From the Return Due Date to the return received date (the number of months or any part of a month the return is late, up to a maximum of 5 months).
2. Identify the penalty rate -- 4 1/2 percent per month (maximum 22 1/2 percent) or 5 percent per month (maximum 25 percent) if FTP is not assessed for the same time period.
3. Identify the amount subject to penalty -- the TC 150 tax amount minus timely credits received on or before the RDD. ***Note:*** Payments received after the RDD will not be used in the penalty computation.
4. Multiply: amount subject to penalty X penalty rate X penalty period = the penalty amount. Example 10000 x 5 % x 3 = $ 1,500.00. ***Caution:*** Please keep in mind the minimum penalty amounts.
5. Assess TC 160 on CC REQ54, Blocking Series 00, Hold Code 3.
6. Use CC COMPA to compute the interest, but do not assess the additional interest. ***Reminder:*** Interest is charged on FTF penalty. Include the penalty amount when computing the interest due.
7. Retype the notice to reflect the assessed FTF penalty and the correct interest amount due. ***Reminder:*** If a notice has been held, then update other penalties on the notice as required.

    f.   Figure the TC 160 amount using the following chart.

Number of Months	TC 160 (no TC 276)	TC 160 (TC 276 on module)
1 month	Underpayment x 5%	Underpayment x 4.5% (.045)
2 months	Underpayment x 10%	Underpayment x 9% (.09)
3 months	Underpayment x 15%	Underpayment x 13.5% (.135)
4 months	Underpayment x 20%	Underpayment x 18% (.18)
5 months	Underpayment x 25%	Underpayment x 22.5% (.225)

1. Attach adjustment tag to the return, being careful that you do not cover any portion of the entity, and put return in gusset folder. You may still use the pink adjustment tag if preferred.
2. Attach completed Form 10550 to gusset folder.

g. To figure the interest on the Retype, use CC COMPA and input as follows:
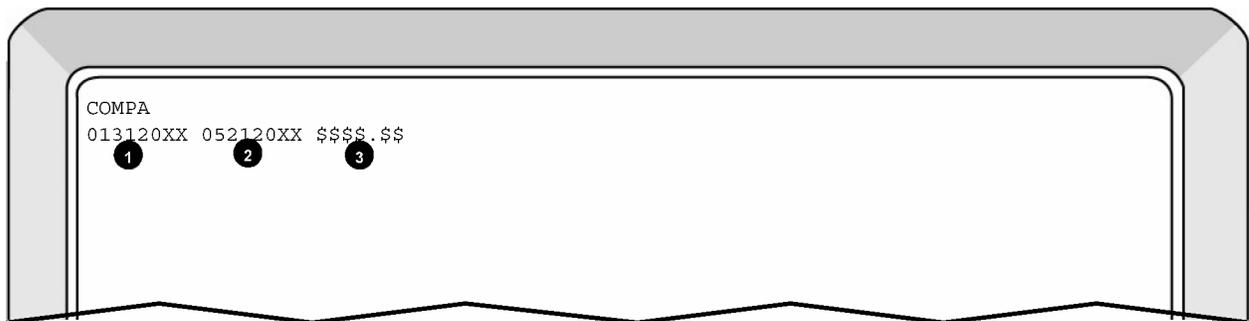

```
COMPA
013120XX 052120XX $$$$.$$
```

#1 Due date of the return (RDD)

#2 Date of the 1st payment received after the RDD

#3 Total tax minus any timely payments, plus TC 160/166 Failure to File (FTF) penalty amount **unless** an extension (TC 460) has been filed. *

If an extension has been filed the TC 160/166 FTF amount will not be added into the dollar amounts in COMPA until the date of the extension has been reached and the taxpayer is still in balance due.

Figure 3.14.2-4 CC COMPA Input

Due date of return	space	23C date	space	Underpayment plus FTF penalty amount (if no extension or past extension date)
XXXXXXXX	sp	XXXXXXXX	sp	$$$$.$$
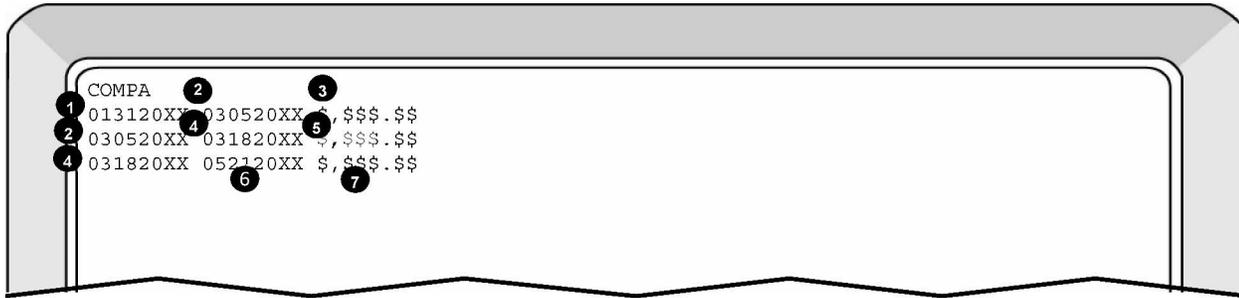
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```
COMPA  ②           ③
①013120XX 030520XX  ,$$$.$$
②030520XX 031820XX $,$$$.$$
④031820XX 052120XX $,$$$.$$
        ⑥         ⑦
```

#1 Due date of the return (RDD)

#2 Date of the 1st payment received after the RDD

#3 Total tax minus any timely payments, plus TC 160/166 Failure to File (FTF) penalty amount **unless** an extension (TC 460) has been filed. *

#4 Date of the 2nd payment received after the RDD (if applicable)

#5 The amount in # 3 minus the amount of the 1st payment received after the RDD*

#6 Notice Date/23C date (If there are more than two payments, you would repeat the steps in 4 and 5 for as many payments made before the 23C date)

#7 The amount in # 5 minus the amount of the 2nd payment received after the RDD*

If an extension has been filed the TC 160/166 FTF amount will not be added into the dollar amounts in COMPA until the date of the extension has been reached and the taxpayer is still in balance due.

Figure 3.14.2-5

h.   If there are late payments, figure interest as follows:

Due date of return	space	23C date	space	Underpayment
XXXXXXXX	sp	XXXXXXXX	sp	$$$$.$$

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Due date of return	space	23C date	space	Underpayment
(Due date of return)	sp	(1st late payment date)	sp	(Total tax minus any timely payments, plus TC 160 penalty amount)
XXXXXXXX	sp	XXXXXXXX	sp	$$$$.$$
(Repeat 1st late payment date)	sp	(2nd late payment date, if necessary)	sp	(Subtract 1st late payment)

    i.   If the notice disposition is retype,

- Change Interest Field to the new amount found on COMPA. Do not assess the interest, but include it in the retype.
- Select the Penalty Tab and input 01 amount (TC 160 amount).

Reminder: FTF is charged on the **amount of tax due** at the normal RDD (Return   #

    #

    account, so you must use the due date. (e.g., Payment dated May 5th should be input with an April 30th payment date). Interest is charged on the Failure to File penalty.

Caution: Do not assess FTF penalty if reasonable cause indicator R for filing late is on the return.

(5)   **Key 55** - Balance Due Notices are selected if an acceptable reason for not filing a return (TC 590 or TC 591) is posted to the notice module. The Collections function inputs a TC 590 or TC 591 **on the module where a return is not required** to indicate no further filing is required for an EIN.

    a.   Because taxpayers may change EINs for various reasons research is required:

EIN Changes:
Use NRPS and IDRS to research previous tax modules
Check the return for an indication of any other EIN
Use CC NAMEB ***Note:*** Research the Doing Business As (DBA), as well as the primary name on the return. The business may have been incorporated.

    b.   See below for **Required Action for EIN Changes**.

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If	And	Then
Another EIN is found	The return has posted to the **correct** EIN for the notice module	Transfer any missing claimed credits located to the notice module.
Another EIN is found	The return has posted to the **incorrect** EIN for the notice module	Reprocess the return to the correct EIN (rather than transfer-ring credits).
No other EIN is found	-	Mail the notice.

(6) **Key 91** -The Error Resolution System (ERS) has no provision for correcting a record after the document has been completed in ERS. If a defect is detected, ERS will notify Notice Review to modify the notice as follows:

   a.   Error Correction TEs will prepare Form 3465, and send it with the return to Notice Review
   b.   Upon receipt of Form 3465, use Key 91 under Local Control to select the notice for review
   c.   Follow General Review procedures in addition to the Key 91 information below:

If the action requested on Form 3465 is	Then
Correct	1. Delete the refund if necessary. 2. Input the adjustment (use Posting Delay Code if necessary). 3. Take corrective action on the notice. 4. Use appropriate notice disposition.
Incorrect, unclear, or an action not normally completed in Notice Review	Follow local procedures for requesting clarification from or providing feedback to ERS.

3.14.2.6.15.1
(10-04-2017)
Special Review-Patient Centered Outcomes Research (PCOR) Review on Form 720

(1) Patient Centered Outcomes Research (PCOR) is an annual tax that is reported only on second quarter Form 720.

(2) If payments have been misapplied, transfer to the correct module.

(3) The following adjustment reference numbers are available to adjust the fields:

   •   DRN 906 is used to overlay the SHIP-COUNT field.
   •   CRN 813 is used to adjust the SHIP-AMT field.
   •   DRN 907 is used to overlay the ASIHP-COUNT field.
   •   CRN 814 is used to adjust the ASIHP-AMT field.

   NOTE: If adjustments are made to a PCOR return, SHIP and ASHIP fields must also be adjusted. For example: If the PCOR tax liability is reduced to zero, the SHIP and ASIHP fields must also be reduced to zero.

(4) If reprocessing of the return is required, recharge the return to 0280200000 and route to Excise Stop 5701G.

3.14.2.6.16
(01-01-2024)
CP 173 - ES Penalty

(1) **Purpose:** CP 173 is a settlement notice generated to inform the taxpayer of a computer generated Estimated Tax penalty assessment (TC 176) on Form 990-T , Form 990-PF, Form 1041 and the Form 1120 series. The notice is issued in the cycle the TC 150 posts with a full paid module (Status 10 or 12) and in the absence of any other taxpayer settlement notice.

(2) To view an exhibit of the CP 173, refer to Taxpayer Correspondence Services (TCS) website Servicewide Notice Information Program *SNIP*.

(3) **Review Instructions:**

   a. Use the NRPS selection key as a guideline to assist in the review of the notice.
   b. Follow General Review procedures. If the return is not included with the NRPS package, work the case without it.
   c. Verify that the ES payments on the notice module match the ES credits claimed on the return. If the credits do not match, then some or all of the ES payments may have been misapplied. This applies to:

Misapplied ES Payments
Late or timely unclaimed or excess payments posting incorrectly to the module
Timely missing payments posting incorrectly to a different module or TIN

(4) **Research**

   a. Research the NRPS package and IDRS for any timely payments that must be applied or removed from the notice module:

Research for Timely Payments
Request payment voucher according to local procedures
Check for an indication of the correct placement of questionable payments
Use CC BMFOL and TXMOD
Research additional EINs indicated on the return or in account history.

(5) **Case Resolution**-If found:

   a. Transfer the payment(s) to and/or from the notice module
   b. Use CC PIEST to decide if the ES Penalty will recompute

Reminder: An adjustment notice generates when the ES Penalty recomputes.

   c. Research additional TINs indicated on the return or in the NRPS package for missing payments or resolution of excess credits

(6) Check dates and amounts of unclaimed payments and take the following action:

   a. If the payments are timely for the subsequent tax year, delete the refund (if applicable) and transfer the payment(s) (Use proper Posting Delay Code)

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> **Note:** To resolve a CP 173 case, transferring missing payments into the module and excess payments out of the same module may be necessary.

> **Reminder:** Credit Elect may need to be reversed and CP 145 voided or retyped when transferring credits from a notice module with a TC 830/836 (Credit Elect Transaction Code).

    b.   Verify any payments that are out-of-line (date and amount) for the notice module but will not be transferred to the subsequent tax year

(7)   Follow instructions in IRM 3.14.2.7.10, Notice Disposition.

3.14.2.6.17
(01-01-2023)
Penalties and Interest

(1)   Certain penalties and interest must be specifically addressed when adjusting tax, credits or payments within a module. *Document 6209* Section 10, provides penalty and interest policy guidelines, processing codes and additional information from the Office of Servicewide Penalties (OSP) and the Office of Servicewide Interest (OSI). The following websites provide additional penalty and interest information:
The Penalties Knowledge Base: The Penalties Knowledge Base (KB) is owned and maintained by the Office of Servicewide Penalties (OSP). It provides guidance, resources, and information for all employees considering assessment and/or abatement of civil penalties.
Interest Knowledge Base.: The Interest Knowledge Base is owned and maintained by the Office of Servicewide Interest and provides guidance, resources, and information for all employees that consider assessment and/or abatement of interest.

(2)   The Table below lists penalty types:

Type of Penalty	Transaction Code Used to Assess	Penalty Rate & Information	BMF Impacted Forms
Failure to File (FTF) IRC 6651(a)(1)	**Assessment Codes** Manual- TC 160 Systemic- TC 166 **Abatement Codes** Manual- TC 161 Systemic- TC 167	The penalty is 5% of the tax unpaid on the return due date (determined with regard to extensions to file) for each month or part of a month that the return is late, not to exceed 25%. When an income tax return is more than 60 days late, a minimum penalty applies. The penalty amount is the lesser of 100% of the unpaid tax **or** the minimum penalty for the tax year. See IRM 20.1.2.3.7.4, Minimum Penalty, for more information. *Note:* **The minimum penalty amount applies to income tax returns ONLY. It does NOT apply to employment tax, excise tax, gift tax, estate tax or penalties assessed under IRC 6698/6699 in relation to Forms 1065, 1066 and 1120-S.**	706, 706-NA, 709, 709-NA, 720, 730, 940, 941, 943, 944, 945, 990-PF, 990-T, 1041, 1042, 1065-B, 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, 2290

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Type of Penalty	Transaction Code Used to Assess	Penalty Rate & Information	BMF Impacted Forms
Failure to Pay (FTP) Tax Shown on the Return IRC 6651(a)(2)	Assessment Codes Manual- TC 270 Systemic- TC 276 Abatement Codes Manual- TC 271 Systemic- TC 277	In general, the penalty is 1/2% of the tax shown on the return that is not paid by the return due date with regard to extensions. The penalty is charged on the unpaid tax for each month or part of a month that the tax remains unpaid, but it cannot exceed 25% in the aggregate. When both FTF & FTP penalties apply for the same month, the Failure to File penalty is reduced by the amount of the Failure to Pay penalty for that month, unless the minimum Failure to File penalty applies. See IRM 20.1.2.3.8.4 for more information.	706, 706-NA, 709, 709-NA, 720, 730, 940, 941, 943, 944, 945, 990-PF, 990-T, 1041, 1042, 1065-B, 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, 2290

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Type of Penalty	Transaction Code Used to Assess	Penalty Rate & Information	BMF Impacted Forms
Failure to File IRC 6698	**Assessment Codes** Manual- TC 240 Systemic- TC 246 **Abatement Codes** Manual- TC 241 Systemic- TC 247	For taxable years beginning after December 31, 1978, IRC 6698 imposes a penalty on a partnership that fails to file a timely or complete return Prior to January 1, 2022 this penalty was assessed using TC 160/166. After December 31, 2021, these penalties will be assessed with a PRN and IRN: **Failure to File Partnership Return Using Electronic Media** • PRN 688 is used **Failure to File** • PRN 722 is used • IRN 851 lists number of partners • IRN 852 lists number of months late **Failure to File a Complete Return** • PRN 723 is used • IRN 851 lists number of partners • IRN 852 lists number of months late • IRN 853 lists the missing schedule code	1065, 1066

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Type of Penalty	Transaction Code Used to Assess	Penalty Rate & Information	BMF Impacted Forms
Failure to File IRC 6699	**Assessment Codes** Manual- TC 240 Systemic- TC 246 **Abatement Codes** Manual- TC 241 Systemic- TC 247	For S corporation returns due after December 20, 2007, IRC 6699 imposes a penalty on an S corporation that fails to file a timely or complete return as required by IRC 6037. Prior to January 1, 2022 this penalty was assessed using TC 160/166. After December 31, 2021, these penalties will be assessed with a PRN and IRN: **Failure to File** • PRN 722 is used • IRN 851 lists number of shareholders • IRN 852 lists number of months late **Failure to File a Complete Return** • PRN 723 is used • IRN 851 lists number of shareholders • IRN 852 lists number of months late • IRN 853 lists the missing schedule codes	1120-S

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Type of Penalty	Transaction Code Used to Assess	Penalty Rate & Information	BMF Impacted Forms
Failure to Pay Estimated Tax (ES) IRC 6654 & IRC 6655	**Assessment Codes** Manual- TC 170 Systemic- TC 176 **Abatement Codes** Manual- TC 171 Systemic- TC 177	Estates and Trusts must pay estimated tax by its due date if the estate or trust is expected to owe at least $1,000 after subtracting its withholding credits. A penalty is applied if the estate or trust did not pay enough estimated tax, or it did not make the payments on time, or in the required amount. Corporations must make quarterly estimated tax installment payments if it expects its estimated tax to be $500 or more. The Corporation is subject to an underpayment penalty for failing to pay the required installment of estimated tax by its due date. Exempt organizations and private foundations are subject to an underpayment penalty for failing to pay the required installment of estimated tax by its due date. Partnerships that are required to withhold income tax on effectively connected income from their foreign partners use Form 8804 to compute their estimated tax penalty.	1041, 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, 8804, 8805, 990, 990-T, 990-PF,

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Type of Penalty	Transaction Code Used to Assess	Penalty Rate & Information	BMF Impacted Forms
Failure to Deposit Taxes (FTD) IRC 6656	**Assessment Codes** Manual- TC 180 Systemic- TC 186 **Abatement Codes** Manual- TC 181 Systemic- TC 187	For deposits required after December 31, 1989, there is a four-tiered penalty. The penalty is 2% for deposits 1-5 days late, 5% for deposits 6-15 days late, 10% for all direct payments and those deposits more than 15 days late, but paid on or before the 10th day following notice and demand, and 15% (actually, a 5% addition to the 10%) for late undeposited taxes still unpaid after the 10th day following the first balance due notice or the day on which notice and demand for immediate payment is given. See IRM 20.1.4 for more information.	940, 941, 943, 944, 945, CT-1, 1042, 720
Dishon- ored Check Penalty	**Assessment Codes** Manual- TC 280 Systemic- TC 286 **Abatement Codes** Manual- TC 281 Systemic- TC 287	A penalty is imposed on dis- honored checks or other forms of payment that are returned from a financial institution unpaid. See IRM 20.1.10.7 for more information.	706, 706-NA, 709, 709-NA, 720, 730, 940, 941, 943, 944, 945, 990-PF, 990-T, 1041, 1042, 1065-B, 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, 2290

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Type of Penalty	Transaction Code Used to Assess	Penalty Rate & Information	BMF Impacted Forms
Information Return Penalty	**Assessment Codes** Manual- TC 240 **Abatement Codes** Manual- TC 241	Information Return Penalty - Failure to File Correct Information Returns Due to Intentional Disregard. When any failure, or combination of failures, related to certain Information Returns is due to Intentional Disregard, the penalty rate is increased. The penalty rate per return depends on when the return is due. **There is no maximum limitation**. PRN 600 is used to assess this penalty. A penalty is also charged when a payee statement is not timely or correctly furnished to recipient. For more information, see IRM 20.1.7.	

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Type of Penalty	Transaction Code Used to Assess	Penalty Rate & Information	BMF Impacted Forms
Fraud	**Assessment Codes** Manual- TC 320 **Abatement Codes** Manual- TC 321	Fraud Penalty. A civil fraud penalty will be imposed when there is clear and convincing evidence to prove that some part of the underpayment of tax is due to fraud. The penalty rate is 75% of the underpayment of tax which is attributable to fraud. For more information, see IRM 20.1.5.16.	706, 706-NA, 709, 709-NA, 720, 730, 940, 941, 943, 944, 945, 990-PF, 990-T, 1041, 1042, 1065-B, 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, 2290
Civil Penalty for Frivolous Returns	**Assessment Codes** Manual- TC 240 **Abatement Codes** Manual- TC 241	PRN 666 is used to assess this penalty. A penalty is imposed against a person who files a return based on a frivolous position identified under IRC 6702(c). The penalty rate for each return deemed frivolous is $5,000 if filed after March 16, 2007. $500 for income tax returns filed prior to March 17, 2007. For more information, see IRM 20.1.10.12.1.	All BMF returns

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Type of Penalty	Transaction Code Used to Assess	Penalty Rate & Information	BMF Impacted Forms
Debit Interest	**Assess-ment Codes** Manual- TC 340 Systemic- TC 196 **Abatement Codes** Manual- TC 341 Systemic- TC 197	Debits the tax module for the amount of interest due when a tax module is underpaid. For more information, see IRM 20.2.1, Interest Introduction, Standards and Guidelines, IRM 20.2.5, Interest on Under-payments, IRM 20.2.7, Abatement and Suspension of Debit Interest, IRM 20.2.10, Interest o Estate, Excise, Em-ployment and Foreign Taxes, IRM 20.2.11, Miscellaneous Interest Provisions, and IRM 20.2.14, Netting of Overpay-ment and Underpayment Interest.	

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Type of Penalty	Transaction Code Used to Assess	Penalty Rate & Information	BMF Impacted Forms
Credit Interest	**Assessment Codes** Manual (Restricted Interest)- TC 770 Systemic- TC 776 **Abatement Codes** Manual (Restricted Interest)- TC 771 Systemic- TC 777	Credits the Tax Module for the amount of interest due when a Tax Module is overpaid as the result of a credit or an abatement. For more information, see IRM 20.2.4, Overpayment Interest and IRM 20.2.14, Netting of Overpayment and Underpayment Interest.	

3.14.2.6.17.1
(01-01-2023)
Recomputation of Interest and Penalties - General

(1) 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 or abate the penalty, interest, or both.

(2) If the taxpayer requests abatement of a penalty due to reasonable cause, then refer to IRM 3.14.2.6.1.1.7 , Taxpayer Correspondence.

(3) The computer may assess and abate penalties on the Master File when:

- An exam adjustment posts
- A tax adjustment posts
- An approved Extension of Time To File 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

Note: A manual penalty assessment will prevent systemic recomputation.

(4) See IRM 20.2.14, Netting of Overpayment and Underpayment Interest for an explanation of Interest Netting.

(5) *Miscellaneous penalty issues:*

a. If the tax is full paid and the taxpayer requests reasonable cause consideration on FTF or FTP penalties and the amount of each is under

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b. If the taxpayer requests abatement of Estimated Tax (ES) penalty and

#

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3.14.2.6.17.2
(01-01-2023)
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 payment due date, and the twenty-second day after an assessment date of demand (23C Date)
- In the case of an installment agreement, the start date for the reduced penalty rate is the later of 1/1/2000 or the transaction date of the TC 971/ Action Code 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 Rate**: The fixed amount or percentage charged with respect to a penalty. For example the penalty rate for a Failure to Pay (FTP) Tax Shown on the Return IRC 6651(a)(2) is $\frac{1}{2}$% per month or fraction of a month. The penalty is figured on the first day of the monthly period. The rate changes to 1% per month on:

  a. The beginning of the first month following the tenth day after the Status 58 date or TC 971 with Action Code 035, or 069, or

Example: If the Status 58 date is September 25, the 1% would begin on the first day of the monthly accrual period following October 5.

  b. The 1% rate begins on 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 1% would begin on October 1.

   Note: The maximum FTP penalty rate charged on the unpaid balance of each assessment is 25%.

(4) **Reduced Penalty Rate**: The reduction of the fixed amount or percentage charged based on specific criteria with respect to a penalty. An example of this is the 1/4 Percent Penalty Rate provision. For information regarding the 1/4 Percent Penalty Rate for IRC 6651 FTP penalties, see IRM 20.1.2.3.8.1.2, 1/4 Percent Penalty Rate - IRC 6551(h).

(5) **Penalty Amount**: Computed on the balance of unpaid tax at the beginning of each monthly period.

Note: A payment received after the beginning of the monthly period will not affect that month's penalty amount.

(6) **Assessments**: Tax assessments are any of the following Transaction Codes: 150, 290, 298, 300, and 308.

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3.14.2.6.17.2

3.14.2.6.17.3
(01-01-2024)
**Failure to File
(Delinquency) Penalty
Recomputation**

(1) The Failure to File (FTF) penalty is assessed for the failure to file a tax return by the date prescribed (including extensions) (i.e., returns received **after** the normal or extended return due date (RDD).

Note: For additional information concerning this penalty please go to IRM 20.1.2.

(2) For each month or part of a month the return is late, the penalty is 5% of the amount subject to the penalty. See IRM 20.1.2.3.7.1 for more information on determining the months a return is late. See IRM 20.1.2.3.7.2 for more information on determining the amount subject to the penalty.

(3) The maximum penalty is 25% of the unpaid tax on the payment due date, unless the minimum penalty applies.

(4) The **minimum penalty** applies ONLY to income tax returns. It does NOT apply to employment tax, excise tax, gift tax or estate tax returns. If the income tax return is more than 60 days late and the normal computed penalty is less than the amount listed in the table below, then a minimum tax applies:

Return Due Date Without Extension	Minimum Amount
After 12/31/2023	$485.00
Between 1/1/2023 and 12/31/2023	$450.00
Between 1/1/2020 and 12/31/2022	$435.00
Between 1/1/2018 and 12/31/2019	$210.00
Between 1/1/2016 and 12/31/2017	$205.00
Between 1/1/2009 and 12/31/2015	$135.00
On or before 12/31/2008	$100.00

Exception: FTF penalty is waived for certain tax year 2019 and 2020 returns listed in *Notice 2022-36*, filed on or before September 30, 2022. BMF forms include: 1120 (MFT 02), 1041 (MFT 05), 1066 (MFT 07), 990-T (MFT 34), and 990-PF (MFT 44).

    a. If the total unpaid tax on the return due date is less than the amount in the table above, then the penalty is the lesser amount.
    b. TC 161 with Penalty Reason Code 045 is used to abate any excessive minimum penalty.

(5) After inputting an adjustment action, compute the penalty manually to decide whether the FTF penalty will recompute when the adjustment posts:

Note: A PC or the TIPS program will assist with the manual computation.

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    whichever is later. This is the amount subject to penalty. (Disaster due date for this purpose is determined without regard to any extension of time to file.)
    b. Count the number of months from the latest of RDD, disaster due date, or extended due date, to the date the return was filed, but not more than 5 months. This is the number of months subject to penalty.

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Note: Any part of a month counts as a full month.

c.   Count the number of months between the latest of RDD, disaster due date, or extended due date, during which any part of the tax remains unpaid, but not more than the number of months subject to penalty. This is the number of months subject to both FTP and FTF penalty.

Note: Any part of a month counts as a full month.

d.   Compute the FTP penalty for the months subject to FTF penalty.
e.   Multiply the number of months subject to penalty by 5%.
f.   Multiply the amount subject to penalty from a) by the penalty rate from e).
g.   Subtract d) from f).

Rate	FTF Penalty Rates
5%	When the Failure to Pay (FTP) penalty is not assessed at the same time as the FTF penalty.
$4\frac{1}{2}$%	When the FTP penalty **is** assessed at the same time as the FTF penalty.
5%	On all subsequent tax (TC 290/300) assessments.

Note: Use the same percentage rate for abating that 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%, or $22\frac{1}{2}$% if FTP is also assessed.

Example: The original unpaid tax may be penalized at the $4\frac{1}{2}$% monthly rate and a TC 290 amount at 5% per month. Add the two amounts to decide the total FTF penalty.

h.   Multiply the amount of unpaid tax at the normal due date (decided without regard to filing extensions) by the penalty rate. Then multiply this amount by the number of months that the return was filed late, up to 5 months. The result is the FTF penalty.

Note: TC 291 or 301 will reverse the most recent unreversed TC 290 or 300, then the next most recent, etc. If there is no unreversed TC 290 or 300 then the TC 291 or 301 will reverse the TC 150.

3.14.2.6.17.3.1
(01-01-2023)
Failure to File Penalty (IRC 6698/6699)

(1)   Prior to processing year 2022, the IRC 6698/6699 penalty was assessed systemically on applicable Form 1065, Form 1066 or Form 1120-S modules, using Transaction Code (TC) 166 for filing late, or with TC 246 without a penalty reference number (PRN) if required information was missing. The penalty was abated systemically with TC 167 or TC 247 (if changes post to the partnership's account causing IRS computers to compute a lower penalty or no penalty) or manually abated using TC 161 if assessed as TC 16X or TC 241 without a PRN if assessed as TC 24X.

a.   Refer to the Penalties Knowledge Base SharePoint site, *IRC 6698 and 6699 Penalty Information*, to access information on IRC 6698 and 6699 Penalties. See IRM 20.1.2.4 and IRM 20.1.2.6 for more information.

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b. Refer to the Penalties Knowledge Base SharePoint site, *IRC 6698 Penalty Knowledge Base* to access information on the IRC 6698 & 6699 Penalty Computation Tool.

(2) Beginning processing year 2022, if the return is complete but received late, the penalty is assessed systemically with TC 246 PRN 722.

Note: PRNs 722 can only be assessed using TC 290.00 or TC 300.00 with the applicable IRNs. The Table below shows the PRN and IRNs needed to assess the FTF penalty under IRC 6698/6699:

Form/MFT	PRN 722	IRN 851	IRN 852
1120-S (MFT 02)	PRN 722 lists the Total Penalty Amount	Number of Shareholders ***Note:*** number of shareholders is input in two decimal format 2.00 or higher	Number of Months ***Note:*** Number of Months is input in two decimal format up to 12.00
1065 (MFT 06)	PRN 722 lists the Total Penalty Amount	Number of Partners ***Note:*** number of partners is input in two decimal format 2.00 or higher	Number of Months ***Note:*** Number of Months is input in two decimal format up to 12.00
1066 (MFT 07)	PRN 722 lists the Total Penalty Amount	Number of Residual Interest Holders ***Note:*** number of Residual interest holders is input in two decimal format 2.00 or higher	Number of Months ***Note:*** Number of Months is input in two decimal format up to 12.00

(3) If a partnership or shareholder return is both late and incomplete, do **NOT** assess two penalties. The incomplete return penalty takes precedence unless the return is 12 months or more late.

(4) Input a manual FTF assessment (TC 240 PRN 722) or abatement (TC 241 PRN 722) when the computer cannot correctly compute the penalty or when the module was previously restricted. A manual restriction is necessary when:

a. A late return received date was not transcribed (i.e., the return posted as being timely)
b. An incorrect received date posted (i.e., a timely return posted as being late)
c. The taxpayer states a reasonable cause for filing late

(5) Form 1120-S - Do not compute Failure to File Penalty if:

a. There is a TC 160 or TC 161 posted on the module.
b. The TC 150 contains Condition R.
c. RDD/XRDD falls in a disaster period.
d. The return is a SFR return.

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(6) See IRM 3.14.2.6.17.4 for information on assessing the Missing Information Penalty for Form 1120-S.

(7) See IRM 3.14.2.6.10.1, CP 162 Failure to File Electronic Partnership Return, IRM 3.14.2.6.10.2, CP 162A Failure to File Form 1065, 1066 or 1120-S General Review Procedures, IRM 3.14.2.6.10.3, CP 162B Failure to File Form 1065 or 1120-S General Review Procedures, for information regarding penalty rates, penalty assessment and notice information in relation to IRC 6698/6699 penalties.

3.14.2.6.17.4
(03-16-2023)
Missing Information
Penalty IRC 6698/6699

(1) Beginning processing year 2022, if the return is incomplete, the penalty will be assessed with a TC 246 PRN 723. See IRM 20.1.2.4.4.1 for specific procedures to assess the IRC 6698 penalty manually on Form 1065 and Form 1066. See IRM 20.1.2.6.4.1, for procedures to assess the IRC 6699 Penalty on Form 1120-S.

(2) Compute Form 1120-S Missing Information Penalty (TC 246) using the following conditions:

  a.   Return is MFT 02.
  b.   Posting Form 1120-S does not have a RDD/XRDD that falls in a disaster period.

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  f.   Missing Schedule Code of 33, 34, 36, 45, 46, 47 or 49 (formerly Missing Information Code of 1-7) is present on the input TC 150 indicating the following:

  •   33 - Missing Schedules K-1
  •   34 - Missing Balance Sheet
  •   36 - Missing Schedules K-1 and Balance Sheet
  •   45 - Missing Schedules K
  •   46 - Missing Schedules K and K-1s
  •   47 - Missing Schedules K and L (Balance Sheet)
  •   49 - Missing Schedules K, K-1s and Balance Sheet

PRN 723 can only be assessed using TC 290.00 or TC 300.00 with the applicable IRNs. The Table below shows the PRN and IRNs needed to assess the Missing Information penalty under IRC 6698/6699 for Form 1120-S:

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Form/MFT	PRN 723	IRN 851	IRN 852	IRN 853
1120-S (MFT 02)	PRN 723 lists the Total Penalty Amount	Number of Shareholders ***Note:*** number of shareholders is input in two decimal format 2.00 or higher	Number of Months ***Note:*** Number of Months is input in two decimal format up to 12.00	Missing Information Code (MIC) ***Note:*** Acceptable MIC codes for MFT 02 are: 33, 34, 36, 45, 46, 47, or 49. ***Note:*** The Missing Schedule Code is input in 2 decimal format (e.g., 33.00 or 34.00)

Note: If all the conditions above are met, assess the penalty as follows:

    a.   Determine the number of months or fraction of month late.

    b.   If the number of shareholders is not present assume **1** shareholder is present.

    c.   Compute the penalty by multiplying the number of months, by the number of shareholders, by the base penalty amount.

    d.   Refer to IRM 20.1.2.6 or IRM 20.1.2.6.4 for information on penalty assessment and computation.

(3)   The missing or incomplete information penalty is assessed on Form 1065 with a TC 246 PRN 723 with IRNs 851, 852 and 853.

    a.   Return is MFT 06

    b.   Number of partners is 2 or more

    c.   Number of months

    d.   Missing Schedule Code of 33-39, 45-45, and 49-52 indicating the following:

- 33 - Missing Schedules K-1
- 34 - Missing Balance Sheet
- 35 - Missing K-1 TINs (5 or more)
- 36 - Missing Schedules K-1 and Balance Sheet
- 37 - Missing Schedule K-1s and K-1 TINs
- 38 - Missing Balance Sheet and K-1 TINs
- 39 - Missing K-1s, Balance Sheet and K-1 TINs
- 45 - Missing Schedules K
- 46 - Missing Schedules K and K-1s
- 47 - Missing Schedules K and L (Balance Sheet)
- 49 - Missing Schedules K, K-1s and Balance Sheet
- 50 - Missing Schedule K, K-1 and K-1 TINs
- 51 - Missing Schedule K, Balance Sheet and K-1 Tins
- 52 - Missing Schedule K, K-1, Balance Sheet and K-1 Tins (5 or more)

The Table below shows the PRN and IRNs needed to assess the Missing Information penalty using PRN 723 under IRC 6698/6699 for Form 1065:

Form/MFT	PRN 723	IRN 851	IRN 852	IRN 853
1065 (MFT 06)	PRN 723 lists the Total Penalty Amount	Number of Partners ***Note:*** number of partners is input in two decimal format 2.00 or higher	Number of Months ***Note:*** Number of Months is input in two decimal format up to 12.00	Missing Information Code (MIC) ***Note:*** Acceptable MIC codes for MFT 06 are: 33-39 and 45-47 and 49-52. ***Note:*** The Missing Schedule Code is input in 2 decimal format (e.g., 33.00 or 34.00)

Note: If all the conditions above are met, assess the penalty as follows:

    a.   Determine the number of months or fraction of month late.
    b.   Determine the number of partners. If the number of partners is not present assume **2** partners are present.
    c.   Compute the penalty by multiplying the number of months, by the number of partners, by the base penalty amount.
    d.   Refer to IRM 20.1.2.4.4.1 for information on penalty assessment and computation.

3.14.2.6.17.5
(01-01-2025)
Failure to Pay Penalty Recomputation

(1)   The Failure to Pay (FTP) penalty is assessed after the Return Due Date (RDD) when there is an unpaid tax liability on the tax return, or as a result of an Audit or DP tax adjustment and there is no exclusion for failure to pay the tax owed. For more information please go to IRM 20.1.2.

Note: FTP is generally computed on the tax shown on the return (IRC 6651(a)(2) or on subsequently assessed tax (TC 290/300) that is not shown on the return (IRC 6651(a)(3).

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    a.   **On the posting of an original return showing balance due** , FTP begins on the payment due date (generally the return due date) and ends on the date the payment(s) is made.
    b.   **On math error assessments**, FTP begins on the twenty-second day (or the eleventh business day if the module balance is $100,000 or greater) after the 23C Date (the notice and demand date).
    c.   **On adjustments to tax that cause a balance due**, FTP begins on the twenty-second day (or the eleventh business day if the module balance is $100,000 or greater) after the 23C Date.

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Example: If the **23C Date** was September 8, the FTP begins on
September 30.

Note: An adjustment to income tax withholding will not change the FTP
start date, which is the normal RDD (not including extensions).

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3.14.2.6.17.6
(11-05-2019)
**Failure to Pay (FTP)
Penalty Command
Codes**

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(1) **CC INTST** displays 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. This is accurate unless there is an FTP
restriction (TC 270/271) or a pending TC 28X, 29X, or 30X on the account.
See IRM 20.1.2 or IRM 2.3.39 for other situations when INTST cannot
correctly compute the FTP penalty. Use these CC for updating a notice to
include pending payments and credit transfers. When inputting a credit transfer
follow instructions in IRM 3.14.2.7.7.

Note: For additional information refer to IRM 3.14.2.6.14.1 .

(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. See
IRM 3.14.2.6.17.2 for more information regarding Start Dates.

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.

1.   Input the to and from dates and the underpaid amounts. Begin with the
Start Date and end on a notice 23C Date.
2.   Add payments on their respective received dates and subtract their
amounts from the underpaid liability amount.
3.   If multiple CC COMPAF screens are input for multiple Start Dates, add
the totals of each screen to compute the total FTP penalty.

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3.14.2.6.17.7
(01-01-2017)
Estimated Tax Penalty

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(1) IRC Section 6655 provides for a penalty when a corporation (C or S), private
foundation (including those organized as a trust), charitable trust, or a tax
exempt organization liable for unrelated business income tax, underpays any
required installments of estimated tax liabilities reportable on Forms 1120, 990
series, and certain Form 1041s. Other Form 1041s are subject to the same
requirements as individuals filing Form 1040, per IRC Section 6654.

(2) **Corporation Requirements:**

a.   For tax years 198812 to 199211 corporations were required to prepay the
lesser of 90% of the current year tax liability, 100% of the prior year tax
liability, or the amount decided under the annualized or adjusted
seasonal income installment method. The prior year must have been a
12-month taxable year with a tax liability greater than zero.
b.   For tax years 199212 to 199305, the rate for the current year liability is
93% of the tax shown on the return, less any refundable credits.
c.   For tax years 199306 to 199411, the current year rate is 97%.
d.   For tax years 199412 and later, the current year rate is 100%.
e.   Charitable trusts and private foundations filing Form 1041 are subject to
the same rules as corporations, except with respect to the payment due
dates.

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(3) **Large Corporation**

 a. A large corporation is any corporation having a taxable income of $1,000,000 or more during any of the preceding three tax years.

 b. A large corporation may use 100% of the prior year liability as a basis for the first installment payment only.

 c. When the 100% prior tax base is used for the first installment, the difference between the 100% prior rate and the current rate must be added to the second installment payment.

(4) **Form 1041 Requirements** (except private foundation and charitable trust):

 a. The following fiduciaries are exempt from paying estimated tax for the tax years ending before the date two years from the date of death: Decedent's estates, grantor trusts that receive the residual of a probate estate under the decedents will, and for tax years after 8711 (if there is no will to probate), a trust that is primarily responsible for paying taxes, debts, and expenses of administration.

 b. The estimated tax base is the lesser of: 90% of the current tax liability, or 100% of the prior year liability if (1) the prior year was 12 months and (2) a return was filed for the prior year.

(5) **Form 1120 Installments**

 a. The installment payments are due on the 15th day of the 4th, 6th, 9th, and 12th months of the taxable year.

 b. When the installment date falls on a weekend or legal holiday, the payment is considered timely if made on the next business day.

 c. Payments are applied against the earliest underpayment regardless of the date the payment was received.

 d. The installment due dates for charitable trusts and private foundations filing Form 1041 are the 15th day of the 5th, 6th 9th and 12th month of the taxable year.

(6) **Form 2220**

 a. Taxpayers use Form 2220 to compute estimated tax penalty. The taxpayer is assessed the amount shown on the Form 2220. A CP 234 is generated to the Accounts Management (Adjustments) Function to verify the penalty amount.

 b. The estimated tax penalty is computed on the tax shown on the original taxpayer return, whether the return is filed timely or late. The penalty is not increased or decreased with subsequent changes to the tax after the return due date without a manual adjustment to the penalty being processed.

 c. In case of a math error, the computer is programmed to compute the penalty on the lesser amount of tax as computed by the taxpayer or corrected by the IRS.

(7) **Recomputation of ES Penalty**

 a. The computer automatically recomputes the estimated tax penalty when an adjustment to TC 806 or 807 is made or a transaction code 43X, 61X, 62X, 66X, 67X, 700, 702, 71X, 760, 762, or 97X is present or transferred in with a transaction date before the return due date.

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      b.   The computer will not automatically recompute estimated tax penalty when there is a CCC P or exception 5. If CCC "A", or a TC 170, or both are on the module, the computer will issue a CP 234 rather than posting a TC 17X.

(8) Use CC PIEST to view the computation of a TC 176. It will show any changes to the TC 176 after inputting a credit transfer, withholding adjustment, or a re-fundable credit (TC 766) adjustment. If a payment is pending on the module,   #

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      a.   The amount shown on CC PIEST is used as the ES Penalty amount on a retyped notice.
      b.   CC PIEST cannot be used if there is a TC 170 (with DLN other than return DLN), 171, or no ES Penalty charged on the tax module.

(9) Use CC COMPAE to manually figure the ES Penalty.

      a.   Input CC COMPAE with the MFT and tax period of the return. The response format is CC COMPAS with the due date of each installment in the left column and the return due date in the right column.
      b.   Overlay the dates with the appropriate from and to dates, if necessary, and enter the underpayment amounts, then input.
      c.   More lines may be entered if payments were not made on the due dates.
      d.   Each installment date adds to the liability and each payment subtracts from the liability.
      e.   CC COMPAS can be entered directly but all dates and amounts must be filled in manually. Input COMPAS with the MFT and tax period of the return.

3.14.2.6.17.8
(03-16-2023)
Failure to Deposit Penalty

(1) Taxpayers filing Forms 940, 941, 943, 944, 945, CT-1, 720, and 1042 are required to pay taxes through the Electronic Federal Tax Deposit System (EFTPS). Forms 941, 943, 944, 945 and CT-1 filers must deposit taxes either monthly or semi-weekly. Taxpayers who report less than $2,500.00 in taxes for a tax period on Form 941, Form 943, or Form 944, or Form 945, may send the tax payment with their return when filing timely. For tax periods beginning after December 21, 2004, taxpayers who report less than $500.00 in taxes for a tax period on Form 940 may send the tax payment with their return when filing timely.

Note: Beginning January 2010, employers who file Form 941 will not have to make deposits during a quarter if their total tax liability for either the current quarter or the prior quarter is less than $2,500 and they did not incur a $100,000 next-day deposit obligation during the current quarter and they fully pay the amount due with a timely filed return for the current quarter.

(2) A taxpayer's status, for Forms 941, 943, 944, 945, and CT-1 filers, will be decided by a review of a preceding 12-month period . See IRM 20.1.4.8.2 Lookback Periods for Employment Tax (Forms 941, 943, 944, 945, and CT-1.) This is the look back period. If the sum of taxes reported during the look back period is $50,000 or less, the taxpayer will be considered a monthly depositor. If the sum of the taxes reported during the look back period is more than $50,000.00, the taxpayer will be considered a semi-weekly depositor. Taxpayers can make their tax deposits, through the Electronic Federal Tax Payment System (EFTPS). Taxpayers required to use EFTPS may be subject

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to a penalty if they use a FTD coupon instead of EFTPS. (FTD coupons were eliminated after December 31, 2010). See IRM 20.1.4.7.1 Time Sensitive Four Tier Penalty System, for additional information.

(3) The FTD penalty has a four-tier rate structure of 2%, 5%, 10%, and 15%, charged as follows:

   a. **2%** : for deposits 1 to 5 days late.
   b. **5%** : for deposits made 6 to 15 days late.
   c. **10%** : for all payments made directly to IRS.
   d. **10%** : for amounts subject to electronic deposit requirements but not depositing using EFTPS or for depositing in an incorrect method (when required to use EFTPS).
   e. **10%** -: for deposits made more than 15 days late, but on or before the 23C Date plus 10 days.
   f. **15%** : for all undeposited taxes still unpaid after the 10th day following the first Balance Due Notice or the day on which notice and demand for immediate payment is given.

(4) Deposits are generally applied to the most recently ended tax deposit period within a specific tax return period to which the deposit relates, however per IRC 6656(e) and Revenue Procedure 2001-58 taxpayers can designate the period(s) orally or in writing. (See IRM 21.5.2.4.9, Penalty Overview, for more information). For penalty computation purposes, the TC 716 availability date is the date on which the overpayment actually occurred. If more than one deposit makes up the overpayment, the date of the earliest deposit is the TC 716 availability date (see IRM 20.1.4.7.4, Application of Payments). The failure to deposit penalty (TC 186) will automatically recompute whenever timely credits are transferred into or out of a module that is not restricted (TC 180/181) (see IRM 20.1.4.22, Master File Assessments and Recomputations). An adjustment notice will generate when an automatic recomputation of the FTD penalty occurs.

#

   generate.

(5) A review of this penalty will be made whenever timely payments are transferred into or out of an account containing an FTD penalty.

   a. Command Code PIFTD (with no definer code) can be used to obtain the computer's FTD computation on a screen display for Forms 940, 941, 943, 944, 945 and 1042.
   b. Command Code FTDPN (Definer Code A) can be used to manually compute the FTD penalty. For more information on CC FTDPN, see, IRM 2.3.28. The penalty can be adjusted with a TC 180 and the applicable Penalty Computation Code (PCC) to increase the penalty or a TC 181 with the applicable Penalty Reason Code (PRC) to decrease the penalty, using Blocking Series 00 or 15.
   c. When transferring credits, use CC FTDPN (with no definer code) to decide penalty recomputation See the caution in item d) below.
   d. The computer will abate the FTD penalty if the penalty when computed using the Most Recent or First in First Out (FIFO) method is less than

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Note: When retyping a notice, use the appropriate FTD penalty code to ensure the taxpayer receives the correct explanation. OLNR displays a date of 01/01/0001 as a placeholder date for an account without an originally assessed FTD penalty. This field does not need to be addressed when retyping a notice for reasons other than FTD.

(6) The FTD penalty will be reviewed whenever an adjustment to tax is made on the notice module.

   a. If the tax is being increased and there is an unreversed TC 180 or TC 186 on the account, the TC 290 tax adjustment will post without addressing the FTD penalty. Manually recompute the penalty and adjust any increase/decrease with TC 180/181.
   b. If the total tax is being decreased and there is an unreversed TC 180 on the account, the TC 291 will unpost if the FTD penalty is not addressed.
   c. A partial tax decrease will post without the FTD penalty being addressed. The penalty may also need to be decreased (TC 181) to avoid an erroneous notice. See, IRM 20.1.4.21.3(13), Amended or Supplemental Return (Tax Decrease or Non-Interest-Free Tax Increase).
   d. If the TC 291 abates the entire tax, then the TC 186 will abate in full.
   e. The penalty may be abated if reasonable cause applies. Reasonable cause is determined separately for each payment.

(7) A CP 207 or a CP 207L proposed averaged FTD penalty notice may be issued on Forms 940,941, 943, 944, 945, CT-1 and 1042 when the Record Of Federal Tax Liability (ROFTL) or liability schedule is incomplete, illegible, or the liability does not equal the net taxes.

   a. For tax periods beginning January 1, 2001, and subsequent, Code and Edit must enter Schedule Indicator Code (SIC) 1 on the return when:

Schedule Indicator Codes	
	#
	#
	#
Liability	
	#

Note: If no entry for Net Tax, use Total Tax.

   b. Data Input System (DIS) does not enter the liability schedule when SIC 1 is edited; tax liabilities will be averaged and a CP 207 or a CP 207L proposed averaged FTD penalty notice will be issued.
   c. If Code and Edit does not edit SIC 1 and the liabilities on the ROFTL do

   #

   will try to resolve the discrepancy. If it cannot be resolved, SIC 1 is entered and a CP 207 or a CP 207L proposed averaged FTD penalty notice will be issued.

Note: Watch for transcription errors and obvious transposition errors, the FTD penalty may need to be adjusted manually.

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        d.   Ensure the liability schedule was entered by DIS unless the criteria of SIC 1 is met. If the liability schedule has been omitted in error or transcription errors are found, verify the taxpayer's addition on the schedule. If the schedule is valid, compute the FTD penalty on CC FTDPN definer A and adjust the module according to the computation.

3.14.2.6.17.9
(01-01-2025)
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. See IRM 3.14.2.6.2 for applicable command codes.

(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 first workday without being charged penalties or interest.

Note: If the taxpayer pays after the following workday, penalties and interest will accrue from the due date, even though the normal return due date was a weekend or legal holiday.

(3)   Apply payments in the following order:

      1.   Tax
      2.   Penalties
      3.   Interest

(4)   Add additional tax assessments to the original tax to arrive at the total corrected balance of tax due on the RDD. Because of the above 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.

(5)   When manually computing interest on a tax module, use the running module balance method so that all transactions in the module are in included in the computation. See IRM 20.2.5.2.3, Steps to Compute Interest

Reminder: Previous restricted interest transactions must be verified before recomputing a module. If you are unable to verify the TC 34X/77X amount, secure the adjustment document or case file.

(6)   Compute interest on tax and interest on penalties at normal interest rates.

(7)   Interest computations on a subsequently determined deficiency, where an overpayment was previously refunded or offset, depend on the amount of interest, if any, paid or allowed on the original refund or offset:

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If	Then compute interest on
The refund did not include interest	The part of the deficiency assessment up to the amount of the refund/offset from the refund date. See IRM 20.2.5.7, Revenue Ruling 99-40.
The refund did not include interest	Any part of the assessment greater than the amount of the refund/offset from the unextended due date of the return.
The refund **did** include interest	Any additional assessment from the unextended due date of the return. During the period interest was paid on the refund/offset, interest will be charged at the same rate on the portion of the underpayment (including accruing interest) that does not exceed the refund/offset principal. See IRM 20.2.14.4 , Within Module Interest Netting under Revenue Procedure 94-60.

3.14.2.6.18
(01-01-2025)
Reprocessing Returns

(1) A **Reprocessable return** is a return that posted to an incorrect tax period or TIN and needs to be corrected and re-entered through the processing system. For information on Credit Reference Numbers and Item Reference Numbers see IRM 3.14.2.7.6.6 .

(2) **Definitions:**

- **Receiving module**-The module the return will be reprocessed to
- **Losing module**-The module the return will be moved from
- **Zeroing-out the module**-Adjusting the TC 150, withholding, Advance Earned Income Credit (AEIC), TC 766, Reference Numbers, and certain penalties to zero

(3) If the return is an Electronically Filed (Electronic File (ELF)) return, refer to IRM 3.14.2.6.18.1, Reprocessing/Adjusting E-Filed Returns.

(4) If the return is a Form 706, 706-NA, Form 709, or 709-NA refer to IRM 3.14.2.6.7.1.5 for routing procedures. Do **not** adjust the account.

(5) If the return was not included you must request the document following local procedures. If return is not received before the cycle close out you must input an H Disposition.

(6) Form 13596 , Reprocessing Returns, is used to process a return to the correct account or module that had previously posted to the wrong account or module.

(7) If a return was not edited according to current processing instructions, circle out any action codes, Computer Condition Codes (such as CCC G) and any other edited marks that are no longer applicable. Re-edit according to current processing instructions.

Note: Do not edit CCC G on an amended return.

(8) If the return was edited according to current processing instruction, then ensure that the information from Form 13596 is correct on the return.

Form 13596:	Action Taken:
TIN correction	Edit correct TIN on return
Tax Period correction	Edit correct tax period on the return
Reasonable Cause,	Edit appropriate Computer Condition Code: 1. Edit CCC R if the FTF box is checked. 2. Edit CCC D if the FTP box is checked.

(9) Examine returns that have any color other than **green** edit in the tax data section to decide if the corrections are the results of improper perfection of taxpayer error.

If	Then
Improper perfection,	Edit the same correction in **green**.
Taxpayer error,	Leave the entries as shown on the document.

(10) A received date must be present on all reprocessed returns.

If	Then
Received date is not present,	Edit a received date to the middle of the return.
Multiple received dates are present,	Circle all but the earliest date.

(11) Circle out the green rocker and edit marks that may indicate a receipt of remittance.

(12) Certain circumstances prevent a return from being reprocessed:

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If	Then
A TC 150 has posted to the receiving module	1. Request both returns. 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. 3. Transfer the TC 610 payments if necessary. 4. Pull all current cycle notices for both modules. 5. Follow normal notice disposition procedures in IRM 3.14.2.7.10 , (Notice Disposition).
The return posting incorrectly to the losing module is a duplicate return of the TC 150 posted to the receiving module	1. Zero out the tax on the losing module. 2. Input TC 971 Action Code 001. 3. Do not reprocess return using 13596 4. Input TC 290 .00 using Blocking Series 10, 15 or 17 as appropriate and hold code, on the receiving module. 5. Use the return that posted incorrectly as the source document.
Either module has: • A pending or posted Doc Code 47, 51, or 54 transaction • A pending or posted TC 976 or TC 971 (AC 010) on TXMOD or BMFOLT • An erroneous refund	Void the notice.

Note: If the notice module has a pending or posted TC 150, the transaction will post as TC 976.

(13) If the Assessment Statute Expiration Date (ASED) is within six months of expiring, **do not** use Form 13596 to reprocess the return. The Statute Unit 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: Hand-carry returns with an ASED that has expired, or will expire within 120 days to the Statute Unit **immediately**.

(14) When reprocessing a return edit the following:

   a. Received Date: see IRM 3.14.2.6.1.1.4 , Return Received Date to decide correct received date.

Caution: Do not edit Return Received Date based on the TC 610 date of the losing module.

If	And	Then
The return is timely filed (for the receiving module)	-	Do not enter the Received Date unless reprocessing to a prior period. (See note below.)
The return is timely filed for the receiving module	The return date is stamped or edited on the return	Edit the received date (circle the received date).
The return is received after the due date of the receiving module	-	Enter the received date in the center of the first page of the return.
The return is received after the due date of the receiving module	The return date is stamped or edited on the return	Do not edit the received date.

Note: All prior period returns must have a received date stamped or edited on the return.

b.   Edit other necessary information as follow:

Remittance	**Circle out RPS money amount (TC 610) or the green rocker to indicate a non-remittance return.** ***Reminder:*** **Transfer the TC 610 to the receiving module on IDRS.**
Tax Period ***Note:*** Handwritten entries from the taxpayer must be considered when determining the correct tax period.	Circle the incorrect tax period. 1. **Quarterly returns** -- Enter correct quarter in YYYYMM format. All quarterly returns must be edited. 2. **Annual returns** -- Enter correct year in YYYYMM format. All prior year returns must be edited even if the return clearly indicates the correct year.
Name and Address	Circle out incorrect name and/or address and enter the correct information directly above the circled information. Underline the name control if name changes.
TIN	Circle out incorrect TIN and enter correct TIN in entity section of the return if reprocessing return to a different TIN.
Income, Tax and Credits	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.** ***Note:*** Changes to taxpayer entries must only be made for corrections to obvious taxpayer transposition or line entry errors.

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Remittance	**Circle out RPS money amount (TC 610) or the green rocker to indicate a non-remittance return.** *Reminder:* **Transfer the TC 610 to the receiving module on IDRS.**
Preparer Information	Circle out information to prevent duplication.
DLN	Line through *Note:* All BMF forms will receive a new DLN.

    c.   If a remittance amount (TC 610) is present, circle out the money amount to the left of the DLN, or the green rocker on the balance due line.

Reminder: Use IDRS to transfer the TC 610 to the receiving module.

    d.   Correct any other necessary information:

Caution: Never erase, line through, or in **any** way obscure taxpayer entries.

(15)   Prepare a Form 13596 (a Reprocessing Document Control Sheet).

Reprocessing Returns

IDRS Employee Number: _____ Date: _____

Complete applicable items below

Correcting the TIN to: Correcting yearly return tax period to _____ or Quarterly returns year _____ 1st qtr. ____ 2nd qtr. ____ 3rd qtr. ____ 4th qtr. ____ (EP/EO only)

Correcting the Plan/Report number to: ____ CP 190/29 - Requestor must Input TC 971 with AC 002 to prevent CP/TRNS 193/36 and - A freeze generating. (Reprocess as the original to the same TIN and tax period)

Reasonable Cause:_____ FTD ____ FTF ____ FTP ____ DDP (EP/EO only)

Remarks (optional):

Form 13596 (6-2004) Catalog Number 38636Y Department of the Treasury-Internal Revenue Service

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(16)   Input a REQ54/ADJ54 to zero out the incorrect module. (See Figure 3.14.2-6 , Check List for Return Reprocessing.) See IRM 21.7.2.4.1 Item Reference Numbers (IRNs) and Credit Reference Numbers (CRNs)-Employment Taxes, for valid IRNs for tax periods 2004 and prior and 2005 and subsequent.

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The dollar and cents amount input on CC REQ/ADJ54 must have a trailing minus (-).

Caution: A difference of even one cent will cause the adjustment to unpost.
Listed below are input items that may be necessary to accurately complete CC REQ54/ADJ54. For a more detailed list of input items, refer to Document 6209.

✓ Input TC 291 for the amount of the TC 150 to zero out the tax.

✓ Input TC 171 to zero out any manually assessed TC 170 or computer generated TC 176 on income tax returns. The computer will not remove the TC 176 because it is based on the TC 150. The computer does not recognize the TC 29X that is input to zero the account.

   Note: If there is NOT a TC 176 on the module AND credits are transferred out (including payments, withholdings, and other refundable tax credits), input a TC 170 for .00 to prevent the computer from assessing a TC 176.

✓ Input a TC 161 to zero out any manually assessed TC 160, TC 271 to zero out TC 270, and TC 341 to zero out TC 340.

✓ Input Hold Code 4 (or Hold Code 1 where appropriate), Blocking Series 15/17.

   Reminder: If the balance due settlement notice was previously mailed, use Hold Code 1 on REQ54 Adjustment to allow adjustment notice to generate.

✓ Input TC 111 to zero out the Adjusted Total of Income Tax Withheld.

✓ Input TC 004 to zero out the Taxable Social Security Wages.

✓ Input TC 005 to zero out the Taxable Social Security Tips.

✓ Input TC 112 to zero out the Adjusted Total of Social Security/Medicare Taxes.

✓ Input TC 073 to zero out the Taxable Medicare Wages and Tips.

✓ Input Remarks, for example, "Reprocess from 20XX03 to 20XX06."

Figure 3.14.2-6 Check List for Return Reprocessing

(17)   Transfer the credits claimed on the return to the correct TIN or Tax Period. Input TC 570 on transfer to hold any remaining credit on the losing module. Delete refund if applicable.

(18)   Use CC REQ77/FRM77 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.

   a.   TC 971 requires an Action Code. Always use valid Action Code 001 to indicate that the TC 150 posted to the wrong TIN or tax period.

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b.   The transaction date of the return being reprocessed (TRANS-DT>) is the return received date indicated on RET-RECD-DT field on CC TXMOD screen; not the TC 610 date shown on NRPS notice module. (See Figure 3.14.2-7 , CC REQ77/FRM77 with TC 971.)

```
FRM77 00-1234567         MFT>01  TX-PRD>20XX12  PLN-NUM>      NM-CTRL>BEAR
TC>971     TRANS-REGISTER-IND>    PSTNG-DLAY-CD>    FLC>
EXTENSION-DT>          TC93X-EMP-CD>          TRANS-DT>013120XX
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  TC550-DEFINER-CD>     FEMA-NUM>
ULC>   FREEZE-RELEASE-AMT>               ABA-NUM>
TC46X-GRP-CD>   TC583-DEFINER-CD>   TDI-SELECT-CD>
XREF-TIN>R    XREF-NM-CTRL>
XREF-TX-PRD>20XX10  XREF-PLN-NUM>     XREF-MFT>    MISC>
CORR-DT-IND>    REFILE-LIEN-IND>    -IND>
REPROCESS RETURN
```

1. Input TC 971 on the module when correcting the module.
2. Input the TRANS-DT from the RET-RECD-DT field shown on CC TXMOD.
3. Use TC 971 with Action Code 001 for original return processing.
4. Enter the XREF- TIN to which the return is being reprocessed. If to the same TIN, enter R.
5. Enter the XREF-TX-PRD (tax period) the return is being reprocessed to.
6. Include remarks.

Figure 3.14.2-7 REQ77/FRM77 Inputting a TC 971 AC 001 to Identify a Reprocessed Return

(19)   When reprocessing a return to a prior year module that has a TC 14X or Master File (MF) status of 02 or 03, use CC FRM49 to input a TC 599 with Closing Code 18. This will prevent any further Tax Delinquent Investigation (TDI) action.

(20)   Input TC 971 with the appropriate Action Code (AC) on the incorrect module (to identify cross reference TIN/tax period data) whenever an original or amended/duplicate return posted to an incorrect TIN/tax period and is being reprocessed to a correct module (See IRM 21.7.9.4.1.1, CP/TRNS 193s Involving Reprocessing Returns). Input TC 971 AC 017 on the receiving module regardless of the MF status. When inputting TC 971, use the correct TRNS-DT on REQ77:

  •   TC 971 AC 001 indicates reprocessing TC 150; use the return received date on TXMOD for the TRANS-DT
  •   TC 971 AC 002 indicates reprocessing TC 976; use the posted TC 976 date on TXMOD for the TRANS-DT
  •   TC 971 AC 017 indicates a processed return is being reprocessed to this period; date depends on whether the original TC 150 is being reprocessed or the TC 976

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Note: If the tax return was posted to an earlier tax period with an incorrect date, or to a later tax period whose due date has not yet arrived, use a timely received date for the return as the transaction date of the TC 971 AC 017.

(21) After completing all of the above:

1. Void the notice.
2. Input the appropriate history item on IDRS for notice disposition (e.g., CP 102 VOID).
3. Attach Form 13596 to the front of the return and release with the NRPS package. Clerical will route the Form 13596 to Receipt and Control for processing.

3.14.2.6.18.1
(01-01-2016)
Reprocessing/Adjusting
E-filed Returns

(1) Use CC TRDBV or CC BRTVU if TRDBV is unavailable, to verify return information in lieu of requesting an Electronic File (ELF) return (hard copy print.)

Caution: CC TRDBV or CC BRTVU prints cannot be sent to the taxpayer.

(2) Only obtain a hard copy of the Electronic File (ELF) return if it must be reprocessed or re-input.

a. For tax years before 1998, use CC ESTAB or CC ELFRQ.

Note: ELFRQ may only be used in the Campus that processed the electronic return and the Form 8453-P (Form 1065).

b. On returns submitted via the Legacy e-File program, use CC TRPRT for requesting graphic (form image) prints. The TRPRT graphic will be available nationwide regardless of where the return was filed. The TRPRT print is not considered the original return. The print will be labeled TRPRT PRINT DO NOT PROCESS. However, when the return must be reprocessed, the TRPRT print will be used.

c. On returns submitted via the MeF e-File program, use the EUP (Employee User Portal) to obtain prints to be used for the reprocessing of the returns.

d. If an adjustment is made as the result of case closure, use Blocking Series 05/15 (non-refile DLN) for BMF. Do not use Blocking Series 18.

Caution: Use Universal IDRS to verify that no one else is taking action on the account.

(3) Request Form 8453-P, if needed. When using:

• CC ESTAB, enter Form 8453-P needed in the remarks section
• CC ELFRQ, use action 2

(4) Information (e.g., loose forms, schedules, and correspondence) may not be attached to an Electronic File (ELF) return.

a. File the information using TC 290 in block series 05/15 (non-refile DLN).
b. **DO NOT** use an attachment or association form.
c. Electronic File (ELF) may forward Forms 3465 to the Accounts Management (Adjustments) Function with a problem annotated. Take normal adjustment action.

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(5) Follow local editing procedures.

(6) Route the case to the Processing Function and request a new DLN.

(7) Zero out the module. (See Figure 3.14.2-9 Check List for Return Reprocessing.)

3.14.2.7
(01-01-2024)
Case Resolution

(1) The term ″case resolution″ refers to actions that need to be taken on the tax account in order to resolve a case. There are several different elements that comprise case resolution some of which are:

- Preventing Refunds
- Controlling Cases
- Monitoring Overage Report
- Entity Adjustments
- Tax Adjustments
- Credit Transfers
- Notice Disposition
- Correspondence

Note: This list includes examples of case resolution actions. No all items are not required on every case. This list is not all encompassing.

3.14.2.7.1
(01-01-2025)
Refund Intercepts using Command Code (CC) NOREF

(1) Use CC NOREF to input all refund intercept requests. The preferred method is the NOREF tool in IAT.

Note: To intercept an International refund, input the DLN of the TC 846 as the LOC code on the NOREF screen.

(2) The cutoff for BMF Refunds utilizing CC NOREF is Thursday 4:00 PM (Eastern Time). **Refer to chart in (6) below for exact days and times.**

(3) CC NOREF **cannot** be used to intercept refunds for MFT 02 (Form 1120) and MFT 05 (Form 1041) during accelerated refund cycles. During these cycles, the refund checks are mailed one week early to reduce credit interest paid on the refund. Follow normal review procedures in conjunction with Erroneous Refund procedures (see IRM 3.14.2.7.2.1, Erroneous Refunds).

(4) The following CC NOREF definers are used in Notice Review:

- CC NOREF intercepts refunds and updates the Refund Information File.
- CC NOREFD deletes an intercept request in the same cycle the request was input.
- CC NOREFC updates the Refund Information File when an intercept is requested by phone.
- CC NOREFM updates the Refund Information File if a check was not intercepted by the Regional Disbursing Office.

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CC NOREF Format Example:
1. NOREF
2. C#,Cycle#N,B,RFDL
3. 10-digit TE#, * (Use*,* When TE does own NOREF)
4. Leave Blank
5. TC 846 Amount
6. Location Code (from TXMOD PRIMARY-LOC> first two digits)
7. XX (Refund Deletion Code)

```
NOREF
C#,20XX01N,B,RFDL
0000012345,010120XX

1,000.00
11
84
```
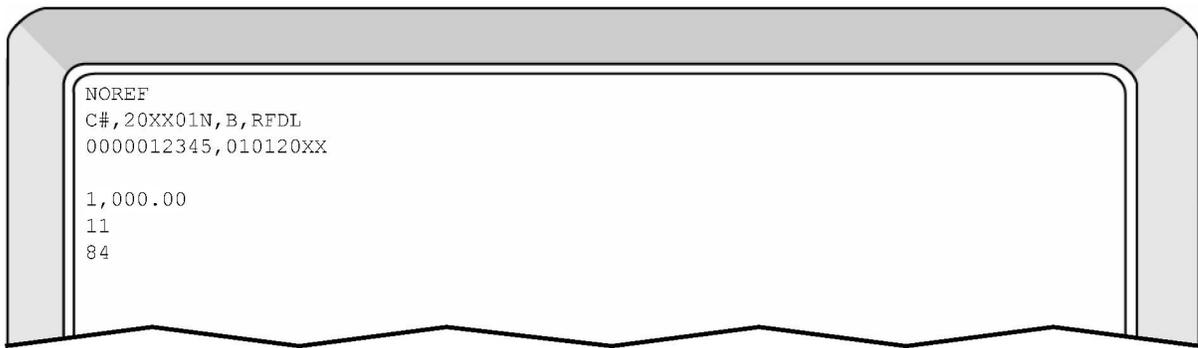
Figure 3.14.2-8 CC NOREF input

(5)   This chart contains a list of **Refund Deletion Codes**.

Code	Reason for Delete
00	No Signature
13	Schedule D
21	Other Income
22	Total Income
31	Total Adjustments to Income
32	Adjusted Gross Income
34	Tax Computation
38	Investment Credit
39	Foreign Tax Credit
43	Total Credits
45	Minimum Tax on Alternative Tax
51	Withholding
52	Estimated Tax Payments
56	Tax on Special Fuels and Oils (Form 4136)
58	Total Payments

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Code	Reason for Delete
75	Taxable Income
77	Credit Elect
78	Payment with Return
79	Incorrect Tax
80	Manual Refund
81	Phone Request to Stop Refund
82	Bad Check
83	FTD Payment
84	Misapplied Credit
85	Correspondence with Taxpayer
86	Assessment to Post
87	Duplicate Filing
88	670 Verification
89	Transfer Payment to Another Period
90	No Document
99	All Other Reasons

(6)   Use the chart below for the 2024 **CC NOREF CUT OFF** day and time.

CYCLE	CUT OFF DAY AND TIME 4:00 PM ET
202403	02/01/2024
202404	02/08/2024
202405	02/15/2024
202406	02/22/2024
202407	02/29/2024
202408	03/07/2024
202409	03/14/2024
202410	03/21/2024
202411	03/28/2024
202412	04/04/2024
202413	04/11/2024
202414	04/18/2024
202415	04/25/2024

CYCLE	CUT OFF DAY AND TIME 4:00 PM ET
202416	05/02/2024
202417	05/09/2024
202418	05/16/2024
202419	05/23/2024
202420	05/30/2024
202421	06/06/2024
202422	06/13/2024
202423	06/20/2024
202424	06/27/2024
202425	07/02/2024
202426	07/11/2024
202427	07/18/2024
202428	07/25/2024
202429	08/01/2024
202430	08/08/2024
202431	08/15/2024
202432	08/22/2024
202433	08/29/2024
202434	09/05/2024
202435	09/12/2024
202436	09/19/2024
202437	09/26/2024
202438	10/03/2024
202439	10/10/2024
202440	10/17/2024
202441	10/24/2024
202442	10/31/2024
202443	11/07/2024
202444	11/14/2024
202445	11/20/2024
202446	11/26/2024
202447	12/05/2024

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CYCLE	CUT OFF DAY AND TIME 4:00 PM ET
202448	12/12/2024
202449	12/19/2024

(7)   CC NOREF will establish a case control base on TXMOD. Maintain an open IDRS case control base on all NOREF cases until all actions have posted and the refund has been released. See Figure 3.14.2-8 (CC NOREF) for input format.

3.14.2.7.1.1
(03-16-2023)
CC NOREFD

(1)   CC NOREFD will cancel a NOREF intercept request if input before the Thursday cutoff. See **CC NOREFD Example** for NOREFD input.

NOREFD
Cancels a NOREF but it must be input before Thursday's deadline
• NOREFD(MFT) TXPD NC • Cxx, CYCLE#C,C,RFDL • 10-digit TE#,* (or *,*)

Note: If the control base has been closed and a CC NOREF was erroneously input, you must re-establish a new control base using CC ACTON **to input the CC NOREFD . This must be done within the same cycle the CC NOREF was input. If there is any doubt on how to perform this procedure, contact the team lead for assistance.**

To Establish an Open Control
• ACTON • C#,ASSIGN,B,OURV • *,*

3.14.2.7.1.2
(01-01-2017)
**CC NOREF Activity
Code**

(1)   CC NOREF creates an activity code in the format, **ppxxxxxxyy**. See **CC NOREF Activity Code** chart below:

Abbreviation	Activity Code
RR	RR- Initial Refund Intercept Request
RD	RD- Intercept Request Deleted
RC	RC-Intercept Request Correct
RM	RM-Intercept Request Missed
xxxxxx	TC 846 (refund) posting cycle

Abbreviation	Activity Code
yy	Refund Deletion Code refer to IRM 3.14.2.7.1.

3.14.2.7.2
(01-01-2016)
**Reconciling Refund
Deletion Requests**

(1) A Control D report will be generated weekly showing a detailed record of all NOREF actions. Conduct research on the following applicable report(s) to determine if any refunds initiated by the campus Notice Review area were not held. These will appear in the "Status" column as "Not Held" See **Campus Refund Deletion Report** chart below.

Campus	Report Name
Austin	160-3R-18
Brookhaven	160-3R-19
Cincinnati	160-3R-17
Fresno	160-3R-89
Kansas City	160-3R-09
Memphis	160-3R-49
Ogden	160-3R-29
Philadelphia	160-3R-28
Campus Totals Summary	160-3R-15

(2) Use CC NOREFM to update the IDRS account information for the refunds that were not held.

(3) Follow the Erroneous Refund procedures in IRM 3.14.2.7.2.1 on any refunds that are determined to be erroneous.

3.14.2.7.2.1
(01-01-2025)
Erroneous Refunds

(1) **This section provides information on processing erroneous refunds. The IRS sometimes issues a refund to a taxpayer who is not entitled to the money. When this occurs, the refund is known as an Erroneous Refund. See IRM 21.4.5, Erroneous Refunds, for more detailed instructions on classifying and processing Erroneous Refunds and for procedures not listed below.**

(2) An Erroneous Refund is defined as **any receipt of money from the IRS to which the recipient is not entitled**. This definition includes all erroneous payments to taxpayers, even if the non-entitlement could not have been known at the time of the refund. The taxpayer may or may not have made an intentional misstatement of income or credits to the IRS.

(3) When an erroneous refund is identified, determine the appropriate erroneous refund category :

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- **Category A1** involves the following types of taxes: income tax, estate tax, gift tax and excise tax. The Category A1 erroneous refund occurs when the tax liability has been understated due to an error on either a tax assessment or on an adjustment to the tax liability and the error results in a refund. See IRM 21.4.5.5.1 for more information.
- **Category A2** involves errors on refundable or non-refundable credits that are subject to deficiency procedures. See IRM 21.4.5.5.2 for more information.
- **Category B** involves the overstatement of Federal income tax withholding credits or estimated income tax payments on a return or a claim for refund. See IRM 21.4.5.5.3 for more information.
- **Category C** involves Business Master File (BMF) accounts and taxes reported on forms such as Form 940, Form 941, Form 943, Form 944 and Form 945. The erroneous refund can result from an error made by the taxpayer or by the IRS. See IRM 21.4.5.5.4 for more information.
- **Category D** include any erroneous refund that is not included in any other erroneous refund category. See IRM 21.4.5.5.5 for more information.
- Duplicate Manual Erroneous Refunds (DMERs) are created anytime a manual refund (TC 840) and a computer-generated refund (TC 846) or two manual refunds are issued for the same overpayment, one of which the taxpayer is not entitled to receive. See IRM 21.4.5.5.6 for more information.

Note: See IRM 21.4.5.5, for more information on erroneous refund categories and procedures.

(4) The following situations may cause or create an erroneous refund. This list is not all encompassing and other causes and effects do exist.

a. **Misapplied payments** is a payment applied to the wrong TIN. The misapplied payment overpays the account, causing an erroneous refund.

b. A taxpayer's **designated** payment posts to the correct TIN but the wrong type of tax or tax year.

c. A **credit refund**, of any type, if the taxpayer is not entitled.

d. Return of **court ordered restitution**.

e. An **incorrect tax assessment**, such as an **incorrect use of Hold Codes or Priority Codes** causing an incorrect refund.

f. An **incorrect tax adjustment** causing an erroneous refund.

g. **Two taxpayers file refund returns,** using the same TIN, and the refund goes to the wrong taxpayer.

h. A **taxpayer fraudulently or by mistake**, receives refunds from more than one TIN for the same tax period.

i. A taxpayer receives a **manual refund (TC 840)** and a **computer-generated refund (TC 846)** for the same overpayment.

j. A taxpayer files a claim on a lost check, **receives a replacement check, finds the original check and cashes both.**

k. A taxpayer makes an **advance payment against a pending tax increase**, and the money refunds **before tax assessment posts.**

l. **Incorrectly computed interest.**

m. A **Direct Deposit is applied to the wrong taxpayer's account** due to IRS error. (Owner of account may or may not be known.)

n. **Improper release of the TC 700 (false credit), U Freeze**. See *Document 6209 Section 8 Chapter 2* for a complete description of TC 700.

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> ***Note:*** On Category D Erroneous Refunds, the Submission Processing Accounting/Erroneous Refund Unit (A/ER), inputs a TC 700 to remove the erroneous refund amount on Master File and the account is reestablished in Accounting. This action is taken to prevent administrative collection action (liens or levies) from occurring on the erroneous refund liability. **Do NOT release the TC 700 credit.**

    o. **Statute Barred Refunds**.
    p. Taxpayer receives erroneous **Health Care Tax Credit (HCTC)**.

(5) Erroneous refund procedures are not necessary in the following situations:

    a. A signature is missing.
    b. Credit elect requested by the taxpayer has refunded.
    c. In a situation, where an error found in Notice Review increases the original tax (TC 150) and there was not a previous tax decrease, treat the tax increase as a regular turnaround case instead of an erroneous refund. Make the adjustment using Blocking Series 00 (non-income tax returns) or 77 (income tax returns) with Hold Code 0. Apply Label 16 and mail the original notice.

(6) Route returns that need to be reprocessed that also have an erroneous refund to Accounts Management and follow the procedures listed below:

    a. Order the return if it is not already with the case.
    b. Complete Form 5101, explaining the erroneous refund and the reason for the adjustment.
    c. Void the notice.
    d. Recharge and route the case to Accounts Management.

(7) Once an Erroneous Refund has been identified, it must be categorized to decide what further actions will be taken. The most common categories worked in Notice Review are **A1 , A2 , B, C, and D.**

> ***Note:*** Input TC 971 action code AC 663 on the erroneous refund module, regardless of the category. AC 663 is used for reporting purposes. Refer to IRM 21.4.5-1 for input instructions.

(8) See **Erroneous Refund Categories** chart below.

If	Then the Category is	Example	
The Erroneous Refund relates to TCs 150, 29X, and/or 30X and the **MFT is not 01, 09, 10, 11, 12, 16, or 88**	**A1** Refer to Exam for deficiency processing. (Only refer cases if 6211 (b) (2) and IRM 21.4.5.5.1.	1. The IRS lowered the tax when originally processing the Form 1120. 2. Incorrect tax assessment or incorrect adjustments (TC 29X or TC 30X), on a Form 1120X.	# # # # #

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If	Then the Category is	Example
The erroneous refund relates to disallowed EITC, TCs 764, 766 OR 768 or disallowed refundable or nonrefundable tax credits	**A2** This was an IRS error. Refer to Exam for deficiency processing. pursue. See IRC 6211 (b) (2) and IRM 21.4.5.5.2.	The taxpayer income tax return not claiming any Rate Reduction Credit (RRC). An error was made during processing and IRS allowed $300.00 in RRC causing a refund of $300.00 RRC. TP contacts IRS explaining that they have already received the maximum amount of credit the previous year and is not entitled to the credit.
The Erroneous Refund relates to taxpayer overstatement of withholding (TC 80X) or ES payments (TC 66X)	**B**	The taxpayer claimed withholding of $1,000.00 on Form 1041 and the supporting documentation only states $500.00,
The Erroneous Refund relates to TCs 150, 29X, and/or 30X and the **MFTs are 01, 09, 10, 11, 12, 16 or 88.**	**C** Refer to Exam for deficiency processing.	1. The IRS makes an incorrect tax assessment (TC 150) on Form 940 or Form 941. 2. The IRS makes an incorrect adjustment to tax (TC 29X or TC 30X) on Form 940 or Form 941.
The Erroneous Refund relates to any error not included in the above categories.	**D**	1. A misapplied payment (TCs 6XX). 2. Incorrect refundable credits (HCTC) or other credits not included in Category **B** . 3. TC 840 and TC 846 posted for the same overpayment, or 4. Refunds issued after expiration of the Statute of Limitations, or 5. Entity errors.

The first row of the Example column is marked with `#` (two lines marked).

(9)   **Category A1** - Rebate Erroneous Refunds

Note: All employees with access to IAT must use the IAT ERRF Tool to process erroneous refunds. This tool is programmed for use with all ERRF categories. For more information, see *IAT Job Aids*.

    a.   Do not input the adjustment.
    b.   Mark the disposition in OLNR as **L**. Add the appropriate erroneous refund label to the notice. See **Erroneous Refund Labels** chart below.

If	Then
The entire refund is erroneous	Use Label 15. You were issued an erroneous refund due to a processing error. Please return the uncashed check or a substitute payment.

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If	Then
A part of the refund is erroneous	Use Label 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.

c.   If any offsets have occurred due to the erroneous credits, reverse the offsets and make sure they remain frozen.

d.   Input history item **CATA1/XXXM or IDRS. (XXX=CP#)**

e.   Recharge the paper return to Exam using **CC ESTABDT.**

f.   Input a TC 971 action code AC 663. See IRM Exhibit 21.4.5-1 , TC 971 AC 663 - Identifying Erroneous Refunds, for more information.

g.   Prepare Form 5101 showing the adjustment action to be taken. Staple the Form 5101 to the front of the return (or to a print of **CC BRTVU for Electronic File (Electronic File (ELF) returns**) below the Entity. (Figure 3.14.2-9 Form 5101).

h.   Staple a copy of **TXMOD** to the front of the return (or to the back of the **BRTVU** print for **Electronic File (ELF)** returns).

i.   Route the Erroneous Refund package to Exam.

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Examination Referral Slip

Area Office

Accounting Stop #

Reason

Referred

- ☐ AIMS Data Base open
  - TIN _____
  - Source Code _____
  - PBC _____ SBC _____
  - EGC/DT _____
  - Status Code _____ Date _____
- ☐ Original return charged to Examination Division.
- ☐ Return previously examined.
  - Disposal Code _____ PBC _____
- ☐ Examination classification (Specify questionable issue.)
  - _____
  - _____
  - _____
- ☑ Other (Specify)
  - Erroneous Refund Category A1
  - Assessment information below.
  - Brief explanation of error with TC 846 Date

Action

Taken

- ☐ Additional tax has not been assessed. If case is not selected for examination, return to sender.
- ☑ Adjustment has been made:
  - TC _290_ $ _500.00_
  - TC _____ $ _____
- ☐ Line Item _____ ☐ Increased ☐ Decreased

  Amount of increase or decrease:
  $ _____

From: (Name or organization title)

IDRS Employee Name

Examiner Number

IDRS Employee Number

Location	Office Symbols	Telephone #	Date
Notice Review/Team/Stop			

Form **5101** (Rev. 9-2006)
Catalog Number 23610Y

Department of the Treasury
Internal Revenue Service

Figure 3.14.2-9 Form 5101 Exam Referral Slip

(10) **Category B** - Non-rebate Erroneous Refunds for income tax returns.

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Caution: If the IRS caused the overstated amount (key input error or misapplied payments), this case is considered a Category "D" (Non-rebate) case. Follow procedures for Category D cases.

    a.   Mark the disposition in OLNR as **L**. Add the appropriate erroneous refund label to the notice. If the notice has already been mailed, skip this step. (See **Erroneous Refund Labels** chart below).

If	Then
The entire refund is erroneous	Use Label 15. You were issued an erroneous refund due to a processing error. Please return the uncashed check or a substitute payment.
A part of the refund is erroneous	Use Label 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.

    b.   Input the adjustment on IDRS with Hold Code 0. Use the return (or a print of BTRVU for Electronic File (ELF) returns) as a source document. Attach adjustment tag to return/BRTVU and refile as usual.

    c.   If any offsets have occurred due to the erroneous credits, reverse the offsets and make sure they remain frozen.

(11) **Category C** - Rebate Erroneous Refunds limited to **MFTs 01, 09, 10, 11, 12,16 or 88:**

Caution: If the IRS caused the overstated amount (key input error or misapplied payments), this case is considered a Category D (Non-rebate) case. Follow procedures for Category D cases.

    a.   Mark the disposition in OLNR as **L**. Add the appropriate erroneous refund label to the notice. If the notice has already been mailed, skip this step. Refer to Figure 3.14.2-3. See **Erroneous Refund Labels** chart below.

If	Then
The entire refund is erroneous	Use Label 15. You were issued an erroneous refund due to a processing error. Please return the uncashed check or a substitute payment.
A part of the refund is erroneous	Use Label 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.

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       b.   Input the adjustment on IDRS with Hold Code 0. Use the return (or a print of BTRVU for Electronic File (ELF) returns) as a source document. Attach adjustment tag to return/BRTVU and refile as usual.

(12)   **Category D** - Non-rebate Erroneous refunds. See IRM 21.4.5.6.1, Account Actions For Category D Erroneous Refunds, for more information.

       a.   Mark the disposition in OLNR as **L**. Add the appropriate erroneous refund label to the notice. If the notice has already been mailed, skip this step. Refer to Figure 3.14.2-3. See **Erroneous Refund Labels** chart below.

If	Then
The entire refund is erroneous	Use Label 15. You were issued an erroneous refund due to a processing error. Please return the uncashed check or a substitute payment.
A part of the refund is erroneous	Use Label 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.

       b.   If the erroneous refund involves misapplied payments, reverse the payment(s) on IDRS using ADC/ADD24. Input a TC 570 on the debit side of the credit transfer to suppress a CP 260. Transfer the credit only if it belongs to another taxpayer.

       c.   If the erroneous refund is due to an incorrect tax or credit, input the adjustment with a Hold Code 3. Use a copy of the return or a print of BRTVU for Electronic File (ELF) returns as a source document. Attach the adjustment tag to the source document.

       d.   If any offsets have occurred due to the erroneous credits, reverse the offsets.

       e.   Input TC 470 on REQ77 with closing code 93, Posting Delay Code 1. This holds notices for 26 cycles.

       f.   Send 510C Letter to tell the taxpayer of the erroneous refund.

       g.   Input TC 844 on REQ77. Do not input until after the TC 846 date.

       h.   See **TC 844 Decision Table** below.

If	Then Input
The taxpayer is not at fault and the amount of the refund is $50,000.00 or less	1. TC 844 2. **Extension Date:** Use the date of input of 510C Letter plus 5 working days 3. **Transaction Date:** Use the date of TC 846 4. **Freeze Release Amount:** Erroneous part of the refund (including any erroneous credit interest) 5. **Remark:** Erroneous Refund

If	Then Input
The taxpayer is at fault or the amount of the refund is more than $50,000.00	1. TC 844 2. **Transaction Date:** The date of TC 846 3. **Remarks:** Erroneous Refund

i.   Complete Form 12356. See IRM 21.4.5.6.2, Preparing Form 12356, Erroneous Refund Worksheet, for more information.

j.   Attach a print of TXMOD, a copy of the 510C Letter, a copy of the payment voucher or check (if caused by a misapplied payment), and any other pertinent documentation to Form 12356. If the adjustment involves withholding, attach a copy of the return (or BRTVU for Electronic File (ELF) returns).

k.   Route the Erroneous Refund package to Accounting. If sending the original return, recharge the document.

3.14.2.7.2.2
(01-01-2025)
Manual Refunds

(1)   A manual refund is an IDRS generated refund request (TC 840). It is exception processing. When possible, allow the system to generate the TC 846 refund as appropriate. Do NOT initiate a manual refund if a generated refund will be released within (2) cycles except under conditions outlined in IRM 21.4.4.3, Why Would A Manual Refund Be Needed.

(2)   Thorough analysis of the case is required before requesting a manual refund as it can greatly increase the possibility of a duplicate refund situation and can increase the processing cost of issuing a refund to the taxpayer.

(3)   Refer to the **Manual Refund Decision Table** below for assistance in determining whether a manual refund is appropriate.

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If	Then
A refund must be issued before or instead of computer generated refunds (TC 846) as outlined in IRM 21.4.4.3	Issue a manual refund.
A refund was intercepted to verify unclaimed payments; the documents were unavailable and the taxpayer did not respond to requests for clarification	Issue a manual refund for the substantiated payments if needed after following Excess Credits IRM 3.14.2.6.7.2 . *Example:* A taxpayer claims three verified payments of $2,000 and an additional payment of $2,260 that cannot be verified. Because the total of the verifiable payments exceed $5,000, issue a manual refund for $6,000. Do not refund the $2,260 payment that cannot be verified.
A refund is for **$100 million** or more	An account with an overpayment of $100 million or more requires that a manual refund be issued because a TC 846 will not generate. Assign these cases to a work leader the same day they are received in the unit. See IRM 3.14.2.6.1.6 ($100 Million Refunds) for more information.
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.

Caution: Do not take any action on a case controlled by the Technical or Taxpayer Advocate Service (TAS) Functions. Contact the controlling area and take action only if instructed by the area to do so.

(4) Before requesting an IDRS refund:

   a.   Make sure that a computer-generated refund will not generate.
   b.   Intercept the refund (TC 846).

(5) Be sure the case is complete and correct before issuing a manual refund. To avoid the generation of a TC 846:

   a.   When an adjustment is input and a manual refund is being requested, a Hold Code (HC) 1 (if original notice was mailed), 2 (as appropriate) or 4 (as appropriate) must be input with the adjustment. If HCs are not input by the initiator, the Accounting function will reject the request back to the initiator. **Do NOT use HC 0 or 3** when inputting a credit adjustment and initiating a manual refund. HC 0 and 3 will not hold the credit and will allow a systemic refund or offset to generate.

   Note: If multiple adjustments are required, a HC 1, 2 or 4 must be used on all adjustments.

   b.   Use a TC 570 on a credit transfer. If a TC 570 is not input on the debit side of the credit transfer to establish a -R freeze, the credit transfer will release the -K freeze (established by using the HC 1, 2, or 4 on the adjustment) and a systemic refund (TC 846) will be generated.

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(6) Form 3753, Manual Refund Posting Voucher and Form 5792, Request for IDRS Generated Refund are used to request a manual refund. See IRM 3.14.2.7.2.2.2, Initiating Manual Refunds, for more information.

3.14.2.7.2.2.1
(01-01-2021)
Manual Refund
Research

(1) Obtain all necessary documents.

(2) Use the IDRS research Command Codes to review the taxpayer's account for a debit balance on another module.

    a. Do not transfer credit to satisfy a balance due if the assessed liability on

\#
\#

    b. All Freeze Codes must be addressed before a manual refund is issued. Refer to IRM 3.14.2.6.6 , Reviewing Notices With Freeze Codes, for additional Freeze Code information.

    c. Do not transfer payments/credits **to** a module containing a freeze code that would prevent the computer from offsetting credits unless it is certain the payments belong on the debit module.

      Note: For Z- Freeze, refer to IRM 3.14.2.6.6.28 for complete instructions.

    d. For parent-subsidiary cases, only research the parent EIN for open liabilities.

    e. Large Corp cases are identified on TXMOD as **\<LARG-CORP\>**, These notices should be routed to the Large Corp/Technical Function in the center.

    f. Do not transfer money to accounts in Installment Status 14.

(3) Decide whether to allow credit interest. See IRM 3.14.2.7.2.2.3 (Computing Credit Interest On Manual Refunds).

(4) See IRM 21.4.4.4, What Research Is Required? for additional guidance on the account research required prior to requesting a manual refund.

3.14.2.7.2.2.2
(07-07-2023)
Initiating Manual
Refunds

(1) Manual refunds are requested using Form 3753, Manual Refund Posting Voucher or Form 5792, Request for IDRS Generated Refund.

(2) Once prepared and signed, Forms 3753 and/or 5792 are routed to the Submission Processing Accounting function where the manual refund will be scheduled and certified.

Note: Digital signatures are required on Form 3753 and Form 5792. See IRM 3.17.79.3.5.5 , Manual Refund Digital Signature Requirement, for the required authorized digital signature format.

(3) The manual refund document must be prepared using the Integrated Automation Technology (IAT) Manual Refund Tool.

(4) Form 3753 is designed for non-IDRS input. Systemic refunds can now be generated in IDRS (TC 846) for refunds under $100 million, unless a manual refund is required. When a manual refund of $100 million or more is required, Form 3753 must be used. For additional information on Form 3753 and how to complete it, see IRM 21.4.4.5.2, Preparation of the Form 3753, Manual Refund Posting Voucher.

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(5)   Form 5792 is used with CC RFUND to request an IDRS refund. This form cannot be used to request manual refunds of $100 million or more. Refer to IRM 21.4.4.5.1, Preparation of Form 5792, Request for IDRS Generated Refund for more information on completing Form 5792. Refer to IRM 21.4.4.5.1.1, IDRS Generated Refund CC RFUND for additional information on inputting CC REFUND.

Caution: **Form 5792** must be sent forward the same day the RFUND command is input. All manual refunds will be sent to Accounting via email or saved to an established shared drive file.

(6)   When referring cases to the Accounting function, ensure the following steps are taken:

a.   When sending the manual refunds to the Accounting Function, the email or file on the shared drive will consist of two attachments. One attachment will be the **Form 5792** or **Form 3753** and the second attachment will consist of the supporting documentation. There can be no other documents attached to the **Form 5792** or **Form 3753**. Each document must be saved by a specific naming convention.

Example: The naming convention for the **Form 5792** and **Form 3753** attachment will use: Name Control, Last 4 digits of the TIN/EIN, Tax Period and document identifier. The naming convention for the supporting documentation will use: Name Control, Last 4 digits of the TIN/EIN, Tax Period and Doc identifier. Refer to the **Naming Convention Table** below:

Type of Attachment	Naming Convention	Naming Convention for More than One Form/Attachment
Form 5792	MOUS 1234 202112 5792.pdf	MOUS 1234 202112 5792_1.pdf
Form 3753	MOUS 1234 202112 3753.pdf	MOUS 1234 202112 3753_1.pdf
Supporting Documentation	MOUS 1234 202112 5792 Doc.pdf or MOUS 1234 202112 3753 Doc.pdf	MOUS 1234 202112 5792 Doc_1.pdf or MOUS 1234 3753 Doc_1.pdf

Note: See IRM 21.4.4-3, Accounting Function - Manual Refund Team Contact Information, to determine the proper email address to send your manual refund request.

b.   Take all necessary action to prevent an erroneous refund or erroneous notices from generating.

c.   In the remarks area of the **Form 5792** or **Form 3753**, include the taxpayer's TIN, the tax period, and the transaction code where the supporting document will be filed.

d.   If a manual refund will be issued to an address other than the Master File address, explain the different address in the remarks area and indicate where the supporting documentation will be filed.

(7) Input the Return Processable Date (RPD) on IDRS if the correspondence was received after the Return Due Date. See the **Changing the Correspondence Date** chart below for more information.

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 .00, Blocking Series 15, NSD, and a Hold Code 4.

(8) Attach a copy of the IDRS screen prints for the following Command Codes: COMPA, ENMOD, TXMODA, RFUNDR, REQ54/ADJ54, credit transfers (if input), and any additional supporting documents, as required by your local Accounting Branch.

(9) Submit the completed Form 5792 or Form 3753 to your team lead/manager for digital signature.

3.14.2.7.2.2.3
(01-01-2025)
Computing Credit Interest on Manual Refunds

(1) Credit interest is mandatory on an overpayment or refund if certain conditions specified in the Internal Revenue Code (IRC 6611) are met. Compute credit interest using CC COMPA, CC COMPAC and/or CC COMPAG. The IRS currently approves and supports the use of IDRS (e.g., CC COMPA) and a commercial off-the-shelf (COTS) software program, Interest Net by Decision Modeling, Inc., which is commonly referred to as ACT/DMI, to perform manual interest computations. See IRM 20.2.4, Overpayment Interest, for more details.

(2) An overpayment is defined as an amount paid in excess of the tax liability. Tax liability includes tax, penalties and interest. Interest is paid on the available net overpayment.

(3) Generally, no interest is allowed for overpayments on an original return if the overpayment is refunded within 45 days of the later of the return due date, return received date, or the date the return was received in processable form.

(4) If the return is not in processable form, suspend the 45 day interest-free period. The return or case is not considered to be in processable form until, among other requirements, all the required information, correspondence, or supporting documentation needed to permit the mathematical verification of tax liability shown on the return is received. The start date for the 45 day interest-free period, for these cases, is the correspondence received date (CRD). See IRM 20.2.4.6, Unprocessable Returns, for more information.

(5) To determine whether the 45-day period has been met, consider these dates:

 a. The original return due date (determined without regard to any extension of time for filing the return).
 b. The original return received date (used when the return is received after the return due date, determined without regard to any extension of time for filing the return)

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     c.   The date the original return was received in processable form (Return Processable Date (RPD), or Correspondence Received Date (CRD) may be present).

Note: The Manual Refund scheduled Date cannot be a Saturday, Sunday, or Holiday.

Reminder: Night shift employees must use local procedures for correct Manual Refund schedule dates.

(6)   To calculate the correct **To** and **From** dates see IRM 21.4.4.6, Other Manual Refund Requirements.

(7)   Use the appropriate CC COMPA definer to compute credit interest for the period decided above (**To** and **From** dates). See the **COMPA Definer Decision Chart** below.

If	Then
Credit interest before 1/1/99 for a ″Non-Corporate″ taxpayer	Compute using COMPAC
Credit interest on or after 1/1/99 for a ″Non-Corporate″ taxpayer	Compute using COMPA or COMPAD.
Credit interest before 1/1/95 for a ″Corporate″ taxpayer, regardless of the overpayment amount (See IRM 20.2.4.9 , Special Credit Interest Rules for Corporations, for the definition of a ″Corporate″ taxpayer.)	Compute using COMPAC
Credit interest on or after 1/1/95 for a ″Corporate″ taxpayer and the overpayment amount is less than or equal to $10,000	Compute using COMPAC
Credit interest after 12/31/94 for a ″Corporate″ taxpayer and the overpayment amount is greater than $10,000, or the GATT threshold has previously been met (See IRM 20.2.4.9.2, Determining the GATT Threshold.)	Compute using COMPAG (GATT). *Note:* Add the COMPAC (first $10,000) with the GATT interest (over $10,000) for the total interest allowed

3.14.2.7.3
(01-01-2025)
Controlling Cases

(1)   Establish a control base on IDRS for all cases held in suspense past the notice cycle. This will cause the case to appear on the weekly Overage Report. This aged listing should be reviewed each week. The Control D report job name to review the Overage Report (aged list) is CCA4243*.

Caution: Do not hold a notice without pre-approval from Headquarters staff unless otherwise indicated in this IRM.

Reminder: All control bases must remain open until all actions have been taken (including notice disposition)**and** all refunds have been released to the taxpayer if applicable.

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(2) A control base is automatically established with the input of NOREF. The preferred NOREF input method is IAT Stop Refund tool.

(3) Intercept refunds on overpaid cases if account actions will decrease the overpayment.

    a. Make the necessary adjustment in cycle.
    b. If after the account actions are taken the account will remain overpaid and the taxpayer should receive a refund ensure to post delay the adjustment or credit transfer by at least one cycle.
    c. Be sure to leave your case control in "B" status monitoring the case until the all actions have posted and refunds have been released.

(4) The Regional Financial Center issues a listing of refund cancellations (refund deletions) that indicates which refunds were canceled and which were issued due to a failed refund cancellation.

If a Refund Was	Then
Not Held	Change activity to RM.
Stopped	The TC 841 will post in three to four weeks. The Category Code will automatically change from RFDL to 841P.

(5) Monitor the overage listing so the case can be worked and closed within one week of the TC 841 posting. After one week, the case will count as an aged case. (See IRM 3.30.123, Processing Timeliness.)

Note: These cases can be worked in the current cycle by using a posting delay code. Monitor the account and maintain the "B" status.

(6) If a case is controlled by another tax examiner in **A Status only** and action should be taken:

    a. Contact the tax examiner with the open control to decide who will resolve the case.

       Exception: Contact is not necessary if the open control is assigned to a clerical unit. (Clerical units are often identified by all zeroes in the last 5 digits of the employee number (i.e., XXXXX-00000), although numbers other than zero may also be used.) This means the case has **not** been assigned to a tax examiner in another area **and** can be worked per Notice Review procedures.

    b. If the other tax examiner agrees to accept the case, transfer the case and close your control base. Use CC ESTABDT to recharge the return if paper **and** in Notice Review. Route the return and all pertinent documents to the other area tax examiner.

Note: Include documentation of your discussion as part of the case.

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3.14.2.7.4
(01-01-2024)
**Documenting
Adjustment Cases**

(1) Leave a legible working trail and/or Action Trail when making adjustments. If your Campus has written in-house agreements which vary from the instructions below, you may follow them.

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 TEs 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.

3.14.2.7.5
(01-01-2025)
Entity Adjustments

(1) Notice Review can only adjust certain entity errors. Review section IRM 3.14.2.6.1.1.3 , Name and Address, before considering an entity adjustment to determine if an adjustment is needed, and if it can be performed by Notice Review or must be routed to the Entity Control Unit.

Caution: Never update a prior year name line with current processing year information.

(2) Before adjusting, or routing if required, determine if the entity error is critical or non-critical. This determination identifies if a refund deletion (CC NOREF) is required.

  a. An entity error is considered **critical** when the taxpayer **will not** receive the refund (or be able to cash the check) **and** notice unless an entity adjustment is made.

   Caution: Delete the refund (CC NOREF) **only** if the taxpayer will not receive **or** not be able to cash a **paper** check. Direct deposit refunds that have been validated in IDRS will never have critical entity errors. See below for direct deposit indicators.

  b. An entity error is considered non-critical when the taxpayer will receive the notice and refund, if applicable, as addressed (including the ability to cash a paper refund check).

   Reminder: Even non-critical entity errors should be corrected on the entity tab in OLNR **and** IDRS (if routing to Entity Control is not required).

(3) If the taxpayer has requested their refund via **direct deposit**, verify the direct deposit will be processed using BMFOLT direct deposit codes. Do **not** delete the refund (NOREF) for a critical entity error unless BMFOLT codes indicate the taxpayer will **not** receive a direct deposit.

  a. The BMFOLT field, **DIR DEP CD**, indicates if a direct deposit was requested by the taxpayer and if the direct deposit was validated and will occur. Below is a list of common direct deposit codes. **A valid direct**

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deposit will be received by the taxpayer if the field number is 10. See *BMFOL DEFINER T RESPONSE SCREEN* BMFOL Definer T - Tax Module Response Screen field 48 for more information.

- • Blank - Taxpayer did not provide direct deposit information
- • 10 - Routing Transit Number and Depositor Account Number present with a significant refund. Direct deposit will be received by the taxpayer.
- • 21 - Invalid Routing Transit Number because non-numeric or all zeroes.
- • 23 - Invalid Routing Transit Number because the first two digits are invalid.
- • 42 - CAF Return (Power of Attorney is present).
- • 50 - Rejected by the bank.

(4) If per IRM 3.14.2.6.1.1.3 , Name and Address, Notice Review **cannot** do the adjustment. The case must be routed to the Entity Control Unit. Follow the steps below **before** routing:

a. If the entity error is identified as critical per the criteria above, input a CC NOREF to delete the refund.
b. In OLNR, mark notice with "H "and notify the lead.
c. Request the return if not available.
d. Make a copy of the NRPS quick print notice and the return entity section.
e. Route the copies to the Entity Control Unit per local procedures, including a request to review and update entity.

(5) Once the Entity Control Unit has performed the necessary updates, they will route the information back to Notice Review per IRM 3.13.2.2 paragraph (3).

a. Review ENMOD to ensure the entity correction has been input and is either pending or posted.

   Caution: If no changes are pending or posted in IDRS, refer the case to your lead or manager for communication with the Entity Control Unit.

b. It the entity case is **non-critical** proceed to OLNR and update the entity on the notice using the information from the Entity Control Unit and ENMOD.
c. If the case is a **critical** entity error and the ENMOD entity change is **pending** but has **not** posted, input a REQ54/ADJ54 TC 290 .00 with a posting delay code of 1 to allow time for the TC 841 to post and the credit to return to the module from the deleted TC 846. The TC 290.00 posting will remove the P- freeze allowing the refund to release. Using the information from Entity Control and ENMOD correct the entity on the notice in OLNR.

   Reminder: Maintain an IDRS Control base on all NOREF cases until all actions have posted and the refund has been released.

d. If the case is a **critical** entity error, and the ENMOD entity change has **posted** then input a REQ54/ADJ54 TC 290 .00 with no posting delay code. The TC 290.00 posting will remove the P- freeze allowing the refund to be released. Using the information from Entity Control and ENMOD updates correct the entity on the notice in OLNR.

   Reminder: Maintain an IDRS Control base on all NOREF cases until all actions have posted and the refund has been released.

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(6) If the taxpayer account contains a **critical** error, the taxpayer **will not** be able to cash a paper check (and will not be receiving direct deposit) **and** Notice Review is allowed to make the correction:

- Stop the refund (NOREF).
- Correct the name and/or address in IDRS **and** OLNR in cycle.

  Caution: The Integrated Automation Technologies (IAT) tool **must** be used by Notice Review to make address changes. Be sure to correct all misspelled or transposed information.

- Release the refund by inputting REQ54/ADJ54 TC 290 .00 with a posting delay of 1 to allow time for the TC 841 to post and the credit to return to the module from the deleted TC 846. The TC 290.00 posting will remove the P- freeze allowing the refund to be released.

  Reminder: Maintain an IDRS Control base on all NOREF cases until all actions have posted and the refund has been released.

(7) If the taxpayer account contains a **non-critical** error **and** Notice Review is allowed to make the correction, correct the name and/or address in IDRS **and** OLNR in cycle.

3.14.2.7.6
(01-01-2025)
Tax Adjustments

(1) Input CC REQ54 on IDRS to generate ADJ54, which is used to correct the tax, penalty, interest, refundable credits, income, and other information. Do **not** access IDRS CC REQ54 until all CRNs, IRNs and dollar amount adjustments have been calculated including the expected final module balance. The following sections give TEs instructions for Blocking Series, Reasons Codes, Priority Codes and Source Codes. For more information refer to *Document 6209 Section 8C* and IRM 21.5.1 and IRM 21.5.2. For **International Tax Adjustments** refer to IRM 21.8.2. For **Form 706, 706-NA, 709 and 709-NA**, refer to IRM 3.14.2.6.7.1.5 for routing procedures.

3.14.2.7.6.1
(01-01-2025)
Blocking Series

(1) The Blocking Series (BS) indicates whether a DLN will be a refile 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 when entering an adjustment that uses the original return as the source document.

   a. The original return will be renumbered using the adjustment DLN.
   b. Line through the original DLN on the return unless local procedures dictate otherwise.

(3) Use Blocking Series 15 when adjusting Electronically Filed Returns or cases that do not use the original return as the source document (e.g., adjustment to penalties, interest, or to release a freeze).

Exception: Blocking Series 17 is used for Form 1041, MFT 05 when making an adjustment that does not use the original return as the source document.

   a. The original return will not be renumbered.
   b. Do not line through the original DLN.

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(4) Use Blocking Series 77 when entering an adjustment that uses the taxpayer's original, amended, superseding, or supplemental return as the source document **and** the result of the adjustment will be a tax amount greater than the tax reported by the taxpayer. The use of blocking 77 or 78 (see below) will set a -G Freeze or extend an existing one, allowing the taxpayer 60 days from the 23C Date of the notice to appeal the assessment, known as math error appeal rights. Use of blocking series 77 or 78 also suspends Collection activity for 12 cycles.

Exception: Use Blocking Series 78 instead of 77 when adjusting Electronically Filed Returns, or adjustments without the paper document when math error appeal rights need to be granted due to a tax increase greater than the taxpayer's reported amount..

3.14.2.7.6.2
(01-01-2024)
Reason Codes

(1) Reason Codes appear on IDRS to describe adjustment or other changes made to taxpayers account.

- Reason Code 062 is valid for penalty abatements/adjustments, based on reasonable cause
- Reasonable cause codes are used in the 4th position of RSN-CDS field in the REQ54/ADJ54 format
- When adjusting FTD penalties, Penalty Computation Codes 003, 011, 041, 042, 043,044 and 045, are used in the 1st position of the RSN-CDS field in the REQ54/ADJ54 format
- See Document 6209 for additional valid 4th position Penalty Reason Codes

Caution: Do not enter Source Codes, Reason Codes, or Item Reference Numbers on a TC 290 .00 input to release a P- Freeze.

3.14.2.7.6.3
(01-01-2024)
Hold Codes

(1) Use a Hold Code for one or both of the following reasons:

- To prevent a refund by freezing an overpayment
- To suppress the Adjustment Notice (CPs 210 or 220)

(2) Use a Hold Code 0 when the taxpayer needs to receive an adjustment notice.

If an	Then the taxpayer needs an Adjustment notice to explain
Adjustment will create a second refund	The adjustment and the second refund.
Original notice was mailed in error	The change to the taxpayer.

(3) Notice Review may only use the following Hold Codes:

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Hold Code	Prevents Notice	Prevents Refund	Description
0	No	No	Use when no other hold code is needed.
1	No	Yes	Sets a -K Freeze to hold the overpayment until one of the following: • Doc Code 24 or 34 credit transfer posts. • A TC 830 or TC 820 posts. A Doc Code 51 TC 300 posts. • The module balance becomes zero or a debit. • A TC 29X or TC 30X posts. **Caution:** The -K Freeze will not be set if any of these conditions post in the same cycle as the adjustment with the Hold Code. **Example:** A Doc Code 24 transfer posting in the same cycle as a CC REQ54 adjustment needs a TC 570 to hold the credit.
3	Yes	No	Use when retyping or voiding the original notice to reflect an adjustment other than a math error increase in the taxpayer's liability.
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 on the taxpayer's return as originally filed. For additional information, see Hold Codes & Notices, IRM 20.1.2.2.10.

3.14.2.7.6.4
(01-01-2024)
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 424).

Note: Use Priority Code 1 if both 1 and 8 are required to adjust an account.

(3)   Use Priority Code 4 to:

•   Release the -Q Freeze when inputting TC 290 .00
•   This allows the credit to refund

(4)   Use Priority Code 8 when entering:

•   A TC 29X adjustment within $10.00 of a previous adjustment to bypass UPC 328 Condition RC 1.

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Exception: Priority Code 8 is unnecessary if the previous TC 29X is a TC 29X .00 with Priority Code 6.

3.14.2.7.6.5 (01-01-2024) **Return Processable Date (RPD)**	(1) A return is not considered complete and processable until all taxpayer information needed to permit the mathematical verification of a tax liability shown on the return (such as missing signatures, Form 1310, or any missing forms or schedules) is received.
	(2) 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.
	(3) This will also restrict credit interest for 45 days. Future computations of credit interest will be figured from the date of the Correspondence Received Date (CRD) or the Return-Processable-Date Field.
3.14.2.7.6.6 (01-01-2024) **Credit Reference (CRN) and Item Reference Numbers (IRN)**	(1) CRN and IRN are sometimes used interchangeably, when discussing adjustments. IRNs (also known as Item Adjustment Codes) are used to adjust tax, wages and general ledger information recorded in IDRS. CRNs are used to adjust applicable credits.
	(2) CRNs and IRNs are input in IDRS in the **CD** field of CC ADJ54 the response screen from the input of CC REQ54.
	(3) A maximum of four credit reference numbers can be input at one time on MFTs 02, 05, 33, 34 and 61. All other MFT's accept a maximum of eight credit reference numbers.
	(4) Review IRNs and CRNs carefully before transmitting REQ54 adjustments. Forgetting a trailing minus or an incorrect input of cents (as applicable) can cause adjustments to unpost.
	(5) If you have further questions on credit and item reference numbers for adjustments, see the following subsections for specific CRN and IRN numbers by Form and MFT. In addition, for more information see IRM 21.7, Business Tax Returns and Non-Master File Accounts and *Section 8C of the Doc 6209*.
3.14.2.7.6.6.1 (01-01-2025) **CRNs/IRNs for Forms 706, 706-NA (MFT 52) and Forms 709 and 709-NA (MFT 51)**	(1) Form 706 is used for the estates of decedents who were either U.S. citizens or U.S. residents at the time of death. Form 706-NA is used for the estate of a nonresident, not a citizen of the U.S. if the part of the gross estate situated in the U.S. together with the gift tax specific exemption and the amount of adjusted taxable gifts exceeded $60,000 at date of death.
	(2) Form 709 is used to report transfers subject to the Federal gift and certain generation-skipping transfer (GST) taxes and figure the tax, if any, due to those transfers. Form 709-NA is used to report transfers subject to the Federal gift and certain generation-skipping transfer (GST) taxes and figure the tax, if any, due to those transfers from a Nonresident Not a Citizen of the United States.
	(3) Do **not** adjust Forms 706, 706-NA, 709 or 709-NA.. Route to Cincinnati SB/SE per IRM 3.14.2.6.7.1.5.

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(01-01-2024)
CRNs/IRNs for Form 720 (MFT 03) | (1) | Form 720 is used to report liability by IRS number and to pay excise taxes levied on specific services and the manufacturing and sale of certain items. The items are identified by an IRS Abstract Number on the return. When the tax is adjusted on Form 720 the IRS Abstract Number must be adjusted also. |

Note: If Abstract 133 (PCOR) is adjusted, the SHIP and ASIHP fields must be reviewed for a possible adjustment. For example: If the PCOR tax liability is reduced to zero, the SHIP and ASIHP fields must also be reduced to zero.

(2) See *Doc 6209 Form 720- All IRS Abstract numbers* and IRM 3.14.2.6.15.1 for specific adjustment information.

3.14.2.7.6.6.3
(01-01-2024)
CRNs/IRNs for Form 940 (MFT 10)

(1) Form 940 is used to report employer annual Federal Unemployment Tax Act (FUTA) tax. FUTA tax, together with state unemployment systems, provides for payments of unemployment compensation to workers who have lost their jobs. Most employers pay both federal and state unemployment taxes.

(2) The only items adjusted on Form 940 are TC 29X and FUTA wage and tax amounts.

(3) All increases and decreases in tax and wages must use reference alphas in conjunction with the state indicated on the return. Use the appropriate alpha below followed by the state code.

   a. "W" is used to increase or decrease the wages posted for Form 940.
   b. "T " is used to increase or decrease the taxes posted for Form 940.

   Example: To adjust wages posted for Missouri on Form 940 the CD field of the adjustment is **WMO**.

(4) The total of the tax reference "T " amounts must equal the TC 290 or the TC 291 tax adjustment.

3.14.2.7.6.6.4
(01-01-2024)
CRNs/IRNs for Form 941 (MFT 01)

(1) Form 941 is used to report the employer share and employee share of social security tax and Medicare tax, withheld federal income tax, and, if applicable, withheld Additional Medicare tax.

(2) All increases and decreases in tax must use reference numbers for employment tax returns.

Reminder: **The sum of the reference numbers 111, 112, and 113 must equal the TC 290 or TC 291 amount**. **The sum of the reference numbers 104 through 110 must equal 113.**

Number	Definition
004	Taxable Social Security Wages
005	Taxable Social Security Tips (Form 941 only) (FITP)
007	Adjusted total of Social Security/Medicare taxes
073	Taxable Medicare Wages and Tips

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Number	Definition
074	Taxable Wages & tips subject to Additional Medicare Tax withholding
079	ETE/ETAP IRC 3509 Rate
104	Special additions to federal income tax
105	Special additions to social security and Medicare tax
106	Current quarter fractions of cents
107	Current quarters sick pay
108	Current quarters adjustments for tips and group life insurance
109	Current years income tax withholding adjustments
110	Prior quarters social security and Medicare taxes
111	Total income tax withheld
112	Total social security and Medicare tax
113	Total adjustments
114	Section 3121(q) Notice and Demand - Tax due on un-reported tips (Form 941 only), tax period 201103 and subsequent
119	Qualified Small Business Payroll Tax Credit for Increasing Research Activities NOTE: For ease of reference, this credit is generally referred to as the "QSB Research Credit".
280	COVID-19 CARES Act - 2302 Payment Deferral Credit
290	Work Opportunity Credit (for tax periods after 201112)
296	COVID-19 CARES Act - Employee Retention Credit, effective 04/01/2020 - 12/31/2020
299	COVID Sick & Family Leave Credit - **For 2020 only**

3.14.2.7.6.6.5
(01-01-2024)
CRNs/IRNs for Form 943 (MFT 11)

(1) Form 943 is filed by agricultural employers to report income tax withheld and social security and Medicare taxes on wages paid to farm workers, including household employees working in a private home on a for-profit farm.

(2) On all Form 943 series adjustments, all increases and decreases in tax must use reference numbers for employment tax returns.

Reminder: **The sum of the reference numbers 003 and 007 must equal the TC 290 or TC 291 amount.**

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Number	Definition
003	Adjusted Total of Income Tax Withheld
004	Taxable Social Security Wages
007	Adjusted total of Social Security/Medicare taxes
073	Taxable Medicare Wages and Tips
074	Taxable Wages & tips subject to Additional Medicare Tax withholding
119	Qualified Small Business Payroll Tax Credit for Increasing Research Activities NOTE: For ease of reference, this credit is generally referred to as the ″QSB Research Credit″. *Caution:* For Form 943, IRN 119 is only valid for tax periods 201712 and later.
185	Adjustment to Withheld Social Security/Medicare tax -**only used on Form 943 adjustments for fractions of cents and third-party sick pay.**
280	COVID Deferral Amount -See IRM 3.14.2.6.4.10 for more information.
290	Work Opportunity Credit (for tax periods after 201112)
296	COVID Employee Retention Credit**- For 2020 only**
299	COVID-19 FFCRA Sick and Family leave Credit, effective 04/01/2020 - 12/13/2020. Formerly COBRA premium assistance credit (for tax year 2009 through 03/31/2020)

3.14.2.7.6.6.6
(01-01-2024)
CRNs/IRNs for Form 944 (MFT 14)

(1) Form 944 was designed so the smallest employers (those whose annual liability for social security, Medicare, and withheld federal income taxes are $1,000 or less) will file and pay these taxes only once a year instead of every quarter.

(2) On all Form 944 series adjustments, all increases and decreases in tax must use reference numbers for employment tax returns.

Reminder: **The sum of the reference numbers 111, 112, and 113 must equal the TC 290 or TC 291 amount. The sum of 104, 105, 106, 109 and 110 must equal 113.**

Number	Definition
004	Taxable Social Security Wages
007	Adjusted total of Social Security/Medicare taxes

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Number	Definition
073	Taxable Medicare Wages and Tips
074	Taxable Wages & tips subject to Additional Medicare Tax withholding
079	ETE/ETAP IRC 3509 Rate
104	Special additions to federal income tax
105	Special additions to social security and Medicare tax
106	Current quarter fractions of cents
107	Current quarters sick pay
108	Current quarters adjustments for tips and group life insurance
109	Current years income tax withholding adjustments
110	Prior quarters social security and Medicare taxes
111	Total income tax withheld
112	Total social security and Medicare tax
113	Total adjustments
114	Section 3121(q) Notice and Demand - Tax due on un-reported tips (Form 941 only), tax period 201103 and subsequent
119	Qualified Small Business Payroll Tax Credit for Increasing Research Activities NOTE: For ease of reference, this credit is generally referred to as the "QSB Research Credit".
280	COVID-19 CARES Act - 2302 Payment Deferral Credit
290	Work Opportunity Credit (for tax periods after 201112)
296	COVID-19 CARES Act - Employee Retention Credit, effective 04/01/2020 - 12/31/2020
299	COVID Sick & Family Leave Credit - **For 2020 only**

3.14.2.7.6.6.7
(01-01-2024)
CRNs/IRNs for Form 945 (MFT 16)

(1) Form 945 is filed by payers of non-payroll payments to report income tax withheld.

Reminder: **The sum of the reference numbers 003, 008 and 184 must equal the TC 290 or TC 291.**

Number	Definition
003	Adjusted total of income tax withheld (AITW)

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Number	Definition
008	Backup Withholding (BUWH)
184	Adjustment of Withheld Income Tax (ATWH)

3.14.2.7.6.6.8
(01-01-2024)
CRNs/IRNs for Forms 990 (MFT 67) and 990-T (MFT 34)

(1) Form 990 is used by tax-exempt organizations, nonexempt charitable trusts, and section 527 political organizations to provide the IRS with the information required by section 6033.

Number	Definition
151	Failure to Distribute Income
152	Excess Business Holdings
153	Investments which Jeopardize Charitable Purpose
154	Taxable Expenditures
182	Excess Grass Roots Contributions
183	Excess Lobbying Contributions
213	Tax on Political Expenditures
214	Tax on Disqualifying Lobbying Expenditures
391	Issue Price
411	Date of Issue
412	Maturity Date

(2) Form 990-T is an Income tax return filed by exempt organizations with unrelated business income.

Note: Anytime taxable income is changed due to an adjustment, use IRN 886 to correct the taxable income. When decreasing taxable income, use IRN 886 with a minus (-) after the money amount.

Number	Definition
221	Partnership tax assessment amount
222	Partnership interest amount

3.14.2.7.6.6.9
(01-01-2024)
CRNs/IRNs for Form 1120 (MFT 02) and Form 1041 (MFT 05)

(1) Form 1120 is used to report the income, gains, losses, deductions, credits, and to figure the income tax liability of a corporation.

(2) Form 1041 is an income tax return filed by a fiduciary for every domestic estate or domestic trust for which they act.

(3) Form 1041 and 1120 can be adjusted with the below IRNs.

Number	Definition
221	Partnership tax assessment amount
222	Partnership interest amount
263	IRC Section 965

3.14.2.7.6.6.10
(01-01-2024)
CRNs/IRNs for Form 4720 (MFT 50)

(1) Form 4720 is used by private foundations, foundations managers, and disqualified persons to compute certain excise taxes which may be due under IRC 42.

Number	Definition
151	Failure to Distribute Income
152	Excess Business Holdings
153	Investments which Jeopardize Charitable Purpose
154	Taxable Expenditures
182	Excess Grass Roots Contributions
183	Excess Lobbying Contributions
213	Tax on Political Expenditures
214	Tax on Disqualifying Lobbying Expenditures

3.14.2.7.6.6.11
(01-01-2024)
CRNs/IRNs for Form 5329 in Conjunction with Form 1041 (MFT 05)

(1) Form 5329

Number	Definition
160	Tax on Excess Contributions.
162	Tax on Excess Accumulation
233	Tax on Medical Savings Accounts (MSA)
235	Education IRA 1997 and later
236	Roth IRA 1997 and later
237	Prohibited Tax Shelter Transaction

Caution: **The sum of the 160 and 162 amounts must balance to the TC 29X amount.**

3.14.2.7.7
(01-01-2025)
Credit Transfers

(1) The use of IAT is required for inputting credit transfers in IDRS.

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Exception: An accounting general ledger credit transfer is required to transfer a TC 620 payment from an MFT 50 to the correct module, due to programming issues, this credit transfer must be done by completing Form 2424, Account Adjustment Voucher. Use the TC 620 payment date and amount for both the TC 622 and TC 620, debit and credit sides of the transfer. Route the completed form and supporting documentation to the accounting team associated with the campus for the payment DLN. See IRM 21.7.7.7.4.1.1.2, Form 2424 Instructions, for more information.

(2)   Use a credit transfer to move credits from one tax module to another. Keep the following in mind when transferring a credit:

a.   Check TXMOD and BMFOL to make sure the credit is available for transfer and has not previously been transferred, offset or refunded.
b.   Do not transfer a pending credit unless it has posted on BMFOLT.
c.   Not all transaction codes are valid for all MFTs. Use the Document 6209 to verify transaction codes from MFT to MFT transfers. Change payment transaction codes in the IAT tool as needed.

   Example: A TC 620 extension payment misapplied to MFT 78 that needs to be transferred to MFT 52 requires a TC change since TC 620 is not valid for MFT 52.

d.   The date of the debit reversal must be exact if transferring a payment, because any discrepancy will cause an unpostable.

   Note: ADD/ADC24 can be used to change the date of the TC 610 when required. (Use Override Code 2)

e.   Money amounts must be exact unless splitting a payment.

Note: Any credit amount input greater than the posted credit will cause an unpostable.

f.   When transferring two or more credits with the same date, and the credit reversals amounts are exact matches of the posted credit transactions, they may be transferred in any order.
g.   When splitting two or more credits with the same date, input the transaction from the largest to smallest to avoid creating an unpostable.

   Note: The computer will look for and reverse an exact match before it will split a payment. If there is no match, the first payment with a sufficient amount will be split.

Reminder: For Notice Review when inputting a credit transfer you are not required to make it a source document to associate to files.

(3)   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 Code is used.

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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 the 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 and on CC ADJ54 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.

(4) Be aware of 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 on your CC REQ54 adjustment immediately after the IDRS field POSTNG-DLAY-CD>___ to avoid erroneous notices, offsets, and refunds.

(5) A credit transfer affects two different tax modules unless the only purpose of the transfer is to change the payment date.

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).

(6) The last module requested with CC TXMOD (the primary module) decides which command code to use to move the credit. To reduce the chance for errors, use the notice module as the primary module. Decide 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).

(7) 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.

(8) Reverse multiple offsets separately. Do not lump them together.

(9) Use a Posting Delay Code to delay the posting of a transaction by up to six cycles.

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(10)   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. A Bypass Indicator 1 is not needed on Forms 990, 1041, and 1120, and as long as it is still within one year of the original tax period ending date.

(11)   To hold a credit (prevent the credit from refunding or offsetting), enter a Credit Freeze Code 1 on FRM 34 (CR-FR>). On DRT 24, enter TC 570 as the secondary transaction immediately after the second TC>_ on the credit side of the transfer.

   a.   The posting of TC 570 will set a -R Freeze Code on the module.
   b.   Never leave an unnecessary -R Freeze on a module. Input TC 571 on CC REQ77 with the appropriate Posting Delay Code to reverse TC 570 and release -R Freeze if any remaining credit will refund after the credit posts.

If the Transfer is Doc Code	Then use a Posting Delay Code
24 or 48	1
34	2

(12)   IAT will use the correct reversal Transaction Codes when transferring payments. See IRM 21.5.8-1, Transaction Codes and Reversals. Some examples are:

   •   TC 662 to reverse TC 660 or 430
   •   TC 672 to reverse TC 670
   •   TC 821/701 to reverse TC 826/706

   Note: See *Document 6209, Section 8A,* for a complete list of transaction codes.

(13)   TCs 640, 670, and 700 must have a two-digit Designated Payment Code (DPC) used only for terminal input. (See Document 6209, Section 11, *Document 6209 Section 11 Designated Payment Codes*) Use of a DPC on all posting vouchers is now mandatory with Transaction Codes 640, 670, 680, 694, 690, and 700.

   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).

(14)   A TC 820 or 830 on a Doc Code 24 or 48 transfer will release -K and P-Freezes. Make sure the transfer does not inadvertently release a freeze and cause an erroneous refund. When transferring a credit into a module and a tax adjustment is also needed, use either a HC 4 or a posting delay code 1 to prevent an erroneous refund and/or notice.

(15)   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 260 if transferring the credit will leave a debit balance of $5.00 or more, and the taxpayer does not need to receive a notice.

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(16) 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 .00 with Hold Code 3 to prevent an adjustment notice.

(17) If transferring a TC 650, 660 or TC 670 into a module will create an overpaid condition, See IRM 3.14.2.6.1.7.2.2 (Preventing Unpostable Transactions) 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 will 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 Code 1 on the credit side of a Doc Code 34 transfer.

3.14.2.7.7.1
(01-01-2016)
Penalty Recomputations Caused by Credit Transfers

(1) When inputting a credit transfer follow instructions in IRM 3.14.2.7.7.

(2) Transferring timely credits into a module containing a TC 166 (FTF penalty), TC 176 (ES Penalty), TC 186 (FTD Penalty), or TC 276 (Failure to Pay) will cause these penalties to recompute and generate an adjustment notice CP 210/220. Other penalties may also recompute but will not generate an adjustment notice.

(3) Review CC PIEST or INTST to decide whether the penalties will recompute. (See IRM 3.14.2.6.17.7 , Estimated Tax (ES) Penalty.)

Note: You may need to manually address Estimated Tax Penalty.

(4) When transferring timely payments into the module to resolve an ES or FTD discrepancy condition causes the TC 166, TC 176, TC 186 or TC 276, to recompute, input a TC 290 .00 in Blocking Series 05/15 using a Hold Code 3 to prevent the subsequent CP 210/220.

   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.

3.14.2.7.8
(01-01-2019)
Command Code (CC) STAUP

(1) Use CC STAUP to interrupt the normal IDRS balance-due notice routine (CP 5XX collection series) and delay, accelerate, or skip notices. This will generate a history item on the module and change the campus status to 48.

Note: Follow instructions contained in each section to determine if a CC STAUP is necessary.

(2) When adjusting a balance-due account and the account will remain in balance due status:

   a. Retype the original notice.
   b. Use Hold Code 3 on the adjustment to suppress the adjustment notice.

      Note: Hold Code 3 will not accelerate IDRS balance-due notices.

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(3) When a module contains one or more pending payments (AP, PN, UP, CU, or TEP) that will cause FTF or ES penalty recomputation, enter CC STAUP for 9 cycles to allow the taxpayer adequate time to respond to the recomputation notice.

(4) A STAUP will automatically release after nine cycles if there has never been an open control on the module.

    a.   If a control is opened on the module after STAUP is input, it will release nine cycles after the control base is closed.

    b.   A STAUP will never remain for more cycles than the number originally input.

(5) Use CC STAUP when a balance due account requires corrective action that cannot be accomplished within the notice cycle.

    a.   Delay CP 50X notices by inputting CC STAUP for 9 cycles.

    b.   After working the case, input CC STAUP with the same status used in the initial STAUP for 9 cycles. Use the cycles indicated in the chart below for this input:

If the Original Notice was	Then input CC STAUP for
Labeled	5 cycles
Retyped	6 cycles

    c.   Do not accelerate notices by skipping statuses using CC STAUP.

    d.   Input the next status and the number of cycles that IDRS would normally delay the next notice.

Caution: Use the current status (other than 19 or 21) if the IDRS notice is voided or mailed erroneously.

    e.   Check the History Section of the module.

    f.   Check for any Pending transactions or any current Status 48. Caution: Never use CC STAUP to update the Status to 22 for zero cycles. This causes the account to immediately become TDA.

(6) Input CC STAUP for 9 cycles when routing a balance due case or its correspondence to another area.

(7) Never input CC STAUP 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.

(8) A STAUP cannot be input when:

    a.   The Collection Statute Expiration Date (CSED) is within 6 months of expiring.

    b.   An Account is in Status 22, 24, 26, 64, 60, 71, or 72.

(9) A STAUP will only prevent an erroneous IDRS notice if it is input by the Friday before the erroneous notice is scheduled to generate (10 days before the 23C Date).

    a.   If the Campus status has just updated, it is too late to use CC STAUP.

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> ***Note:*** If a STAUP is input before 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 STAUP in the same SC Status.

    b. If an erroneous notice has been mailed, send an apology letter instructing the taxpayer to disregard the notice and that either the case has been resolved or that a correct notice will be sent, whichever is appropriate.

(10) If the Campus Status is blank or 99, the account is out-of-region. Use Universal Access to input CC STAUP.

3.14.2.7.9
(01-01-2025)
Extensions

(1) IRC 6081 provides that the Secretary of the Treasury may grant a reasonable extension of time for filing any return, declaration, statement, or other document. Additionally, it provides that, except for taxpayers who are abroad, no such extension shall be for more than 6 months.

(2) Check for a misapplied extension of time to file (TC 460) that belongs on another account.

Caution: The Form 709 is also extended, if the taxpayer obtains an extension of time to file a calendar year individual income tax return (e.g., Form 1040) using Form 4868. This does not apply to Form 709-NA.

    a. Use CC REQ77 to input a TC 462 to remove the extension from the incorrect account.

> ***Note:*** See Exhibit 3.14.2-11 Adding and Deleting Extensions, for more information.

    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), the DLN-CD:
    • Enter 20 for MFTs 02, 33 and 34
    • Enter 45 for MFTs 05 and 06

Note: If penalties will recompute, input a TC 290 .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.

3.14.2.7.10
(01-01-2016)
Notice Disposition

(1) Computer Paragraph (CP) notices are the most common form of communication with the taxpayer regarding their account. A notice must have accurate and timely information. All TEs 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.

Note: Notices that are retyped, labeled, or mailed **must be released in the notice cycle.**

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(2)   The taxpayer may receive a notice 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, or penalties
   •   An overpayment offset to another module
   •   A reduced Credit Elect

(3)   Notice elements can help describe the conditions which characterize a notice. The principal element types most viewed in Notice Review are:

   •   Overpayment
   •   Balance due
   •   Even balance
   •   Credit discrepancy
   •   Math Error
   •   Adjustment of tax, credits, and penalties
   •   Reduced credit elect
   •   Offset to other modules, accounts, or government agencies

(4)   If a tax return is processed and meets math error criteria, even if the refund or balance due is what the taxpayer expects, the appropriate math error notice will generate. The exception would be if the notice module is adjusted back to the taxpayer's original figures. Then the notice would be voided.

Note: If an incorrect notice was mailed to the taxpayer, you must send the taxpayer the appropriate C-Letter explaining the correction and apologizing to the taxpayer. For special situations, contact your work lead.

(5)   Every tax examiner who inputs:

   a.   A Doc Code 54 adjustment must decide (before the adjustment) whether to generate or suppress the subsequent notice
   b.   An adjustment or credit transfer that will cause the FTF, FTD, or the FTP or the ES Penalties to recompute must decide if a subsequent notice will generate

Note: Proper use of Hold Codes is important during the adjustment process. (See IRM 3.14.2.7.6.3 , 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 3.14.2.5.4.1 , NRP97 Input Information.

(6)   Consider how the adjustments made to the notice module will affect the notice elements when determining whether to mail, void, retype, or label an original notice.

(7)   An adjustment notice, CP 210 or 220 will generate when:

   a.   A Doc Code 54 or 47 adjustment posts with no Hold Code or with a Hold Code 1
   b.   A payment is transferred into or out of a module and FTF, FTD, FTP (decrease only, TC 277) or ES Penalties will assess or recompute only a decrease (TC 277) will generate an adjustment notice

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    c.   A payment is transferred out of a settled (Full Paid) credit balance module and creates a balance due (generates a CP 260)

(8) **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 260 from generating on a settled module.

    c.   Use CC REQ54 to input a TC 290 .00, Blocking Series 05,15 or 17 for Form 1041, 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 if the credit transfer was a Doc Code 34.

Exception: An adjustment with a Hold Code 3 will not suppress a CP 260.

(9) See IRM 3.14.2.7.7 (Credit Transfers), regarding procedures when inputting multiple corrective actions (such as a tax adjustment and a credit transfer or an in and out credit transfer).

(10) Any tax examiner reviewing a pending transaction on the notice module must decide:

- Which penalties will recompute?
- Which subsequent notices will generate?
- Will the subsequent notices be mailed?
- Will the notice module be overpaid, refunding, underpaid, or even-balance?
- What is the proper disposition of the original notice?
- Review the CC BMFOL notice module for the posting of pending credit or debit transactions
- If a transaction posts on CC BMFOL, any recomputation of penalties and interest will also show on that module. However, any balance showing on CC BMFOL is computed to the date indicated on that module and will not be used on a retyped or labeled notice. Use CC INTST or CC COMPA/COMPAF.
- If a transaction is posted on CC BMFOL, any refund or offset occurring as a result will also show

Note: **Use CC BMFOL to verify the result of a pending transaction whenever possible.**

(11) When making any adjustment to an account, review all affected associated notice modules as part of the resolution process. **Tax Examiners are responsible for the disposition of all affected associated notices in addition to the selected notice module.**

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3.14.2.7.10

3.14.2.7.10.1
(01-01-2016)
**Notice Disposition
Categories**

(1) There are six Notice Disposition categories:

- PRINT
- VOID
- RETYPE
- LABEL
- ENTITY
- HOLD

Note: If you are intercepting a refund on the Notice Module, the correct disposition
would be PI, VI, RI, LI, or TI for a Transcript.

(2) History Items are required when taking action on your notice account. If your
account is not presently available on IDRS, do not input a CC ACTON to input
a history item

3.14.2.7.10.2
(01-01-2016)
Printing Notices

(1) **Print** the notice when:

a. All the notice elements are correct, no adjustment is pending, and no cor-
rection will be made to the account.
b. There is a requirement to mail the notice.

Note: **Do not** input a history item on IDRS for mailing a notice.

3.14.2.7.10.3
(01-01-2017)
Voiding Notices

(1) **Void** the notice when:

a. 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.

Caution: If the module is zero but the taxpayer is not getting the refund or credit
elect they expected, mail the notice.

b. After the adjustment action, the account will have no math error or ES
discrepancy. It will be an overpaid, or an even balance, or have a

er's figures, **AND** any incorrect refund will be deleted or the module will
be an overpaid balance, which will either result in a refund or a credit
elect as the taxpayer expected.
c. It would cause a misunderstanding by the taxpayer.
d. Reprocessing a return. (Use Hold Code 4 on the tax adjustment.)   #

(2) **If voiding the original notice, prevent the subsequent notice or use the
Local Control File to intercept and void the subsequent notice.**

(3) **Do not void** an Adjustment Notice unless one of the following is true:

a. The original notice was voided and the conditions in Printing Notices are
not met.
b. The original notice is retyped to include the corrected information.

(4) If the original Balance Due Notice was voided in error and the subsequent CP
210/220 is selected, release the CP 210/220 with the current notice module
information. If the taxpayer contacts Customer Service to inquire why a

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previous notice was not sent, the Customer Service Representative will be able to read the account history and explain the account activity to the taxpayer.

| 3.14.2.7.10.4
(01-01-2024)
Entity Only Disposition | (1) | The Entity disposition is to be used when entity information is the **only** change required on the notice. It is not to be used in conjunction with any other notice disposition. |

(2) Entity changes include name and address corrections, as well as manual intervention (CAF/RAF Mismatches) changes. For more information on CAR/RAF, see IRM 3.14.2.5.3.

Note: Entity Disposition can also be used for associated notices.

(3) Resolve an entity issue as follows:

    a.   Update the entity on IDRS with the IAT Address Tool.
    b.   Select Disposition **E** and correct the address information on the OLNR Entity display screen.

Note: For more information see IRM 3.14.2.6.1.1.3 and IRM 3.14.2.7.5 .

(4) Route major entity changes to Entity Control for necessary action using local control procedures.

| 3.14.2.7.10.5
(01-01-2024)
Retyping Notices | (1) | **Retype** a notice when changes to the notice module requires the updating of the notice elements to correctly reflect the updated tax module information. Listed are some of the conditions which require a retype of the original notice: |

    a.   An adjustment to the taxpayer's original figures increases tax or decreases credits
    b.   The original balance due amount is increased
    c.   An adjustment to the notice module changes the module balance from balance due to overpaid
    d.   An adjustment to the notice module changes the module balance from overpaid to balance due
    e.   The original TPNC(s) requires correction
    f.   The original refund interest allowed is reduced or no longer applicable

        Example: A CP 210 generated and the amount refunding was requested as a credit elect. If the credit is transferred to another module, the interest shown on the notice will be incorrect. The notice must be retyped to (1) remove the credit interest amount; (2) deduct the erroneous credit interest from the overpayment amount; and (3) apply Label 7 to notice before mailing.

(2) Retype a notice to a CP 173 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 Local Control File to intercept the subsequent notice.

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(4)   Use CC ACTON to enter a history item on IDRS when retyping a notice. If retyping to a different notice, include both CP numbers in the history item, such as RYT112-161 as an example.

(5)   If a Balance Due Notice is held past the notice cycle, update the Pay by date to the current cycle Pay by date. Update the balance due, penalties, and interest to the 23C date.

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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, e.g., UPDTECP__ or RETYPCP__ . Also input a CC STAUP for 6 cycles on Balance Due Notices.

Caution: Change the Pay by date printed on a CAF Mismatch notice only when the Pay by date printed on the original taxpayer notice is also changed. The CAF Mismatch notice must always be an exact duplicate of the taxpayer copy. (See IRM 3.14.2.6.1.3IRM 3.14.2.6.1.4 Manual Intervention Centralized Authorization File (CAF) and Reporting Agents File (RAF).

(6)   The date printed on the notice is the 23C Date (current cycle assessment date). This date is **rarely** changed.

Exception: If you delete a refund to cover an adjustment, change the notice date to match the 23C Date of the adjustment. Use the posting cycle calendar in Document 6209 to decide the 23C Date for the posting of the adjustment. In all other cases do not change the notice date. The 23C Date decides the assessments of penalty and interest, collection notices, and TDA issuances. The computer will not recognize a notice date change. The computer does recognize a subsequent tax assessment, which starts a new collection time period.

(7)   Sometimes a stuffer is included in the envelope with a notice to give additional information to the taxpayer. These stuffers are identified by an alpha code at the top of the notice.

a.   The most common stuffer is the 746 which explains Math Error Appeal Rights. It is identified by an "A" at the top of the notice. This code must be present on a retyped notice if it was on the original notice. It must also be on the notice if a tax increase above the taxpayer's figures was input in Blocking Series 77 or 78 DLN, using CC REQ54. (See IRM 3.14.2.7.6.1, Blocking Series.)

b.   If other codes were on the original notice, include them on the retyped notice.

c.   If a multi-page notice is retyped, use local procedures to correct the erroneous information on the notice.

(8)   Do not retype the notice if there is a only a change to the name or address on the notice **and** all other information is correct. See IRM 3.14.2.7.10.4 for Entity Only information.

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3.14.2.7.10.6
(01-01-2024)
Labeling Notices

(1) Under certain conditions, a label may be used to update information on the notice or to notify the taxpayer to expect additional account actions. Select the computer-generated label from the list in OLNR that will be reflected in the drop-down menu whenever you select the disposition "L" for Label to for a notice that requires additional information to be conveyed to the taxpayer but Retype is not appropriate.

(2) Some labels require fill-in information which must be completed using the correct form number and period ending in Month, Day, and Year format.

Example: Form **1120** for tax period ending **Dec. 31, 2023**.

(3) Use caution when applying a label for a pending (AP, PN, RS, UP, CU, or TP) credit transaction.

   a. A TC 650 or TC 660 pending on the NRPS contents page that overpays the notice module and is dated later than the last day of the tax period may not post to the notice module due to computer rollover analysis. (A TC 650/660 .00 will be displayed on BMFOLT to indicate a credit has **rolled** when attempting to post to the module.) If the payment overpays the module, but does not appear on BMFOLT as a posted payment, decide if the payment will post. If the payment will post to the notice module, label the notice. If unable to decide, do not use a label.
   b. If a pending transaction is unpostable, do not apply a label if unable to determine if the transaction will post, instead print the notice.
   c. If the transaction is RS, TP, or UP, CC INTST will not reflect the penalty computation for FTP and interest. If the correct balance on the module is required, use CC COMPAF to figure the correct FTP amount and CC COMPA to figure the correct interest amount.

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(4) **Always label a notice when the tax is being increased above the taxpayer's original figures. Select Label 1 for notice disposition.**

Note: Do not void a CP 161 or CP 861 if fully paid by credits that offset (TC 706) into the notice cycle. A CP 138 will generate from the Losing module.

Note: Do not label if the offset partially pays the module in full. A CP 138 will generate from the losing module

(5) The labels shown in this text have been approved for the situations listed. A label must not be used for any other situation unless the label conveys the correct information to the taxpayer.

(6) Campus management has the option of requiring a notice to be retyped instead of labeled.

(7) **Headquarters must approve any additional labels before use**.

(8) The labels in the following sections IRM are approved for use by Notice Review TEs.

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<table>
<tr><td>3.14.2.7.10.6.1
(01-01-2024)
Label 1</td><td>

(1)   Label 1 : **We're making an adjustment to your account. You will receive a separate notice explaining the correction.**

(2)   Use Label 1 when:

    a.   the notice module has a pending (AP, PN, CU, UP, or RS) Doc Code 54 or 47 adjustment, with either a Hold Code ″0″ or Hold Code ″1″ that was input by another area.

    b.   the notice module has a pending (AP, PN, CU, UP, or RS) Doc Code 54 or 47 adjustment, if a hold code **2** with a Doc Code 24 pr 34 credit transfer is posting in the same cycle.

Note: If the above referenced adjustment was input by a Notice Review Tax Examiner, refer the notice to that Tax Examiner for proper notice disposition. If the Notice Review Tax Examiner is unavailable label or retype as appropriate based on the hold code used.

(3)   Do **not** use label 1 when a pending TC 976 or 977 (subsequent or amended return) is on the tax module. Accounts Management will initiate all required correspondence.

Caution: A TC 290 .00 **without** a credit transaction code or TC 806/807 will **not** generate an adjustment notice.

</td></tr>
<tr><td>3.14.2.7.10.6.2
(01-01-2025)
Label 2</td><td>

(1)   Label 2: **We applied an additional credit of [$0.00] to your account. You will receive a separate notice reflecting this credit in 3 – 4 weeks.**

(2)   Use Label 2 when a credit transaction is pending (AP, PN, CU, UP, RS or TP) and does not show on the notice **and** all the following applies:

Caution: If the payment pending in the NRPS package is a TC 650 or TC 660 review BMFOLT to verify the payment will post (A rolled payment will post on BMFOLT as TC 650/660 for .00). If the payment will post to the notice module use Label 2. If the payment will not post do not label the notice.

- a subsequent adjustment notice **will** generate to the tax payer.
- the resulting balance on the notice module will be a **reduced** balance due.
- Failure to File (TC 166), Failure to Deposit (TC 186), or Estimated Tax (TC 176) penalties will recompute **or** Failure to Pay (TC 276) will decrease.

    Reminder: Failure to Pay (TC 276) will **not** recalculate if the payment is late and dated within the same monthly period as the 23C date of the notice.

(3)   Also, use Label 2 if the notice being reviewed is a settlement notice **and** an adjustment notice is being generated in the subsequent (next week's) cycle **and** the deadline has passed for intercepting the subsequent notice using the Local Control File (LCF) which is Thursdays at 12 PM Local Time. See IRM 3.14.2.5.4, NRPS Local Control File for more information.

(4)   Do **not** use Label 2 when there is a pending credit **and the following are all true:**

- No math error or credit discrepancy will remain

</td></tr>
</table>

- Returning to taxpayer figures
- Module balance is overpaid or even balance

Note: If all above are true then void the notice.

(5) Do **not** use Label 2 if the notice being reviewed is a CP 260 **and** an adjustment notice is being generated in the subsequent (next week's) cycle. Void the CP 260 and allow the subsequent notice to generate to the taxpayer.

(6) Also, do **not** use Label 2 if the notice being reviewed is a settlement notice **and** an adjustment notice is being generated in the subsequent (next week's) cycle **and** the subsequent notice can be intercepted using the Local Control File. Instead, using LCF intercept the subsequent adjustment notice. Also **retype the current cycle notice** to include all the information from the updated module information.

3.14.2.7.10.6.3 (01-01-2024) **Label 3**	(1) Label 3: **We applied a credit of [$0.00] to your account. Your new balance is [$0.00].**

(2) Use Label 3 when all the following applies:

- The notice module is currently in balance due status.
- Payments or credits are pending (AP, PN, UP, CU, TP or RS) but are not showing on the notice.
- The resulting balance on the notice module will be a reduced balance due.
- Failure to File (TC 166), Failure to Deposit (TC 186), Failure to Pay (TC 276), or Estimated Tax (TC 176) penalty will **not** recompute.
- A subsequent notice will **not** generate.

(3) Use INTST or COMPA to compute the new balance for the label fill-in.

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3.14.2.7.10.6.4 (01-01-2024) **Label 4**	(1) Label 4: **We applied a credit of [$0.00] to your account. Your account has a credit of [$0.00] .**

(2) Use Label 4 when all the following applies:

- Payments or credits are pending (AP, PN, UP, CU, TP or RS) but are not showing on the notice module.
- The notice module is in balance due status or an overpayment is frozen and not refunding.
- The resulting balance on the notice module will be an overpayment.
- Failure to File (TC 166), Failure to Deposit (TC 186), Failure to Pay (TC 276), or Estimated Tax (TC 176) penalties will **not** recompute. Therefore, a subsequent notice will **not** generate.

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| 3.14.2.7.10.6.5
(01-01-2024)
Label 5 | (1) | Label 5: **Due to a processing error, you did not receive the correct refund. You will receive an additional refund in 3 – 4 weeks.** |

(2)   Use Label 5 when all the following applies:

- The module has a posted refund (TC 846).
- A CC REQ54 adjustment is being input and will result in an additional refund.
- The adjustment is input in the current cycle with a hold code "0". This will cause a subsequent adjustment notice (CP 210) to generate.

Note: Do not stop the current cycle refund.

| 3.14.2.7.10.6.6
(01-01-2024)
Label 6 | (1) | Label 6: **We applied a credit of [$0.00] to your account. If you don't owe any other taxes, you will receive a refund in 3 – 4 weeks.** |

(2)   Use Label 6 when all the following applies:

- The module has a posted refund (TC 846).
- Payments or credits are pending (AP, PN, UP, CU, TP or RS) but are not showing on the notice module (including credits just transferred into the notice module).
- There will be an additional refund from the notice module.
- Failure to File (TC 166), Failure to Deposit (TC 186), Failure to Pay (TC 276), or Estimated Tax (TC 176) penalties will **not** recompute. Therefore, a subsequent notice will **not** generate.

Note: Do not stop the current cycle refund.

Caution: Do **not** use this label for a pending Doc 47 or Doc 54 adjustment. See IRM 3.14.2.7.10.6.5 Label 5.

| 3.14.2.7.10.6.7
(01-01-2024)
Label 7 | (1) | Label 7: **The overpayment of [$0.00] was applied to Form [XXXX] for tax period ending [MM-DD-YYYY].** |

Example: The overpayment of $5,000.00 was applied to Form 941 for tax period ending 03-31-2023.

(2)   Use Label 7 when all the following applies:

- The notice module is overpaid.
- A credit elect (TC 830) or lump-sum offset (TC 820) is shown as pending (AP, PN, UP, CU, TP or RS) for the same EIN **or**, a debit transaction for a payment (TC 652, 662, 612, 672, 622,642) is pending (AP, PN, UP, CU, TP or RS) for the same EIN **and** the module is in even or credit balance.

(3)   Do not use label 7 if:

- A payment, credit elect or lump-sum offset is being transferred to a different TIN. If the TIN is different retype the notice.
- The notice module is changing from an overpayment to a balance due, **stop the refund** and retype the notice.

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Note: If a debit transaction is pending on a CP 210 or CP 220 refer to IRM 3.14.2.6.14 for notice disposition.

3.14.2.7.10.6.8
(01-01-2024)
Label 8

(1) Label 8: **According to our records, the credit you claimed has already been refunded.**

(2) Use Label 8 when:

- The taxpayer is claiming a credit or payment(s) that refunded in a prior quarter, prior year or from a different MFT than the notice module.
- The notice is chosen under Selection Key 31.

Note: IDRS research is not required if the refunded credit or payment does not appear in the NRPS package.

3.14.2.7.10.6.9
(01-01-2024)
Label 9

(1) Label 9: **This notice was returned undeliverable. Additional penalties and interest have accrued on your account. The current balance due is [$0.00]. To avoid additional penalties and interest, please pay by [MM-DD-YYYY] .**

(2) Label 9 is used when a balance due notice is returned undeliverable from the U.S. Postal Service and the date of the notice is more than 7 days before the current date.

(3) Label 9 is not used in OLNR. This label is affixed to a paper notice that has been returned to the IRS for improper address information.

(4) Use CC INTST or CC COMPA to recalculate penalties and interest for the correct label fill-in for balance due. The "Interest To" and the "Payment Due" dates are both the current 23C date plus 10 days.

3.14.2.7.10.6.10
(01-01-2024)
Label 10

(1) Label 10: **Please pay by [MM-DD-YYYY] to avoid additional penalties and interest.**

(2) Label 10 is used when a balance due notice is returned undeliverable from the

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(3) Label 10 is used in conjunction with Label 11 when the taxpayer needs to receive a new pay-by date on an undeliverable notice.

Caution: Do **not** use Label 10 in conjunction with Label 9.

3.14.2.7.10.6.11
(01-01-2024)
Label 11

(1) Label 11: **Your notice was originally mailed on the date of this notice, however, it was returned undeliverable.**

(2) Label 11 is used when:

- An even balance or information notice is returned undeliverable from the U.S. Postal Service and the recomputed balance due changes **or**
- In conjunction with Label 10 on certain balance due notices. See IRM 3.14.2.7.10.6.10 Label 10 for more information. **or**

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3.14.2.7.10.6.11

- In conjunction with Label 12 with TC 846 on the notice module. See IRM 3.14.2.7.10.6.12 Label 12 for more information.

3.14.2.7.10.6.12
(01-01-2024)
Label 12

(1) Label 12: **Due to a processing error, your refund check may be delayed.**

(2) Use Label 12 when an overpaid notice (with a TC 846 on the notice module) is returned undeliverable from the U.S. Postal Service.

(3) Always use Label 11 in conjunction with Label 12.

3.14.2.7.10.6.13
(01-01-2024)
Label 13

(1) Label 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.**

(2) Use Label 13 when all the following applies:

- A notice was mailed to the taxpayer with incorrect information.
- The notice will be retyped and/or labeled to reflect the correct information.

Note: Use STAUP to delay the generation of collection notices until the taxpayer can receive the correct labeled notice.

3.14.2.7.10.6.14
(01-01-2024)
Label 14

(1) Label 14: **The payment of [$0.00] was applied to the balance due on Form [XXXX] for tax period ending [MM-DD-YYYY].**

(2) Use Label 14 when all the following applies:

- The notice module is overpaid or refunding.
- A payment claimed on the notice module has posted or will post to a different module with the same TIN.
- The receiving module for the payment is in balance due status.

3.14.2.7.10.6.15
(01-01-2024)
Label 15

(1) Label 15: **You were issued an erroneous refund due to a processing error. Please return the uncashed check or a substitute payment.**

(2) Label 15 is used on cases when the refund cannot be intercepted and the **full amount of the refund** sent to the taxpayer is erroneous.

3.14.2.7.10.6.16
(01-01-2024)
Label 16

(1) Label 16: **We sent you a refund in error. The correct amount of the adjustment is [$0.00]. You will receive a separate notice explaining the correction. We apologize for any inconvenience this may have caused you.**

(2) Label 16 is used on cases when the refund cannot be intercepted and **only part** of the refund sent to the taxpayer is erroneous.

(3) The amount fill-in for this label should state the amount the taxpayer needs to pay.

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| 3.14.2.7.10.6.17
(01-01-2024)
Label 17 | (1) | Label 17: **We will send you an additional refund, if you don't owe other taxes.** |
| | (2) | Use Label 17 when all the following applies: |

- The notice module is refunding.
- There is a pending TC 29X or TC 30X with **Hold Code 3**.
- The pending adjustment results in an additional refund.

    (3)   Do **not** use Label 14 if:

- A freeze code is present on the notice module that will prevent any overpayment from refunding.
- Debit transactions are pending (AP, PN, UP, CU, TP or RS) and when posted will result in a balance due status on the notice module.

| 3.14.2.7.10.6.18
(01-01-2024)
Label 18 | (1) | Label 18: **A credit of [$0.00] has been added to your account. You will receive an additional notice reflecting the credit. Your installment privilege will be reinstated.** |
| | (2) | Only use Label 18 when a credit transaction is pending (AP, PN, CU, UP, RS or TP) and does not show on the notice **and** all the following applies: |

- A subsequent adjustment notice **will** generate to the taxpayer.
- The resulting balance on the notice module will be an overpayment **or** even balance.
- Failure to File (TC 166), Failure to Deposit (TC 186), or Estimated Tax (TC 176) penalties will recompute **or** Failure to Pay (TC 276) will decrease.

          Reminder: Failure to Pay (TC 276) will **not** recalculate if the payment is late and dated within the same monthly period as the 23C date of the notice.

| 3.14.2.7.10.6.19
(01-01-2025)
Label 19 | (1) | Label 19: **Your extension of time to file is currently being processed. Any penalty charged will be adjusted accordingly. You will receive a corrected notice in 3 – 4 weeks.** |
| | (2) | Use Label 19 when all of the following applies: |

- An extension (TC 460) is pending (AP, PN, CU, UP, RS or TP) on the notice module.
- A previously posted FTF Penalty (TC 166) or Daily Delinquency Penalty (TC 238) will recalculate and generate an adjustment notice.

          Caution: TC 238 will not adjust is Correspondence Code 22, 23, or 24 is present on the module. Do **not** adjust this penalty.

- The notice module will be in balance due status **or** an overpayment amount that does **not** match the taxpayer refund amount.

    (3)   Use Label 19 on CP 162 with a pending TC 460 when:

- The FTF will recalculate **and**
- An adjustment notice will generate in the subsequent cycle **and**

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3.14.2.7.10.6.19

- The CP 162 is reviewed **after** the LCF cutoff period, which is Thursdays at 12 PM Local Time.

(4)   Do **not** use Label 19 on CP 162 with a pending TC 460 when:

- A subsequent notice can be intercepted using the LCF (See IRM 3.14.2.5.4 , NRPS Local Control File and IRM 3.14.2.5.4.1 , NRP97 Input Information)**and**
- The TC 166 will be reduced or abate completely. Intercept the subsequent notice and retype or void the CP 162 as appropriate.

| 3.14.2.7.10.6.20
(01-01-2024)
Label 20 | (1)   Label 20: **We are transferring the credit of [$0.00] to your Form [XXXX] for the period ending [MM-DD-YYYY]. An additional credit of [$0.00] is also being applied to this account. You will receive a separate notice reflecting this credit in 3 – 4 weeks.** |

(2)   Use Label 20 when all of the following applies:

- A payment is being transferred **from** the notice module to a different module with the **same TIN and** another credit will be applied to the **notice module**.
- The debit and credit transactions will post in the same cycle.
- Failure to File (TC 166), Failure to Deposit (TC 186), or Estimated Tax (TC 176) penalties will recompute **or** Failure to Pay (TC 276) will decrease.

  Reminder: Failure to Pay (TC 276) will **not** recalculate if the payment is late and dated within the same monthly period as the 23C date of the notice.

- A subsequent notice will generate.

| 3.14.2.7.10.6.21
(01-01-2024)
Label 21 | (1)   Label 21: **We are transferring a credit of [$0.00] to your Form [XXXX] for the period ending [MM-DD-YYYY], and a credit of [$0.00] to your Form [XXXX] for the period ending [MM-DD-YYYY].** |

(2)   Use Label 21 when all of the following applies:

- Two different payments (or credits) are pending (AP, PN, CU, UP, RS or TP) on an overpaid notice module.
- The payments (or credits) are being transferred to two different modules with the same TIN.
- The notice is a CP 210.

(3)   **Before** using Label 21:

- Ensure the pending transactions are correct and the credits/payments have not previously been transferred out.
- Ensure the module has sufficient credit available for a TC 820 or TC 830 to properly post.

  Caution: Delete any refund if the credit will refund before the transfer can post. Retype the notice if other actions have caused the module to change to balance due.

3.14.2.7.10.6.22 (01-01-2024) **Label 22**	(1)	Label 22: **The overpayment on your account is a credit that was not claimed. If you do not owe other taxes, we will refund the overpayment amount in 3 to 4 weeks.**

(2) Use Label 22 when all of the following applies:

- The notice is a CP 267 or 268.
- There is any type of unclaimed payment on the notice module that does not belong on another module.
- A CC REQ54 290.00 HC 3, Priority Code 4 has been input to release the Q- freeze and allow a refund.

3.14.2.7.10.6.23 (01-01-2024) **Label 23**	(1)	Label 23: **We recently received a payment of [$0.00]. This notice doesn't reflect that payment in your balances. For updated account information, you may contact the above phone number.**

(2) Use Label 23 when all of the following applies:

- A lead has approved the use of the label.
- There is a resequenced or unposted pending payment on the notice module.
- The interest on the notice is incorrect.
- There are no penalties that will recompute and another notice will generate.

3.14.2.7.10.6.24 (01-01-2024) **Label 24**	(1)	Label 24: **The amount due or overpayment in the summary takes into account the penalty you entered on line 16 of Form 8978, even though that amount is not itemized within the summary.**

(2) Use Label 24 when:

- Reviewing a partnership return and Form 8978 is included with penalty information from Part V.

3.14.2.7.10.7 (01-01-2025) **Holding notices**	(1)	The Hold Disposition in OLNR is used when complete information is not available to determine the correct disposition of the notice. If the lead feels more research is necessary to ensure a correct notice is sent to the taxpayer, the lead will contact the Notice Review Headquarters analysts to inform them of the reason for the held notice.

(2) When inputting a disposition of H, open a control base in IDRS on the notice module and enter a STAUP for 9 weeks. Once the issue resulting in the hold disposition has been resolved, reduce the STAUP to the appropriate number of weeks so that a collection (series 50X) notice is mailed to the taxpayer in the appropriate time frame. Refer to IRM 3.14.2.7.8 for instructions on how to use Command Code STAUP.

Example: Use hold disposition if it appears the return has posted to an incorrect module and the requested return is not received before cycle closeout.

Reminder: The IDRS control base must be closed when all actions have been taken and the correct notice disposition has been decided.

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3.14.2.7.10.7

(3) When an error is identified by quality they must input an H Disposition to ensure a correct notice is sent to the taxpayer. If necessary, the tax examiner will correct the notice in OLNR to issue a corrected notice.

3.14.2.7.11
(01-01-2024)
Signature Request Letter
Process

(1) If an overpaid return is missing a signature and guidelines in paragraph 5 of IRM 3.14.2.6.1.1.6 are not met then research ENMOD and/or the tax return to identify if correspondence was sent requesting a signature.

(2) If correspondence was sent to the taxpayer requesting a signature during pipeline processing (before Notice Review) process the case as normal. Do **not** correspond.

(3) If there is **no indication** a signature was requested previously:

    a. stop the refund
    b. mark the notice in cycle if possible (If not request approval to hold the notice)
    c. send a 143C letter

(4) Use the IAT letter tool to input the 143C letter with necessary paragraphs.

    Example: A complete 143C letter could include paragraphs: E, K, S, T, U and 3.

(5) See the *Correspondex Letter Repository* for specific letter information including paragraph requirements for each letter at the bottom of the appropriate letter document.

(6) A correspondence case must be controlled and held in a suspense file (as determined by P&A, manager or lead at each site) for 45 days while awaiting the taxpayer's reply. Input STAUP if necessary per IRM 3.14.2.7.8.

(7) If the response is received in 45 days:

    a. remove the case from the suspense file
    b. resume processing the case
    c. mark the notice disposition (if not already done)
    d. release the refund using 290 .00 HC 3

        Caution: If the reply was received after the normal or extended Return Due Date, overlay the RET-PROC-DT> field with the received date of the reply to set a new 45-day interest-free period.

    e. close the control base

        Reminder: Documents received with (and including) the correspondence need to be associated with the original paper return. Associate to files.

(8) If the response is **not** received in 45 days:

    a. remove the case from the suspense file.
    b. resume processing the case if possible.
    c. mark the notice disposition (if not already done).
    d. input a TC 290 .00 HC 4 to set the -K freeze per correspondence guidelines.

        Note: Do **not** release the refund.

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(9) If a response is received **after** 45 days. Complete Form 3465 and route the taxpayer correspondence and any other information to Accounts Management.

3.14.2.8
(01-01-2025)
International Overview

(1) This section contains specific instructions for reviewing International returns and CP notices. However, the use of the rest of this IRM is also required for working International return notices.

(2) Review of International and domestic notices follow the same basic instructions but due to the differences in form type some additional steps must be take for International return notice review.

3.14.2.8.1
(01-01-2025)
Related References

(1) Publications relating to International issues can be used as technical reference material. Following is a list of the most common publications used.

- Pub. 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad
- Pub. 80, Circular SS, Federal Tax Guide for Employers in the U.S. Virgin Islands, Guam, American Samoa and the Commonwealth of the Northern Marianna Islands
- Pub. 179, Circular PR, Guia Contributiva Federal Para Patronos Puertorriquenos (Federal Tax Guide for Employers in Puerto Rico)
- Pub. 519, Tax Information for Visitors to the United States
- Pub. 514, Foreign Tax Credit for Individuals
- Pub. 515, Withholding of Tax on Non Resident Aliens and Foreign Corporations
- Pub. 570, Tax Guide for Individuals with Income from U.S. Possessions
- Pub. 597, Information on the United States-Canada Income Tax Treaty
- Pub. 850, English-Spanish Glossary of Words and Phrases Used in Publications Issued by the Internal Revenue Service

(2) The following manuals can give additional information on International returns:

- See IRM 3.12.13, Employment Tax Returns
- See IRM 3.12.16, Corporation Income Tax Returns
- See IRM 3.12.106, Estate and Gift Tax Returns
- See IRM 21.8.2, BMF International Adjustments
- See IRM 3.21.25, Miscellaneous Tax Returns

3.14.2.8.2
(01-01-2025)
Program Responsibility

(1) International related documents are processed primarily in the Ogden Submission Processing Center (OSPC) who has the responsibility for reviewing notices and transcripts. Kansas City Submission Processing Center (KCSPC) processes Forms 706-NA and 709-NA.

3.14.2.9
(01-01-2016)
International Documents

(1) An international document is:

- a return with a foreign address.
- a return with income from a foreign source.

3.14.2.9.1
(01-01-2025)
BMF International Tax Returns

(1) Most International Tax Returns are processed at the OSPC, however Forms 706-NA and 709-NA are processed at the KCSPC.

(2) International Employment Tax Returns include but are not limited to:

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- 940(sp), Employers' Annual Federal Unemployment Tax - Puerto Rico (MFT 10).
- 941(sp), Employers' Quarterly Federal Tax Return - Puerto Rico (MFT 01).
- 941-SS, Employers' Quarterly Federal Tax Return - Virgin Islands, Guam, American Samoa, Commonwealth of Northern Marianna Islands (MFT 01).
- 943(sp), Employers' Annual Tax Return for Agricultural Employees Puerto Rico (MFT 11).
- 944(sp), Employers' Annual Federal Tax Return - Puerto Rico (MFT 14).
- 944-SS, Employers' Annual Federal Tax Return - Virgin Islands, Guam, American Samoa, Commonwealth of Northern Marianna Islands (MFT 14).

Note: To correct errors on previously filed employment forms, taxpayers must use the corresponding X forms: Form 941X, and 944X.

(3) International Corporation Tax Returns include but are not limited to:

- Form 1120 with Forms 1118, 5712, 5712-A, 5735, 5471, 5472 and Schedule P.
- Form 1120-F, U.S. Tax Return of a Foreign Corporation (MFT 02).
- Forms 1120-FSC and Form 8279 (FSC election), U.S. Income Tax Return of a Foreign Sales Corporation (MFT 02).

(4) Foreign Withholding Tax Returns include but are not limited to:

- Form 1042, Annual Withholding Tax Return for U.S. Income for Foreign Persons (MFT 12).

(5) Foreign Estate Tax Returns:

- Form 706-NA, United States Estate (and Generation-Skipping Transfer) Tax Return Estate of nonresident not a citizen of the United States (MFT 52).

(6) Foreign Gift Tax Return

- Form 709-NA , United States Gift (and Generation-Skipping Transfer) Tax Return of Nonresident Not a Citizen of the United States (MFT 51).

3.14.2.9.2
(01-01-2025)
General International Information

(1) Basic review of international returns varies slightly from domestic. Documents are compared to the computer generated documents, computer paragraph notice and information contained within OLNR system.

(2) Follow all domestic BMF Notice Review procedures for International notices and transcripts in addition to any special review items mentioned in each sub-section of IRM 3.14.2.9 for the form type being reviewed..

3.14.2.9.3
(01-01-2024)
Extension of Time to File International Returns

(1) For taxable years ending after July 31, 1990, filing deadlines which apply to Non Resident aliens and foreign corporations engaged in a U.S. trade or business or had a permanent establishment are listed below.

a. Foreign corporations must follow the filing procedures for Form 1120-F and have 18 months to file before losing deductions or credits.

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b.   Non Resident aliens and foreign corporations unsure about their status may file a protective return no later than the deadline.

c.   The extension of time to file only applies to the calculation of penalties. Interest accrues from the due date of the return.

3.14.2.9.4
(01-01-2025)
Foreign Investment in Real Property Tax Act (FIRPTA)

(1)   The Foreign Investment in Real Property Tax Act (FIRPTA) was amended by the Deficit Reduction Act of 1984. This amendment added Section 1445 to Chapter 3, Subchapter A, of the Internal Revenue Code of 1954. Section 1445 requires the withholding of tax on dispositions of certain U.S. Real Property Interests (USRPI) by a foreign seller.

(2)   Before FIRPTA, Non Resident aliens and foreign corporations were generally exempt from income tax on capital gains to the extent that they were not effectively connected with a U.S. trade or business.

(3)   IRC 897 provides rules for the taxation, on sales or other dispositions of U.S. real property interests (including installment sales, exchanges, foreclosures, and deeds in lieu of foreclosure of U.S. real property interests), of nonresident alien individuals and foreign corporations. Gains (or losses) from the disposition of U.S. real property interests are treated as income effectively connected with a U.S. trade or business. In addition, Regulated Investment Companies (RICs) and Real Estate Investment Trusts (REIT) with foreign investors are subject to the FIRPTA rules under IRC 1445 and IRC 897. Consequently, income tax is imposed on the net gains at marginal income tax rates. FIRPTA also imposed withholding tax provisions to ensure the collection of tax. Refer to IRM 3.21.261.1.1, Form 8288 Background and IRM 3.21.25 , Miscellaneous Tax Returns for more information.

(4)   Verify Form 8288-A credit indicator sheet for credit claimed. Only one box must be checked. If not attached, forward to the FIRPTA unit.

(5)   Review the account on IDRS due to the possibility of an erroneous duplicate credit (TC 766) for the same amount as a payment.

Note: Form 8288 can be filed with an EIN, SSN or ITIN. If the return was filed with an SSN, or ITIN use File Source Code "V" for valid or "W" for invalid. It may be necessary to research under both the valid and invalid segments for an erroneous duplicate credit. There should never be any generated refunds on Form 8288 (MFT 17).

3.14.2.9.5
(01-01-2023)
Withholding Tax on Foreign Partners

(1)   Form 8804, Form 8805 and Form 8813 are filed by non-publicly traded partnerships to report and pay Section 1446 withholding tax based on effectively connected taxable income allocated to foreign partners without regard to distribution. See IRM 3.14.2.9.7, for forms filed for withholding under section 1446(a) by publicly traded partnerships.

(2)   Form 8804, Annual Return for Partnership Withholding Tax (Section 1446), shows the total withholding of tax liability of the partnership. For more information concerning Form 8804, please refer to IRM 3.21.15, International Returns and Document Analysis Foreign Partnership Withholding.

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(3)   Form 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, shows amount of effectively connected taxable income and withholding tax allocated to each foreign partner.

(4)   Form 8805 must be attached to the foreign partners tax return for proper credit.

(5)   Review for the credit as a TC 766 allowance and if needed make the necessary adjustment.

(6)   Any U.S. person erroneously made subject to the withholding tax would also receive Form 8805 from a partnership and should attach to Form 1040 or Form 1120 for credit substantiation.

(7)   Form 8813, Partnership Withholding Tax Payment Voucher (Section 1446), is used to transmit withholding tax payments from partnerships.

(8)   Forms 8288 and 8288-A are filed to report and pay withholding tax due to the acquisition of U.S. real property interests.

   a.   Form 8288, U.S. Withholding Tax Return for Dispositions by Foreign Persons of U.S. Real Property Interests, shows the amount subject to withholding and the total amount withheld by the transferee.
   b.   Form 8288-A, Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests, shows the amount of withholding tax. A copy of Form 8288-A, stamped by the IRS, must be attached to the transferor (seller's) return for proper credit.

3.14.2.9.6
(01-01-2025)
CP Notices

(1)   BMF International cases will generate with the same CP numbers as domestic cases with the exception of Spanish forms. Spanish forms will generate CP notices in the 800 and 900 number series. In addition, International notices will appear in OLNR with 8XXX batch numbers.

(2)   See the table below for BMF Spanish CP notices and the corresponding English CP notice:

Spanish CP Notice Number	English Equivalent CP Notice Number	Notice Information
801	101	MFT 10, Balance due, Math error
802	102	MFT 01, Balance due, Math error
811	111	MFT 10, Overpaid, Math Error
812	112	MFT 01, Overpaid, Math Error
834B	134B	MFT 01, 10, 11 and 14 - Federal Tax Deposit(s) (FTD) Discrepancy - Balance Due
834R	134R	MFT 01, 10, 11 and 14 - Federal Tax Deposit(s) (FTD) Discrepancy - Due a Refund
861	161	All MFTs, Balance due, **no** Math Error

Spanish CP Notice Number	English Equivalent CP Notice Number	Notice Information
910	210	All MFTs, Overpaid, Even, and Balance due adjustment
920	220	All MFTs, Overpaid, Even, and Balance due adjustment

3.14.2.9.7
(04-03-2023)
Form 1042 / Form 1042-S Withholding on U.S. Source Income

(1) Form 1042 is the annual tax return filed by withholding agents to report withholding tax liability and tax withheld on U.S. source income paid to certain nonresident aliens, foreign partnerships and foreign corporations. In addition, these forms are used to report withholding of distributions made by publicly traded partnerships of effectively connected taxable income subject to 1446(a) withholding.

(2) Form 1042-S is filed to report foreign person's U.S. income subject to withholding and withholding tax liability.

Note: Form 1042-S is processed with a File Location Code 60, Tax Class 5 and Document Code 02 for paper documents.

    a. A signed Competent Authority Letter is acceptable in lieu of a Form 1042-S. The Competent Authority Letter must be signed and state the withholding amount allowed and the correct tax year.

    b. Form 1042-S must be filed on or before March 15th. Taxpayers may request a 30 day extension of time to file Form 1042-S by filing a completed Form 8809, Application for Automatic Extension of Time to File Information Returns. An additional 30 day extension may be requested by filling out a second Form 8809.

    Note: The Form 8809, does not extend the time for filing Form 1042. A Form 7004 maybe used to file an extension for Form 1042.

3.14.2.9.8
(04-03-2023)
Form 1042 Filing Requirements

(1) Form 1042 is filed by individuals, corporations, and partnerships having control, receipt custody, disposal, or payment of interest, dividends, rent, salaries, etc., to the extent that such items constitute gross income from U.S. sources for nonresident alien individuals, foreign partnerships, or foreign corporations. Form 1042 also serves as a transmittal.

(2) Form 1042 must be filed on or before March 15th of each year.

(3) Forms 1042 are filed whether or not any tax was withheld or required to be withheld (i.e., income was exempt from withholding).

(4) The dollar amount of withheld taxes determines the frequency of deposits. Refer to the table below for requirements for withholding payments.

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If	Then
undeposited taxes of $2,000 or more at the end of any quarter-monthly period.	deposit within three banking days after the end of the quarter-monthly period. (Quarter-monthly periods end on the 7th, 15th, 22nd and last day of the month.)
undeposited taxes of $200 or more but less than $2,000 at the end of the month.	deposit by the 15th day of the following month.
undeposited taxes of less than $200 at the end of the year	deposit via FTD or remit with Form 1042 on or before March 15 in the following year of tax year.

3.14.2.9.9
(11-05-2019)
Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons

(1) Form 1042 is the annual tax return used by withholding agents to report and pay tax due on income derived from sources in the United States. .

(2) Form 1042 is an annual calendar year return due by March 15th and cannot be filed as a fiscal year return.

(3) This form is similar to Form 945, Annual Return of Withheld Federal Income Tax.

(4) Currently Form 1042 (MFT 12) is processed only at the Ogden campus. Form 1042 is processed using a Tax Class of 1, a Doc Code of 25 and one of the following File Location Codes (FLC):

- FLC 29 - If the withholding agent is located within the U.S.
- FLC 60 - If the withholding agent is located outside of the U.S.
- FLC 78 - If the withholding agent is located in one of the U.S. territories or the Commonwealth of Puerto Rico.

(5) See IRM 3.21.110 for Processing Form 1042 Withholding Returns, and IRM 3.22.110, for Code and Edit and Error Resolution specific steps for withholding returns.

(6) The statutory period of limitations on assessment generally expires 3 years from the due date or received date of the return whichever is later.

3.14.2.9.10
(01-01-2018)
Reviewing Notices for Form 1042

(1) Verify entity for a possible address change.

(2) Verify all credits including credit elect and excess FTD payments.

Note: Deposits with TC 620 may have incorrect FTD penalties. See IRM 20.1.4-8, Form 1042 Deposit Requirements for All Periods, for more information.

(3) Compare notice with IDRS with emphasis on CP/TRNS 193, TC 976, A-Freeze for subsequent actions.

(4) If necessary, input a CC STAUP for 15 cycles and forward to Accounts Management using local control procedures.

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(5) If an address was corrected and there is an overpayment which will be refunded, intercept refund and prepare a manual refund.

If	Then
withholding agent located within the U.S.	Form 1042 processed with File Location Code (FLC) 29.
withholding agent located outside of the U.S.	FLC is 60.
withholding agent located in U.S. Territory	FLC is 78.
only action is to change location code	Do not intercept the refund.

Note: When adjusting BMF international tax accounts using CC REQ54, or transferring credits using CC ADD24 or ADD34 or ADD48, input a filing location code (FLC) of 60 or 78 according to the primary location code shown on TXMOD or ENMOD.

(6) Retype notice for correct address, location code and taxpayer's account.

(7) Research for missing payments.

(8) If telephone number unavailable, use "Call your nearest IRS office" when retyping the notice.

(9) Ensure bottom of notice reflect correct Area Office/Service Center.

(10) Q Transcript Review - Input TC 570 on modules reflecting a Q to prevent incorrect notices and/or erroneous refunds.

3.14.2.9.11
(01-01-2025)
CP 107, Balance Due Form 1042

(1) CP 107 is a balance due notice generated from a math error.

(2) Validate error with a math verification.

(3) If the taxpayer's original figures are correct on their return, then adjust the taxpayer's account to reflect those original figures. The notice can be voided if the account is an even balance or returns to the taxpayer's refund figures. If no math error remains after the adjustment and the account is in balance due status retype to a CP 161.

3.14.2.9.12
(01-01-2016)
CP 117, Overpayment Form 1042

(1) A CP 117 is an overpayment notice generated from a refund.

(2) Validate error with a math verification.

(3) If the taxpayer's original figures are correct on their return, then adjust the taxpayer's account to reflect those original figures. The notice can be voided.

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3.14.2.9.13 (01-01-2025) **Form 706-NA, United States Estate (and Generation-Skipping Transfer) Tax Return**	(1) The Tax Reform Act of 1976 requires a decedent's executor to file Form 706-NA, United States Estate (and Generation-Skipping Transfer) Tax Return Estate of nonresident not a citizen of the United States, for the estate of a non-resident who was not a citizen.

(2) This rule also applies if part of the gross estate (as defined by the statute) situated in the U.S. exceeds $60,000 at the date of death reduced by the amount of adjusted taxable gifts within the meaning of Section 2001(b) made by the decedent after December 31, 1976.

Note: Before December 31, 1976, Form 706-NA was filed for the estate of a non-resident who was not a citizen. whose gross estate situated in the U.S. exceeded a value of $30,000 at the date of death.

(3) Form 706-NA is due 9 months after the date of death corresponding to the calendar date of death, unless an extension of time to file was granted. Example: If date of death is May 31 of the current year, the due date of the Form 706-NA is February 28 of the following year (the last day of the month 9 months later).

(4) Under Delegation Order 25-4 (Rev. 1), SB/SE Chief of Estate and Gift Tax, Director, Campus Compliance Operations, Cincinnati, SB/SE Director Advisory & Insolvency, Collection Advisory Estate Tax Lien Group Manager, can approve extensions of time for filing. It may be granted even though an application is made later than 9 months from the date of death. However, unless the executor is abroad, the extended due date for filing the estate tax return may not be later than 15 months from the date of the decedent's death (Sec. 20.6081-1(c) of the Regulations).

3.14.2.9.14 (01-01-2025) **Form 709-NA, United States Gift (and Generation-Skipping Transfer) of Nonresident Not a Citizen of the United States Tax Return**	(1) New for 2025, Form 709-NA, United States Gift (and Generation-Skipping Transfer) Tax Return of Nonresident Not a Citizen of the United States, is used to report gifts made after December 31, 2023. Form 709-NA has the same MFT (51) as the other Forms 709, but it has a DLN document code of 08.

(2) Form 709-NA is used to report transfers subject to the Federal gift and certain generation-skipping transfer (GST) taxes and figure the tax, if any, due to those transfers from a Nonresident Not a Citizen of the United States.

(3) Form 709-NA is due April 15 following the calendar year when gifts were made. If a donor makes a gift the year they die then the estate must file a Form 706, and the following rules apply:

   a. If the taxpayer died before July 15, the gift tax return is due when the estate tax return is due (Form 706, nine months after the Date of Death plus extensions).
   b. If the taxpayer died after July 14, the gift tax return (Form 709-NA) is due April 15 of the following year.
   c. If no estate tax return is required to be filed, the due date for the Form 709-NA is April 15, 20XX of the following year.

3.14.2.9.15 (11-05-2019) **Form 1120-F, U.S. Income Tax Return of a Foreign Corporation**	(1) Every foreign corporation must file a Form 1120-F or Form 1120-FSC if the corporation:

   a. Engages in a trade or business in the U.S. during any time within the taxable year.

b.   Has income from U.S. sources which is not effectively connected with the operation of a trade or business within the U.S and for which the tax liability has not been satisfied by withholding at source.

c.   Has income effectively connected with (or treated as effectively connected with) a U.S. trade or business.

d.   Has overpaid U.S. income tax and is requesting a refund.

(2)   Gross income from U.S. sources not effectively connected with a U.S. trade or business is subject to a 30% tax rate or such lower tax specified by tax treaty.

(3)   Deductions are not allowed against income not effectively connected with the operation of a trade or business within the U.S.

3.14.2.9.16
(11-04-2021)
Filing Requirements

(1)   The income tax return due date is decided as follows:

If	Then
foreign C Corporation has an office or place of business within the U.S.	for tax years beginning after 2015, the due date is the 15th day of the 4th month following the tax year. **Exception:** for tax years beginning before 2026, if the taxable year ends on June 30 (or if the return is for a short period that ends on any day in June), the due date is the 15th day of the 3rd month following the close of the tax year.
foreign C Corporation has an office or place of business within the U.S.	for tax years ending prior to January 1, 2016, the due date is the 15th day of the 3rd month following the tax year.
foreign corporation does not have an office or place of business within the U.S.	must file on or before the 15th day of the 6th month following the tax year.

3.14.2.9.17
(01-01-2023)
Payment of Tax Due

(1)   A corporation must make estimated tax payments if the tax liability will be $500 or more. If liability less than $500, payment is due at the time the return is due.

(2)   Payment of tax depends upon whether or not the corporation has an office or place of business in the United States.

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a. A foreign C Corporation that maintains an office or place of business in the U.S. pays **all** tax liability by the 15th of the 4th month following the tax year, but if certain conditions are met, the corporation is granted an automatic extension until the 15th day of the 6th month following the close of the taxable year to file the income tax return and to pay the tax.

b. A foreign corporation that does not maintain an office of place of business in the U.S. must pay **all** their tax liability by the 15th day of the 6th month following the tax year.

(3) Payments are made directly to the IRS and are not governed by depository requirements.

3.14.2.9.18
(11-05-2019)
Withholding Credits

(1) Withholding credits claimed on Form 1120-F are shown on line 5i.

a. FIRPTA credit on Form 8288-A (requires verification).
b. Partnerships credits on Form 8805:   #
                                                                                          #

c. Withholding at source on Form 1042-S (tax certification required (e.g., Form W-8BEN-E)).
d. U.S. income tax withheld (Form 1099 and statement that corporation is exempt from backup withholding required).

(2) Withholding credits claimed on Form 1120 FSC are shown on lines 2g and 2h.

a. Withholding at source on Form 1042-S. (Research EIN of withholding agent to ensure Form 1042 filed to report at least the amount of credit claimed.)
b. U.S. Income tax paid (withholding statement must be attached).
c. Form 1099 for credit for amounts claimed for backup withholding reported on line 2h (withholding statement must be attached).

3.14.2.9.19
(01-01-2025)
Effectively Connected/Non Effectively Connected Income

(1) If a foreign corporation is engaged in a U.S. trade or business, all income, gain, or loss that is derived from sources within the United States, other than certain investment income, is treated as effectively connected income (ECI).

(2) Non-effectively connected income is income not effectively connected with a trade or business in the United States.

(3) Section II of Form 1120-F is used to compute the tax.

                                                                                          #
                                                                                          #

method of payment.

3.14.2.9.20
(01-01-2025)
Form 1120-FSC, Income Tax Return of a Foreign Sales Corporation

(1) Form 1120-FSC, Foreign Sales Corporation (FSC), is filed to report a foreign sales corporation's income, gains, deductions, credits, and tax liability. The MFT is 02 and the filing requirement code is 15.

(2) A corporation must have elected to be treated as a Foreign Sales Corporation (FSC), or small FSC, by filing Form 8279 prior to October 1, 2000, and **the election must still be in effect**. No new election can be made using Form 1120-FSC.

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(3) FSC must be organized under the laws of certain qualifying foreign countries or possession of the United States excluding Puerto Rico.

(4) Foreign corporations electing FSC status may not claim the benefits of any U.S. tax treaty.

(5) An FSC that is a member of a controlled group must check the box on line 1 of Schedule J of the 1120-FSC and attach Schedule O of Form 1120. If Schedule J is not complete or controlled group box is not checked, a math error results with an increase to the applicable maximum corporate tax rate. FSC must give a corrected apportionment plan in order to allow reduced tax rate.

3.14.2.10
(01-01-2024)
Replies to Computer Paragraph Notices

(1) Notice Review does not process replies to Computer Paragraph notices. If a reply is received in Notice Review, route it to the local ICT area for scanning.

3.14.2.11
(01-01-2024)
Taxpayer Notice Codes (TPNCs)

(1) See the following sections to review the available TPNCs for each form. All forms generating a Math Error CP will also allow TPNC 90, open fill-in paragraph. See TPNC 90 Literals in the *TPNC 90 Literals-Copy and Paste Job Aid*.

3.14.2.11.1
(02-05-2024)
Form CT-1 MFT 09 TPNCs

(1) See the list of taxpayer notice codes for Form CT-1 in IRM 3.12.13-38.

3.14.2.11.2
(01-01-2024)
Form 11-C MFT 63 and Form 730 MFT 64 TPNCs

(1) See the list of taxpayer notice codes for Form 11-C and Form 730 in IRM 3.12.23.2.11 .

3.14.2.11.3
(01-01-2024)
Form 706 MFT 52 TPNCs

(1) See the list of taxpayer notice codes for Form 706 in IRM 3.12.263.3.12.3 .

3.14.2.11.4
(01-01-2024)
Form 706-NA MFT 52 TPNCs

(1) See the list of taxpayer notice codes for Form 706-NA in IRM 3.12.263.3.12.4 .

3.14.2.11.5
(01-01-2024)
Form 709 MFT 51 TPNCs

(1) See the list of taxpayer notice codes for Form 709 in IRM 3.12.263.3.12.5 .

3.14.2.11.6
(01-01-2025)
Form 709-NA MFT 51 TPNCs

(1) See the list of taxpayer notice codes for Form 709-NA in IRM 3.12.263.3.12.6.

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3.14.2.11.6

3.14.2.11.7 (01-01-2024) **Form 720 MFT 03 and Form 2290 MFT 60 TPNCs**	(1)	See the list of taxpayer notice codes for Form 720 and Form 2290 in IRM 3.12.220.2.16.
3.14.2.11.8 (02-05-2024) **Form 940 MFT 10 TPNCs**	(1)	See the list of taxpayer notice codes for Form 940 in IRM 3.12.154-16.
3.14.2.11.9 (02-05-2024) **Form 941 MFT 01 TPNCs**	(1)	See the list of taxpayer notice codes for Form 941 in IRM 3.12.13-36.
3.14.2.11.10 (02-05-2024) **Form 943 MFT 11, Form 944 MFT 14, and Form 945 MFT 16 TPNCs**	(1)	See the list of taxpayer notice codes for Form 943, Form 944, and Form 945 in IRM 3.12.13-38.
3.14.2.11.11 (02-05-2024) **Form 990-PF MFT 44 TPNCs**	(1)	See the list of taxpayer notice codes for Form 990-PF in IRM 3.12.12-11.
3.14.2.11.12 (02-05-2024) **Form 990-T MFT 34 TPNCs**	(1)	See the list of taxpayer notice codes for Form 990-T in IRM 3.12.12-13.
3.14.2.11.13 (01-01-2024) **Form 1041 MFT 05 TPNCs**	(1)	See the list of taxpayer notice codes for Form 1041 in IRM 3.12.14-36.
3.14.2.11.14 (01-01-2024) **Form 1042 MFT 12 TPNCs**	(1)	See the list of taxpayer notice codes for Form 1042 in IRM 3.22.110.21.17 .
3.14.2.11.15 (01-01-2025) **Form 1065 MFT 06 TPNCs**	(1)	The Form 1065 is no longer an information only return. See the list of taxpayer notice codes for Form 1065 in IRM 3.12.15-26 .
3.14.2.11.16 (01-01-2024) **Forms 1120, 1120-C, 1120-F, 1120-H, 1120-L, 1120-PC, 1120-REIT & 1120-RIC MFT 02 TPNCs**	(1)	See the list of taxpayer notice codes for Form 1120, Form 1120-C, Form 1120-F, Form 1120-H, Form 1120-L, Form 1120-PC, Form 1120-REIT & Form 1120-RIC in IRM 3.12.251-1.

3.14.2.11.16.1 (01-01-2024) **Form 1120-FSC, 1120-ND, and 1120-SF MFT 02 TPNCs**	(1)	See the list of taxpayer notice codes for Form 1120-FSC, Form 1120-ND, and Form 1120-SF in IRM 3.12.16.3.4.1.
3.14.2.11.16.2 (02-05-2024) **Form 1120-POL MFT 02 TPNCs**	(1)	See the list of taxpayer notice codes for Form 1120-POL in IRM 3.12.12-12.
3.14.2.11.16.3 (02-05-2024) **Form 1120-S MFT 02 TPNCs**	(1)	See the list of taxpayer notice codes for Form 1120-S in IRM 3.12.217-24.
3.14.2.11.17 (02-05-2024) **Form 4720 MFT 50 and Form 5227 MFT 37 TPNCs**	(1)	See the list of taxpayer notice codes for Form 4720 and Form 5227 MFT 37 in IRM 3.12.12-14.
3.14.2.11.18 (01-01-2024) **Form 5330 MFT 76 TPNCs**	(1)	See the list of taxpayer notice codes for Form 5330 in IRM 3.12.22.10.17.1.
3.14.2.11.19 (01-01-2024) **Form 8752 MFT 15 TPNCs**	(1)	See the list of taxpayer notice codes for Form 8752 in IRM 3.12.249.4.16.

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Exhibit 3.14.2-1   (01-01-2024)
CP Notice Descriptions

CP Number	Form Number	CP Type	Overpaid/Even/Balance Due
101	940, 940-EZ	MATH ERROR	BALANCE DUE
102	941, 941C, 941SS, 941X, 943, 943X, 944, 944SS, 944X, 945, 945X	MATH ERROR	BALANCE DUE
103	CT-1, CT-1X	MATH ERROR	BALANCE DUE
104	720	MATH ERROR	BALANCE DUE
105	11-C, 229, 730, 706, 706-NA .709, 709-NA	MATH ERROR	BALANCE DUE
106	990PF, 4720, 5227	MATH ERROR	BALANCE DUE
107	1042	MATH ERROR	BALANCE DUE
111	940, 940-EZ	MATH ERROR	OVERPAID
112	941, 941C, 941SS, 941X, 943, 943X, 944, 944SS, 944X, 945, 945X	MATH ERROR	OVERPAID
113	CT-1, CT-1X	MATH ERROR	OVERPAID
114	720	MATH ERROR	OVERPAID
115	11-C, 2290, 730, 706, 706-NA, 709, 709-NA	MATH ERROR	OVERPAID
116	990PF, 4720, 5227	MATH ERROR	OVERPAID
117	1042	MATH ERROR	OVERPAID
123	CT-1, CT-1X	MATH ERROR	EVEN BALANCE 1¢-99¢
124	720	MATH ERROR	EVEN BALANCE 1¢-99¢
125	11-C, 2290, 730, 706, 706-NA, 709, 709-NA	MATH ERROR	EVEN BALANCE 1¢-99¢
126	990-PF, 5227, 5330 or 4720	MATH ERROR	EVEN BALANCE 1¢-99¢
127	1042	MATH ERROR	EVEN BALANCE 1¢-99¢
128	ALL BMF FORMS	OFFSET	BALANCE DUE
131	990-T, 1041, 1065, 1120 (all)	MATH ERROR	EVEN BALANCE 1¢-99¢

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Exhibit 3.14.2-1 (Cont. 1) (01-01-2024)
CP Notice Descriptions

CP Number	Form Number	CP Type	Overpaid/Even/Balance Due
131A	990-T, 1041, 1065, 1120 (all)	MATH ERROR	BALANCE DUE $1-$4.99

CP Number	Form Number	CP Type	Overpaid/Even/Balance Due
132	990-T, 1041, 1065, 1120 (all), 8804	MATH ERROR	BALANCE DUE
133	990-T, 1065, 1041, 1120 (all), 8804	MATH ERROR	OVERPAID
134B	720, 940, 941, 943, 944, 945, 1041, 1042, 1120 series, CT-1	CREDIT DISCREPANCY	BALANCE DUE
134R	720, 940, 941, 943, 944, 945, 1041, 1042, 1120 series, CT-1	CREDIT DISCREPANCY	OVERPAID
138	ALL BMF FORMS	Adjustment OFFSET	OVERPAID
141C	990, 990-EZ, 990-PF	Late and Incomplete Filing Penalty	BALANCE DUE
141I	990, 990-EZ, 990-PF	Incomplete Filing Penalty	BALANCE DUE
141L	990, 990-EZ, 990-PF	Late Filing Penalty	BALANCE DUE
145	ALL BMF FORMS	CREDIT ELECT	OVERPAID
147	1041, 1120 (all), 990 SERIES	CREDIT ELECT ADDITIONAL AMOUNT APPLIED	OVERPAID
161	ALL BMF FORMS	NO MATH ERROR	BALANCE DUE
162	1065	FAILURE TO FILE ELECTRONICALLY PENALTY	BALANCE DUE
162A	1065, 1066, 1120-S	LATE FILING PENALTY	BALANCE DUE
162B	1065, 1120-S	INCOMPLETE FILING PENALTY	BALANCE DUE
173	990-T, 1041, 1120 (all)	ES PENALTY ASSESSED	OVERPAID
210	ALL BMF FORMS	ADJUSTMENT	OVERPAID/EVEN/ BALANCE DUE

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Exhibit 3.14.2-1 (Cont. 2) (01-01-2024)
CP Notice Descriptions

CP Number	Form Number	CP Type	Overpaid/Even/Balance Due
215	CT-1, CT-1X	CIVIL PENALTY	OVERPAID/EVEN/ BALANCE DUE
220	ALL BMF FORMS	ADJUSTMENT	OVERPAID/EVEN/ BALANCE DUE
220J	ACA 4980H ESRP	ADJUSTMENT	OVERPAID/EVEN/ BALANCE DUE
225	ALL BMF FORMS	MISSING PAYMENT APPLIED	OVERPAID/EVEN/ BALANCE DUE
233J	ACA ESRP	ADJUSTMENT	OVERPAID/EVEN/ BALANCE DUE
247A	1041, 1120 series, 990-T	IRC 965 NOTICE AND DEMAND	BALANCE DUE
247B	1041, 1120 series, 990-T	IRC 965 NOTICE AND DEMAND	BALANCE DUE
247C	1041, 1120 series, 990-T	IRC 965 NOTICE AND DEMAND	BALANCE DUE
256	1041, 1120 series, 990-T	IRC 965(H) INSTALL-MENT REMINDER	INSTALLMENT REMINDER
260	ALL BMF FORMS	CREDIT REVERSAL	BALANCE DUE
267	ALL BMF FORMS	EXCESS CREDITS NON MATH ERROR	OVERPAID
268	ALL BMF FORMS	EXCESS CREDITS WITH MATH ERROR	OVERPAID
380	ALL BMF FORMS	TRANSCRIPT	OVERPAID
384	ALL BMF FORMS	TRANSCRIPT	OVERPAID
386	ALL BMF FORMS	TRANSCRIPT	OVERPAID
388	ALL BMF FORMS	TRANSCRIPT	OVERPAID
947A	1041, 1120 series, 990-T	SPANISH IRC 965 NOTICE AND DEMAND	BALANCE DUE
947B	1041, 1120 series, 990-T	SPANISH IRC 965 NOTICE AND DEMAND	BALANCE DUE
947C	1041, 1120 series, 990-T	SPANISH IRC 965 NOTICE AND DEMAND	BALANCE DUE
956	1041, 1120 series, 990-T	SPANISH IRC 965(H) INSTALLMENT REMINDER	INSTALLMENT REMINDER

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Exhibit 3.14.2-1

Exhibit 3.14.2-2   (01-01-2025)
Common BMF Forms

Form	Form Title	Tax Period	MFT	Due Date	Payment Types	Over-paid	Bal. Due	Even	Non Math Error CP
11-C	Occupational Tax and Reg-istration Return for Wagering	Annual Month 07	63	July 1	$50.00 or $500.00	115	105	125	161
706	U.S. Estate Tax Return	00000	52	9 months after Date of Death	Tax paid by due date or installments	115	105	125	161
706-NA	U.S Estate of nonresident not a citizen of the United States	00000	52	9 months after Date of Death	-	115	105	125	161
709	U.S. Gift Tax Return	Calendar Year	51	April 15-extension from Form 1040 applies	-	115	105	125	161
Form 709-NA,	U.S. Gift Tax Return, of a Nonresident Not a Citizen of the United States	calendar or fiscal	51	Certain rules apply IRM 3.14.2.6.7.1.5.	-	115	105	125	161
720	Quarterly Federal Excise Tax Return	Quarterly	03	Last day of the month following the end of the quarter.	FTD Monthly or Semi-Weekly	114, 268	104	124	161
730	Tax on Wagering	Monthly	64	Last day of month following the month in which the taxable income is earned.	-	115	105	125	161

Exhibit 3.14.2-2   Internal Revenue Manual   Cat. No. 32201V (10-31-2024)

Exhibit 3.14.2-2 (Cont. 1) (01-01-2025)
Common BMF Forms

Form	Form Title	Tax Period	MFT	Due Date	Payment Types	Over-paid	Bal. Due	Even	Non Math Error CP
940, 940-EZ	Federal Un-employment (FUTA) Tax Return	Calendar Year	10	January 31	Quarterly FTD	111, 268	101	121	161
941	Employer's Quarterly Income Tax Return	Quarterly	01	One Month Quarter End	FTD on Various Schedule	112, 268	102	122	161
943	Employer's Annual Tax Return for Agricultural Employees	Calendar Year	11	January 31	Monthly or Semi-Weekly FTD	112, 268	102	122	161
944	Employer's Annual Federal Tax Return	Calendar Year	14	January 31	FTD on Various Schedule	112, 268	102	122	161
945	Annual Return of Withheld Income Tax	Calendar Year	16	January 31	FTD on Various Schedule	112, 268	102	122	161
1041	Estates and Trusts Income Tax Return	Fiscal Year	05	3 1/2 Months After Tax Period	Quarterly ES Payments	133, 268	132	131	161
1065	U.S. Partner-ship	Fiscal Year	06	2 1/2 Months After Tax Period	No Tax Due	133, 268	132	131	161, 162

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Exhibit 3.14.2-2

Exhibit 3.14.2-2 (Cont. 2) (01-01-2025)
Common BMF Forms

Form	Form Title	Tax Period	MFT	Due Date	Payment Types	Over-paid	Bal. Due	Even	Non Math Error CP
1120 See Exhibit 3.14.2-24 through Exhibit 3.14.2-28 , for specific informa-tion for each Form 1120	U.S. Corpora-tion Income Tax	Fiscal Year	02	4 1/2 Months After Taxable Year	Quarterly ES Payments	133, 268	132	131	161
2290	Heavy Vehicle Use Tax Return	Annual Month 07	60	1 Month After Tax Month End	TC 610 or 670	115	105	125	161
8752	Required Annual Payment Under Sec. 7519	Annual	15	May 15	-	Tran-script	-	-	-

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Exhibit 3.14.2-3   (01-01-2024)
BMF Notices and Refund Transcripts Table

CP Number	Output	CP Type	CAF/RAF	NRPS: Select	NRPS: MRS	NRPS: LCF	Notes or Form
101	101	Math Error (ME)/ Balance Due	Yes	Yes	Yes	Yes	940, 940-EZ
102	102	Math Error (ME)/ Balance Due	Yes	Yes	Yes	Yes	941, 943, 944, 945
103	103	Math Error (ME)/ Balance Due	Yes	Yes	Yes	Yes	CT-1
104	104	Math Error (ME)/ Balance Due	Yes	Yes	Yes	Yes	720
105	105	Math Error (ME)/ Balance Due	Yes	Yes	Yes	Yes	11-C, 706, 706-NA, 709, 709-NA 730, 2290
106	106	Math Error (ME)/ Balance Due	Yes	Yes	Yes	Yes	5227, 4720
107	107	Math Error (ME)/ Balance Due	Yes	Yes	Yes	Yes	1042
108	108	Inquiry	Yes	No	No	No	FTD
109	109	Inquiry	Yes	No	No	No	EIN/ name
111	111	Math Error (ME)/ Overpay	Yes	Yes	Yes	Yes	940, 940-EZ
112	112	Math Error (ME)/ Overpay	Yes	Yes	Yes	Yes	941, 943, 944, 945
113	113	Math Error (ME)/ Overpay	Yes	Yes	Yes	Yes	CT-1
114	114	Math Error (ME)/ Overpay	Yes	Yes	Yes	Yes	720
115	115	Math Error (ME)/ Overpay	Yes	Yes	Yes	Yes	11-C, 706, 706-NA, 709, 709-NA 730, 2290
116	116	Math Error (ME)/ Overpay	Yes	Yes	Yes	Yes	5227, 4720

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Exhibit 3.14.2-3 (Cont. 1) (01-01-2024)
BMF Notices and Refund Transcripts Table

CP Number	Output	CP Type	CAF/RAF	NRPS: Select	NRPS: MRS	NRPS: LCF	Notes or Form
117	117	Math Error (ME)/ Overpay	Yes	Yes	Yes	Yes	1042
120A	120A	Notification	Yes	No	No	No	-
123	123	Math Error (ME)/ Even Balance	Yes	Yes	No	Yes	-
124	124	Math Error (ME)/ Even Balance	Yes	Yes	No	Yes	720
125	125	Math Error (ME)/ Even Balance	Yes	Yes	No	Yes	11-C, 706, 706-NA, 709, 709-NA, 730, 2290
126	126	Math Error (ME)/ Balance Due	Yes	Yes	Yes	Yes	5227, 4720
127	127	Math Error (ME)/ Even Balance	Yes	Yes	No	Yes	1042

CP Number	Output	CP Type	CAF/RAF	NRPS: Select	NRPS: MRS	NRPS: LCF	Notes or Forms
128	128	Offset/Balance Due	Yes	Yes	No	Yes	Associated if another CP is selected
130	130	Notification	Yes	No	No	No	-
131	131	Math Error (ME)/ Even Balance	Yes	Yes	No	Yes	1120-S, 1041, 1065, 1120-C, 990-T
131A	131A	Balance Due	Yes	Yes	Yes	Yes	1120-S, 1041, 1065, 1120-C, 990-T
132	132	Math Error (ME)/ Overpaid	Yes	Yes	Yes	Yes	1041, 1065, 1120-C, 990-T

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Exhibit 3.14.2-3 (Cont. 2) (01-01-2024)
BMF Notices and Refund Transcripts Table

CP Number	Output	CP Type	CAF/RAF	NRPS: Select	NRPS: MRS	NRPS: LCF	Notes or Forms
133	133	Math Error (ME)/ Overpaid	Yes	Yes	Yes	Yes	1120-S, 1041, 1065, 1120-C, 990-T
134B	134B	FTD/ES Payment Discrepancy Notice (Balance Due)	Yes	Yes	Yes	Yes	1120 series, 720, 940, 941, 943, 944, 945, 1041, 1042
134R	134R	FTD/ES Payment Discrepancy Notice (Refund)	Yes	Yes	Yes	Yes	1120 series, 720, 940, 941, 943, 944, 945, 1041, 1042
135	135	Service Center	No	No	No	No	-
138	138	Offset to Balance Due	Yes	Yes	No	Yes	Associated if another CP is selected
139	139	Notification	Yes	No	No	No	-
141C	141C	Balance Due	Yes	No	No	No	990, 990-EZ, 990-PF
141I	141I	Balance Due	Yes	No	No	No	990, 990-EZ, 990-PF
141L	141L	Balance Due	Yes	No	No	No	990, 990-EZ, 990-PF
142	142	Notification	Yes	No	No	No	-
143	143	Notification	Yes	No	No	No	-

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Exhibit 3.14.2-3 (Cont. 3) (01-01-2024)
BMF Notices and Refund Transcripts Table

CP Number	Output	CP Type	CAF/RAF	NRPS: Select	NRPS: MRS	NRPS: LCF	Notes or Forms
145	145	Credit elect	Yes	Yes	No	Yes	Associated if another CP is selected
147	147	Subsequent credit elect	Yes	Yes	No	Yes	-
151	151	Notification	No	No	No	Yes	-
152	152	Notification	Yes	No	No	Yes	-
153	153	Notification	No	No	No	No	-
155	155	Service Center	No	No	No	No	-
156	156	Notification	Yes	No	No	Yes	-
160	160	Reminder Balance Due	Yes	No	No	No	-
161	161	Balance due	Yes	Yes	Yes	Yes	ALL
162	162	FTF ELF	Yes	Yes	Yes	Yes	1065
162A	162A	FTF Penalty Balance Due	Yes	Yes	Yes	Yes	1065, 1066, 1120-S
162B	162B	Missing Information Penalty Balance Due	Yes	Yes	Yes	Yes	1065, 1120-S
163	163	Reminder Balance Due	Yes	No	No	No	-
164	164	Service Center files	No	No	No	No	-
165	165	Bad check penalty	Yes	No	No	No	-
166	166	Insufficient funds	Yes	No	No	No	-
169	169	Inquiry	Yes	No	No	No	-

CP Number	Output	CP Type	CAF/ RAF	NRPS: Select	NRPS: Categories	NRPS: MRS	NRPS: LCF	Notes or Forms
170	170	Service Center	No	No	-	No	No	-
171	171	Notification	Yes	No	-	No	No	-

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Exhibit 3.14.2-3 (Cont. 4) (01-01-2024)
BMF Notices and Refund Transcripts Table

CP Number	Output	CP Type	CAF/ RAF	NRPS: Select	NRPS: Categories	NRPS: MRS	NRPS: LCF	Notes or Forms
172	172	Notification	No	No	-	No	No	-
173	173	ES Penalty Assessed Reduced refund	Yes	Yes	A/B/E/H	Yes	Yes	1120-S, 1041, 1120-C, 990-T,
174	174	Inquiry	Yes	No	-	No	No	940, 940-EZ
177	177	AKPFD	Yes	Yes	A/B/H	Yes	Yes	-
178	178	Inquiry	Yes	No	-	No	No	-
180	180	Inquiry	Yes	No	-	No	No	-
181	181	Inquiry	Yes	No	-	No	No	-
182	182	Inquiry	Yes	No	-	No	No	1120-S, 1041, 1120-C, 990-T
183	183	Inquiry	Yes	No	-	No	No	720
185	185	Service Center	No	No	-	No	No	TC 690
187	187	Service Center Exam	No	No	-	No	No	Notice to Exam
188	188	Notification	Yes	No	-	No	No	Impact
190	190	Notification	Yes	No	-	No	No	Impact
191	191	Service Center Accounting	No	No	-	No	No	-
192	192	Service Center	No	No	-	No	No	-

CP Number	Output	CP Type	CAF/ RAF	NRPS: Select	NRPS: Categories	NRPS: MRS	NRPS: LCF	Notes or Forms
193A	193	Service Center Adjustment	No	No	-	No	No	-

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BMF Notices and Refund Transcripts Table

CP Number	Output	CP Type	CAF/ RAF	NRPS: Select	NRPS: Categories	NRPS: MRS	NRPS: LCF	Notes or Forms
194	194	Service Center Accounting	No	No	-	No	No	-
195	195	Service Center Adjustment	No	No	-	No	No	-
198	198	Service Center	No	No	-	No	No	-
199	199	Service Center Entity	No	No	-	No	No	-
200	200	Service Center Entity	No	No	-	No	No	-
201	201	Service Center Entity	No	No	-	No	No	-
202	202	Service Center Entity	No	No	-	No	No	-
207	207	Notification	Yes	Yes	-	Yes	Yes	-
208	208	Service Center Adjustment	No	No	-	No	No	-
210	210	Adjustment	Yes	Yes	A/F/H	Yes	Yes	May be balance due, even or overpaid
215	215	Civil penalty Balance Due	Yes	Yes	A/H	No	Yes	-
220	220	Adjustment Balance Due	Yes	Yes	A/F/H	Yes	Yes	Keys 04/06 only
220J	220J	ACA Notice	Yes	No	-	No	Yes	-
225	225	Credit Transfer	Yes	Yes	A/H	Yes	Yes	Keys 03/ 04/06/ 1040/46/ 70/74 only.

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Exhibit 3.14.2-3 (Cont. 6) (01-01-2024)
BMF Notices and Refund Transcripts Table

CP Number	Output	CP Type	CAF/ RAF	NRPS: Select	NRPS: Categories	NRPS: MRS	NRPS: LCF	Notes or Forms
230	230	Combined Annual Wage Reconciliation (CAWR) Adjustment	Yes	No	-	No	No	-
231	231	Service Center Accounting	Yes	No	-	No	No	-
233	233	Service Center Exam	No	No	-	No	No	-
233J	233J	ACA Notice	Yes	No	-	No	Yes	-
234	234	Service Center Adjustment	No	No	-	No	No	-
240	240	Combined Annual Wage Reconciliation (CAWR) Adjustment	Yes	No	-	No	No	-
247A/ 947A	247A/ 947A	Balance Due	Yes	Yes	A/B/H	Yes	Yes	1120 series, 1041, 990-T
247B/ 947B	247B/ 947B	Balance Due	Yes	Yes	A/B/H	Yes	Yes	1120 series, 1041, 990-T
247C/ 947C	247C/ 947C	Balance Due	Yes	Yes	A/B/H	Yes	Yes	1120 series, 1041, 990-T

CP Number	Output	CP Type	CAF/ RAF	NRPS: Select	NRPS: Categories	NRPS: MRS	NRPS: LCF	Notes or Forms
250C	250C	Notification	Yes	No	-	No	No	944

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Exhibit 3.14.2-3 (Cont. 7) (01-01-2024)
BMF Notices and Refund Transcripts Table

CP Number	Output	CP Type	CAF/ RAF	NRPS: Select	NRPS: Categories	NRPS: MRS	NRPS: LCF	Notes or Forms
251	251	Combined Annual Wage Reconciliation (CAWR) Even balance	Yes	No	-	No	No	Status code 26 posting
252	252	Combined Annual Wage Reconciliation (CAWR) Balance due	Yes	No	-	No	No	Final notice
253	253	Combined Annual Wage Reconciliation (CAWR) Overpay	Yes	No	-	No	No	Requests Forms W-2
254	254	Notification	Yes	No	-	No	No	-
255	255	Combined Annual Wage Reconciliation (CAWR) Inquiry	Yes	No	-	No	No	-
256/956	256/ 956	Reminder Notice	Yes	Yes	A/B/H	Yes	Yes	1120 series, 1041, 990-T
259A	259A	Notification (TDI Notice)	Yes	No	-	No	No	990, 990-EZ
259B	259B	Notification (TDI Notice)	Yes	No	-	No	No	990-PF
259C	259C	Notification (TDI Notice)	Yes	No	-	No	NO	990-PF
259D	259D	Notification (TDI Notice)	Yes	No	-	No	No	990-T
259E	259E	Notification (TDI Notice)	Yes	No	-	No	No	990

Exhibit 3.14.2-3 (Cont. 8) (01-01-2024)
BMF Notices and Refund Transcripts Table

CP Number	Output	CP Type	CAF/ RAF	NRPS: Select	NRPS: Categories	NRPS: MRS	NRPS: LCF	Notes or Forms
259F	259F	Notification (TDI Notice)	Yes	No	-	No	No	5227
259G	259G	Notification (TDI Notice)	Yes	No	-	No	No	1120-POL
260	260	Credit Removal	Yes	Yes	A/D/H/I	Yes	Yes	-
261	261	Notification	Yes	No	-	No	No	-
262	262	Notification	Yes	No	-	No	No	-
263	263	Notification	Yes	No	-	No	No	-
264	264	Notification	Yes	No	-	No	No	-
265	265	Notification	Yes	No	-	No	No	-
266	266	Notification	Yes	No	-	No	No	2553
267	267	Overpay	Yes	Yes	A/B/C/H	Yes	Yes	940, 941, 943, 944, 720, 1042, 1120, 1120-C
268	268	Math Error (ME)/ Overpay	Yes	Yes	A/B/C/H	Yes	Yes	940, 941, 943, 944, 720, 1042, 1120, 1120-C
270	270	Service Center Adjustment/ Exam	No	No	-	No	No	-
275	275	Notification	Yes	No	-	Yes	No	-
278	278	Service Center	No	No	-	Yes	No	-
284	284	Service Center	No	No	-	No	No	-
293	293	Service Center Exam	No	No	-	No	No	-
295	295	Service Center/ Balance Due	No	No	-	No	No	5500

Cat. No. 32201V (10-31-2024)   Internal Revenue Manual   **Exhibit 3.14.2-3**
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Exhibit 3.14.2-3 (Cont. 9) (01-01-2024)
BMF Notices and Refund Transcripts Table

CP Number	Output	CP Type	CAF/ RAF	NRPS: Select	NRPS: Categories	NRPS: MRS	NRPS: LCF	Notes or Forms
295A	295A	Service Center/ Balance Due	No	No	-	No	No	5500
296	296	Service Center Accounting	No	No	-	No	No	-
297	297	Levy Notification/ Balance Due	Yes	No	-	No	No	-
297A	297A	Levy Notification/ Balance Due	Yes	No	-	No	No	-
298	298	Levy Notification/ Balance Due	Yes	No	-	No	No	-
801	801	Math Error (ME)/ Balance Due	Yes	Yes	A/B/D/H/I	Yes	Yes	940(sp)
802	802	Math Error (ME)/ Balance Due	Yes	Yes	A/B/D/H/I	Yes	Yes	941(sp), 943(sp) 944(sp)
811	811	Math Error (ME)/ Overpay	Yes	Yes	A/B/E/H	Yes	Yes	940(sp)
812	812	Math Error (ME)/ Overpay	Yes	Yes	A/B/E/H	Yes	Yes	941(sp), 943(sp) 944(sp)
834B	834B	FTD/ES Payment Discrepancy Notice (Balance Due)	Yes	Yes	A/B/D/E/H/I	Yes	Yes	940(sp), 941(sp), 943(sp), 944(sp)
834R	834R	FTD/ES Payment Discrepancy Notice (Refund)	Yes	Yes	A/B/D/E/H/I	Yes	Yes	940(sp), 941(sp), 943(sp), 943(sp)
838	838	Offset to Balance Due	Yes	No	-	No	Yes	Spanish only

Exhibit 3.14.2-3   Internal Revenue Manual   Cat. No. 32201V (10-31-2024)

Exhibit 3.14.2-3 (Cont. 10) (01-01-2024)
BMF Notices and Refund Transcripts Table

CP Number	Output	CP Type	CAF/ RAF	NRPS: Select	NRPS: Categories	NRPS: MRS	NRPS: LCF	Notes or Forms
861	861	Balance due	Yes	Yes	A/B/D/H/I	Yes	Yes	940(sp), 941(sp), 943(sp)
865	865	Bad check penalty	Yes	No	-	No	No	940(sp), 941(sp), 943(sp)
874	874	Inquiry	Yes	No	-	No	No	940(sp)
910	910	Adjust- ment	Yes	Yes	A/F/H	No	Yes	May be balance due, even or overpay backup withholding with FTD
920	920	Adjust- ment Balance Due	Yes	Yes	A/F/H	No	Yes	May be balance due, even or overpay backup withholding with FTD
950A	950A	Notifica- tion	Yes	No	-	No	No	944(sp)
950B	950B	Notifica- tion	Yes	No	-	No	No	944(sp)
950C	950C	Notifica- tion	Yes	No	-	No	No	944(sp)
380 (Million Dollar Notices)	380	Transcript	No	Yes	G	No	No	Refund $1,000,000 or more
384 (Refund Notices)	384	Transcript	No	Yes	G	No	No	Highly question- able refund
386 (Highly Ques- tionable Refund)	386	Transcript	No	Yes	G	No	No	Highly question- able refund

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Internal Revenue Manual

Exhibit 3.14.2-3

Exhibit 3.14.2-3 (Cont. 11) (01-01-2024)
BMF Notices and Refund Transcripts Table

CP Number	Output	CP Type	CAF/ RAF	NRPS: Select	NRPS: Categories	NRPS: MRS	NRPS: LCF	Notes or Forms
388 (Refund with Interest)	388	Transcript	No	Yes	G	No	No	Refund with interest

Exhibit 3.14.2-3

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Exhibit 3.14.2-4   (01-01-2024)
BMF Forms - Standard Information

FORM	TITLE	TYPE	MFT	TAX CLASS	DOC. CODE	PERIOD	DUE DATE
11-C	Special Tax Return & Application for Registry Wagering	-	63	4	3	Annual	Date business opens and then yearly thereafter on July 1
706	U.S. Estate Tax Return	-	52	5	6	-	9 months after date of death
706-NA	U.S Estate of nonresident not a citizen of the United States	-	52	5	8	Calendar	9 months after Date of Death
709	U.S. Gift Tax Return	-	51	5	9	Calendar	15-Apr
709-NA	U.S. Gift (and Generation-Skipping Transfer) Tax Return, of a Nonresident Not a Citizen of the United States	-	51	5	8	Calendar	See IRM 3.14.2.6.7.1.5 for specific information.
720	U.S. Quarterly Federal Excise Tax Return	-	3	4	20	Quarterly	Last day of month following end of quarter
730	Tax on Wagering	-	64	4	13	Monthly	Last day of month following earning period
940	Employer's Annual Federal Unemployment (FUTA) Tax Return	-	10	8	40	Calendar	31-Jan

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Exhibit 3.14.2-4

Exhibit 3.14.2-4 (Cont. 1) (01-01-2024)
BMF Forms - Standard Information

FORM	TITLE	TYPE	MFT	TAX CLASS	DOC. CODE	PERIOD	DUE DATE
941	Employer's Quarterly Federal Tax Return	W/H and FICA	1	1	41	Quarterly	Last day of month following end of the quarter
943	Employer's Annual Tax Return for Agricultural Employees	W/H and FICA	11	1	43	Calendar	31-Jan
945	Annual Return of Withheld Federal Income Tax (from non-payroll payments on Forms 1099 and W-2G)	W/H	16	1	97	FTD Pymt.	31-Jan
945	Annual Return of Withheld Federal Income Tax (from non-payroll payments on Forms 1099 and W-2G)	W/H	16	1	44	Annual	31-Jan
945	Annual Return of Withheld Federal Income Tax (from non-payroll payments on Forms 1099 and W-2G)	W/H	16	1	37	Annual	31-Jan
990	Return of Organization Exempt from Income Tax	-	67	4	90	Calendar or Fiscal	May 15 or 15th day of 5th month

Exhibit 3.14.2-4 (Cont. 2) (01-01-2024)
BMF Forms - Standard Information

FORM	TITLE	TYPE	MFT	TAX CLASS	DOC. CODE	PERIOD	DUE DATE
990-T	Exempt Organization Business Income Tax Return	Exempt Organization Corporation	34	3	93	Calendar or Fiscal	April 15 or 15th day of 4th month
990-T	Exempt Organization Business Income Tax Return	Exempt Organization Domestic Addr.	34	3	93	Calendar or Fiscal	May 15 or 15th day of 5th month
990-T	Exempt Organization Business Income Tax Return	Exempt Organization Foreign Addr.	34	3	93	Calendar or Fiscal	June 15 or 15th day of 6th month
1041	U.S. Fiduciary Income Tax Return	-	5	2	44	Calendar or Fiscal	April 15 or 15th day of 4th month
1041A	U.S. Information Return - Trust Accumulation of Charitable Amounts	Information on Charitable Amts.	36	4	81	Calendar or Fiscal	April 15 or 15th day of 4th month
1042	Annual Withholding Tax Return for U.S. Source Income of Foreign Persons	W/H	12	1	25	Annual	15th day of 3rd month
1065	U.S. Partnership Return of Income	-	6	2	65	Calendar or Fiscal	March 15 or 15th day of 3rd month
1120	U.S. Corporation Income Tax Return	-	2	3	10	Calendar or Fiscal	April 15 or 15th day of 4th month for years beginning after 2015

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Exhibit 3.14.2-4 (Cont. 3) (01-01-2024)
BMF Forms - Standard Information

FORM	TITLE	TYPE	MFT	TAX CLASS	DOC. CODE	PERIOD	DUE DATE
1120	U.S. Corporation Income Tax Return	-	2	3	11	Calendar or Fiscal	April 15 or 15th day of 4th month for years beginning after 2015
1120-C	U.S. Income Tax Return for Cooperative Association	-	2	3	03	Calendar or Fiscal	August 15 or 15th day of 8th month
1120-S	U.S. Small Business Corporation Income Tax Return	-	2	3	16	Calendar or Fiscal	March 15 or 15th day of 3rd month
2290	Heavy Vehicle Use Tax Return	Heavy Vehicle Use	60	4	95	Period Beginning Option 1st use or 5,000 miles, then from 7/1 to 6/30	Last day of month following month first used and then yearly by August 31
4720	Return of Certain Excise Taxes on Charities and Other Persons Under Chap 41 and 42 of the IRC	Under Chapters 41 and 42	50	4	97	Calendar or Fiscal	May 15 or 15th day of 5th month
5227	Split - Interest Trust Information Return	-	37	4	83	Calendar or Fiscal	April 15 or the 15th day of the 4th month

Exhibit 3.14.2-4   Internal Revenue Manual   Cat. No. 32201V (10-31-2024)

Exhibit 3.14.2-5   (01-01-2025)
NRPS Selection Keys

KEY	CATEGORY A - Special Handling Required (EXPLANATION)
01	Overpaid amount between $25,000 and $1,000,000.
03	Balance due or overpayment of $1,000,000.00 or more.
04	Balance due amount with penalty or interest amount of $25,000 or more.
06	Large Corporation.
08	Balance due of $100,000.00 or more, but less than $250,000.00.
10	Balance due or adjustment of $250,000.00 or more, but less than $1,000,000.00.
15	CP 225 with Debit/Credit transfer
16	IRC 965 Payment Identified with TC 670 DPC 64
18	CP 210/220 for MFT 03 and with a tax period of YYYY08 (BPD) or CP220/267B for MFT 79 with a tax period of YYYY09 (IPF repealed December 31, 2020.
19	Balance due between $75,000.00--$100,000.00.
28	Corporate Examination Program (CEP)Cases. Worked by LB&I (76XX batches).
35	Void CP 267 when specific criteria is found on the tax module.
41	Select any CP with Master File Tax Code (MFT) 02 and form type 1120-C (Doc Code 03)
50	IRC 965 Return Identified with CCC "J"
51	Select if notice amount is an overpayment of $500.00 or more and a TC 766 or TC 806 is present.
56	Select if notice is a CP 134B/R or CP 834B/R.
75	Form 8752 (Master File Tax Code (MFT) 15).
76	Balance due notice with an Excess Collection situation.
77	Select if a CP 145 with a tax period of 200612 or later if: 1. Master File Tax Code (MFT) 01 with a filing requirement set to Master File Tax Code (MFT) 14 or 2. Master File Tax Code (MFT) 14 with a filing requirement set to Master File Tax Code (MFT) 01.
78	CP 267A for MFT 03 and with a tax period of YYYY08.

KEY	CATEGORY B - High Priority (EXPLANATION)
07	Form 706 (Master File Tax Code (MFT) 52)/Balance due or overpayment.
NN	Local control can be used to increase the priority of any other selection key to this level.
09	Taxpayer notice code 90.

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Internal Revenue Manual

Exhibit 3.14.2-5

Exhibit 3.14.2-5 (Cont. 1) (01-01-2025)
NRPS Selection Keys

KEY	CATEGORY B - High Priority (EXPLANATION)
53	Balance due: delinquency penalty and extension of time to file pending or potentially mis-posted extension of Time to File.

KEY	CATEGORY C - FTD ROLLOVERS (EXPLANATION)
11	CP 267 - the overpayment amount is equal to or greater than 100 times the tax liability -- verify tax amount for decimal error, transposition error, or transcription error.
12	CP 267 for $200.00 or more, but less than $25,000.00, or CP 268 for $200.00 or more.
34	CP 267 and CP 268 select if the overpayment amount is equal to the TC 716 or TC 710 greater than or less than $10.00 before penalty and interest.
36	CP 267 and CP 268 select if the notice amount is $200.00 or more and a TC 766 or TC 806 is present.
71	CP 267 select if the notice amount is between $25,000 and $75,000.00.
72	CP 267 select if the notice overpayment amount is between $75,000.00 and $100,000.00.
83	CP 267 select if the notice overpayment amount is between $100,000.00 and $250,000.00

KEY	CATEGORY D - Balance Due and Even Balance (EXPLANATION)
02	Remittance Processing System (RPS) discrepancy.
37	Select if notice if for MFT 01, 14, 10, 11, 16 and if the corresponding MF tax module does not contain an -A freeze and has no associated pending transactions and contains no TC 186, TC 27X and no interest assessment and combination of up to 5 TC 650 amount where the payment date is later than the ending date of the tax period and the combined amount equals the notice amount greater than and less than $5.00.
38	Form 1120, when the underpaid tax plus pre-paid ES Penalty is equal to a pending credit transaction, or a credit amount, or the credit balance on another tax period.
39	Form 1120, the extension (FORM 7004) payment is posted to another open module (no TC 150).
40	The underpaid tax amount equals a posted credit transaction/balance due.
42	A refund has been intercepted on another module (TC 841)/and notice is balance due.
43	The underpaid tax of $25.00 or more is within 10% of a credit balance on another tax period.
44	Underpaid tax is equal to 1 to 5 credit transactions pending or posted to another tax period.
45	A credit transfer (Document Code 24, 34, 48, or 58) is pending to the notice module.
46	An adjustment transaction (TC 29X or TC 30X) is pending to the notice module.
47	A credit amount equal to one-fourth of the tax liability amount on Form 2290 is posted to another tax period.

Exhibit 3.14.2-5   Internal Revenue Manual   Cat. No. 32201V (10-31-2024)

Exhibit 3.14.2-5 (Cont. 2) (01-01-2025)
NRPS Selection Keys

KEY	CATEGORY D - Balance Due and Even Balance (EXPLANATION)
48	A Master File merge transaction (TC 001/011/04X) is pending to this TIN (Balance due Notice).
49	Balance due: amount claimed equal open credit balance or the sum of 1 to 5 pending or posted credits
52	A refund (TC 846) has generated this cycle on another tax period. (Notice is equal to or less than refund.)
54	Delinquency penalty (TC 166) was not assessed on a potentially delinquent return.
55	Acceptable reason for not filing a return (TC 590/591), is posted to the notice module.
57	The prior two tax periods have credit transfers (Doc. Code 24/34/48/58) cross-referenced to another TIN.
58	Balance due per taxpayer or Net Credit Claimed minus Total Credits amount is equal to a credit on open module.
59	Credit on an open module is available for offset.
70	A transaction is pending to the notice module.

KEY	CATEGORY E- Overpaid Notices (EXPLANATION)
60	Refund transcript indicator set.
61	Generated Refundable Credit (TC 766) equal to the Overpayment amount or 1 to 5 credit transactions.
62	Amount of overpayment (not including credit interest) is greater than 10 times the tax liability.
63	Overpayment is frozen due to backup withholding.
64	Form 1041 with a TC 806 (withholding) on the module.
65	Overpaid: refund amount equal 1 FTD credit posted to the notice tax period.
66	Form 941: the two prior tax periods (Modules) contain TC 29X or TC 976 transactions. (Trend of Tax Adjustments/Amended returns.)
67	Any overpaid notice not selected under another key.
69	Overpayment (Not including credit interest) equal to one posted subsequent payment (TC 670).
73	The prior two tax periods have credit transfers (Doc. Codes 24/34/48/58) cross-referenced to another TIN
74	An adjustment or a credit transfer (Doc. Code 24/34/48/58) is pending to the notice module.

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Exhibit 3.14.2-5 (Cont. 3) (01-01-2025)
NRPS Selection Keys

KEY	CATEGORY F- Adjustment Notices (EXPLANATION)
60	Select an overpayment notice and the Refund Transcript indicator is set. Do not select if there is a BMF NRPS refund transcript already associated to the notice.
63	Select for Master File Tax Code (MFT) 16 only, select if Backup Withholding amount is significant.
79	Balance due notice, with a tax increase equal to a payment posted to another open module.
80	Balance due notice with a pending credit.
81	Overpaid notice with a pending debit.
84	Select if a Debit/Credit Transfer (DLN Document Code 24, 34, 48 or 58) transaction is pending for the same TIN, MFT and tax period as the notice .

KEY	CATEGORY G - Refund Transcripts (EXPLANATION)
20	Million dollar refund.
21	High questionable refunds.
22	Refund interest.
23	Million dollar refund for $10 million or more.
24	Pending debit transaction present.
25	Refund caused by subsequent payment (TC 670).
26	Refundable credit (TC 766) of $10.00 or more.
27	Any refund transcript not selected under another key.

KEY	CATEGORY H - Local Control
82	Select the percentage of notices requested that match the Local Control File (LCF) on CP Number, Master File Tax Code (MFT) and Math Error Code. (Taxpayer Settlement Notices only.)
90	Select if the notice matches the Local Control File (LCF) on any of the following: TIN or TIN and MFT or TIN, MFT and Tax Period.
91	Select if the notices matches the ERS DLN on the LCF using all 14 digits of the DLN.
92	Select if the percentage of notices requested that match the LCF on one of the following: CP Number or CP Number and ZIP Code range or CP Number and MFT or CP Number and Freeze Code.
93	Select if the balance due amount exceeds the amount on LCF but is less than $25,000.00.

Exhibit 3.14.2-5   Internal Revenue Manual   Cat. No. 32201V (10-31-2024)
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Exhibit 3.14.2-5 (Cont. 4) (01-01-2025)
NRPS Selection Keys

KEY	CATEGORY H - Local Control
94	Select if the notice DLN matches the 1 to 14 significant digits of the DLN on the LCF.
95	Select the percentage of notices requested that match the LCF on: CP Number and Penalty Code or CP Number, MFT, and Percentage.
96	Select if the notice matches the LCF on Employment Code and the notice amount exceeds the amount on the LCF.
97	Select the percentage of notices requested that match the LCF on Master File Tax Code (MFT) and Tax Period.

KEY	CATEGORY I - Low Priority Balance Due Notices
31	Credit claimed was refunded in prior period (either year or quarter) with the same Master File Tax Code (MFT) for amount greater than or less than $10.00.

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Exhibit 3.14.2-6   (01-01-2024)
BMF NRPS Selection Report - NRP1420

```
                    BMF NRPS Selection Report - Job Name NRP1420

     NRP1420      CYCLE; 20XX26     DATE; 07/22/20XX   SERVICE CENTER; OGDEN      PAGE;    1

              CURRENT CYCLE      YEAR TO DATE                    CURRENT CYCLE      YEAR TO DATE
    CP#    INPUT SELECTED    INPUT SELECTED        CP#    INPUT SELECTED    INPUT SELECTED
    101      107       13   26,777    3,086        102      677      154   78,249   19,927
    103        0        0        0        0        104       16        2      546      173
    105       16       12      173       81        106        1        0       30        4
```

```
       BMF NRPS Selection Report - Job Name NRP1420*- Report Name BMF NRPS Select List

     NRP1420     CYCLE; 20XX27  DATE; 07/15/20XX  SERVICE CENTER; OGDEN         PAGE;    2

              COUNTS BY SELECTION KEY WITHIN CP NUMBER   101

                            CURRENT CYCLE      YEAR TO DATE
             CP TOTALS      INPUT SELECTED     INPUT SELECTED
                              65       13   15,430    3,086

             CURRENT CYCLE      YEAR TO DATE              CURRENT CYCLE      YEAR TO DATE
    KEY PRIMARY SECNDRY PRIMARY SECNDRY         KEY PRIMARY SECNDRY PRIMARY SECNDRY
    02       0       0        1        0        03       0       0        2        0
    05       3       0       92        0        06       0       0        5        0
    08       0       0       22        0        09       0       0       15        1

    10       0       0        5        0        14       0       0       51        2
    41       8       0    1,616        7        45       0       0       30        0
    46       0       0      655        1        48       0       0        1        0

    50       1       0       27        1        54       0       0      327        8
    55       1       0      237        8

              COUNTS BY SELECTION KEY WITHIN CP NUMBER   102

                            CURRENT CYCLE      YEAR TO DATE
             CP TOTALS      INPUT SELECTED     INPUT SELECTED
```

The BMF NRPS Selection Report, NRP1420, is generated and available for Notice Review each cycle, simultaneously with the load of NRPS packages. The report opens with an analysis of the current cycle and year-to-date notice creation and selection by NRPS for review by CP type. The next section of the report is a count of each chosen selection key by CP type for both current cycle and year-to-date.

Exhibit 3.14.2-6   Internal Revenue Manual   Cat. No. 32201V (10-31-2024)
                              32201048   Any line marked with a #
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Exhibit 3.14.2-7   (01-01-2024)
Control D NRPS Appended Data Pending Transaction TEP-Tape Edit Processing File
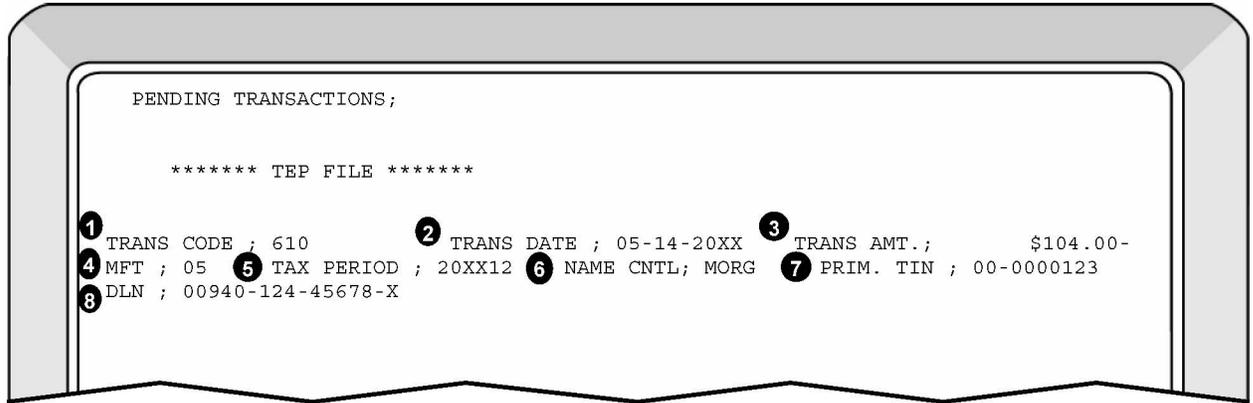
```
     PENDING TRANSACTIONS;


       ******* TEP FILE *******

❶ TRANS CODE ; 610        ❷ TRANS DATE ; 05-14-20XX  ❸ TRANS AMT.;        $104.00-
❹ MFT ; 05  ❺ TAX PERIOD ; 20XX12 ❻ NAME CNTL; MORG  ❼ PRIM. TIN ; 00-0000123
❽ DLN ; 00940-124-45678-X
```

Elements of Data

❶	**Transaction Code**	❺	**Tax Period**
❷	**Transaction Date**	❻	**Name Control**
❸	**Transaction Amount**	❼	**Primary TIN**
❹	**MFT**	❽	**Transaction DLN**

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Exhibit 3.14.2-8 (01-01-2024)

Control D NRPS Appended Data Unpostable- GUF File - Generalized Unpostable Framework File
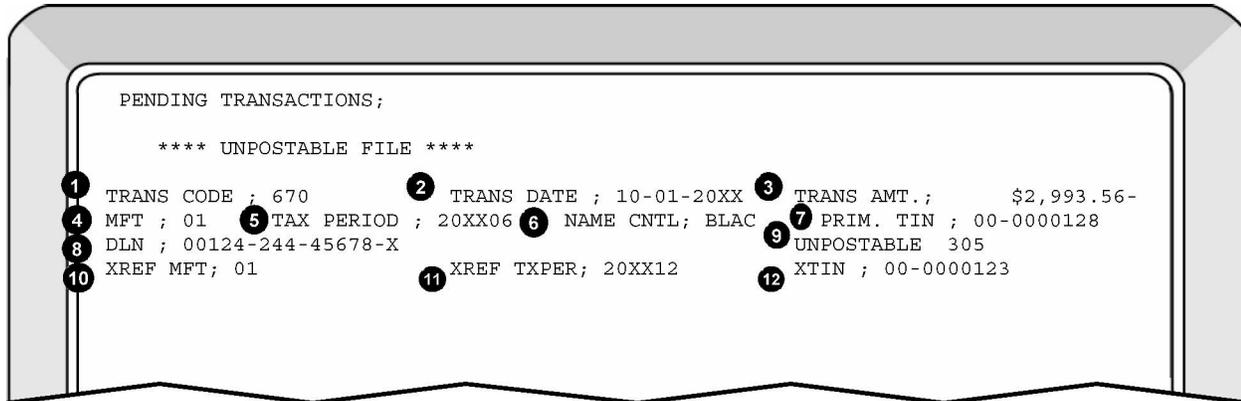
```
    PENDING TRANSACTIONS;

      **** UNPOSTABLE FILE ****

 ①  TRANS CODE ; 670        ②  TRANS DATE ; 10-01-20XX ③  TRANS AMT.;      $2,993.56-
 ④  MFT ; 01    ⑤ TAX PERIOD ; 20XX06 ⑥  NAME CNTL; BLAC ⑦ PRIM. TIN ; 00-0000128
 ⑧  DLN ; 00124-244-45678-X                      ⑨ UNPOSTABLE  305
 ⑩  XREF MFT; 01              ⑪ XREF TXPER; 20XX12        ⑫ XTIN ; 00-0000123
```

Elements of Data

① **Transaction Code**   ⑦ **Primary TIN**

② **Transaction Date**   ⑧ **DLN**

③ **Transaction Amount**   ⑨ **Unpostable Code**

④ **MFT**   ⑩ **Cross-Reference MFT**

⑤ **Tax Period**   ⑪ **Cross-Reference Tax Period**

⑥ **Name Control**   ⑫ **Cross-Reference TIN**

This is an example of an unpostable transaction corrected by the Unpostables area. It is in the GUF file but has not yet posted to the tax account. Unpostables changed the posting TIN and Tax Period. The cross-referenced data shows this. Not all unpostables will have cross-reference data. All available unpostable data will display in the appended data section based on the type of unpostable.

Exhibit 3.14.2-8

Internal Revenue Manual

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32201050

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Exhibit 3.14.2-9   (01-01-2024)

Control D NRPS Appended Data - Pending Resequencing File
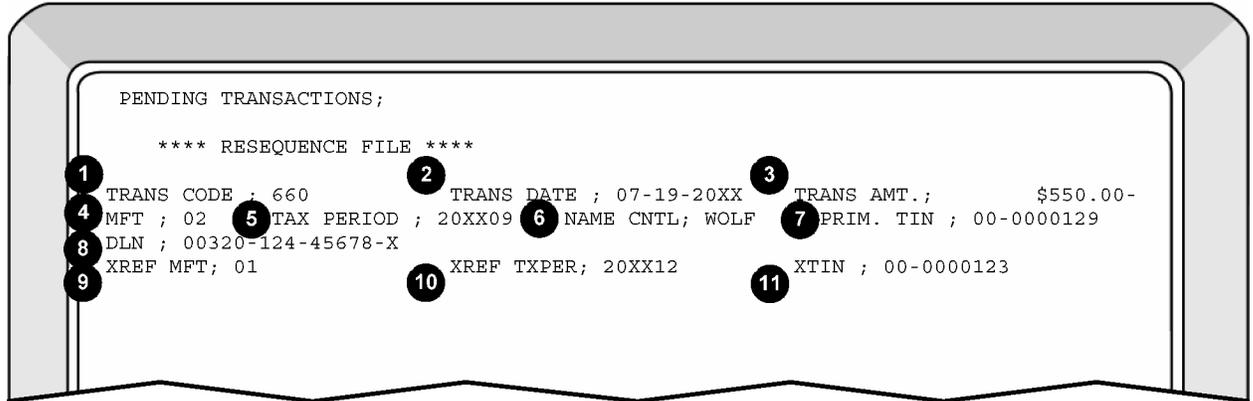
```
     PENDING TRANSACTIONS;

       **** RESEQUENCE FILE ****

   TRANS CODE ; 660          TRANS DATE ; 07-19-20XX    TRANS AMT.;        $550.00-
   MFT ; 02    TAX PERIOD ; 20XX09  NAME CNTL; WOLF   PRIM. TIN ; 00-0000129
   DLN ; 00320-124-45678-X
   XREF MFT; 01              XREF TXPER; 20XX12       XTIN ; 00-0000123
```

Elements of Data

1	Transaction Code	**7**	Primary TIN
2	Transaction Date	**8**	DLN
3	Transaction Amount	**9**	Cross-Reference MFT
4	MFT	**10**	Cross-Reference Tax Period
5	Tax Period	**11**	Cross-Reference TIN
6	Name Control		

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Exhibit 3.14.2-10 (01-01-2025)
Reference Chart for Retyping BMF Notices in OLNR

Form	Selected/Original Notice	Can be Retyped to:
940, 940-EZ	CP 101	CP 111 or CP 161
941, 943, 944, 945	CP 102	CP 112 or CP 161
CT-1	CP 103	CP 113 or CP 161
720	CP 104	CP 114 or CP 161
11-C, 2290, 706, 706-NA, 709, 709-NA, 730	CP 105	CP 115 or CP 161
5527, 990-PF, 4720	CP 106	CP 116 or CP 161
1042	CP 107	CP 117 or CP 161
940, 940-EZ	CP 111	CP 101 or CP 161
941, 943, 944, 945	CP 112	CP 102 or CP 161
CT-1	CP 113	CP 103 or CP 161
720	CP 114	CP 104 or CP 161
11-C, 2290, 706, 706-NA, 709, 709-NA, 730	CP 115	CP 105 or CP 161
5527, 990-PF, 4720	CP 116	CP 106 or CP 161
1042	CP 117	CP 107 or CP 161
CT-1	CP 123	CP 103, CP 113 or CP 161
720	CP 124	CP 104, CP 114 or CP 161
11-C, 2290, 706-NA, 709, 709-NA, 730	CP 125	CP 105, CP 115 or CP 161
5527, 990-PF, 4720	CP 126	CP 106, CP 116 or CP 161
8804, 1041, 1065, 1120(all), 990-T	CP 131	CP 131A, CP 132, CP 133, CP 161 or CP 268 **Note:** If EPE indicator is present CP 161 is not a valid retype notice.

Exhibit 3.14.2-10 (Cont. 1) (01-01-2025)
Reference Chart for Retyping BMF Notices in OLNR

Form	Selected/Original Notice	Can be Retyped to:
8804, 1041, 1065, 1120(all), 990-T	CP 131A	CP 131 CP 132, CP 133, CP 161 or CP 268 ***Note:*** If EPE indicator is present CP 161 is not a valid retype notice.
8804, 1041, 1065, 1120(all), 990-T	CP 132	CP 131, CP 131A, CP 133, CP 161 or CP 268 ***Note:*** If EPE indicator is present CP 161 is not a valid retype notice.
8804, 1041, 1065, 1120(all), 990-T	CP 133	CP 131, CP 131A, CP 132, CP 161, or CP 268 ***Note:*** If EPE indicator is present CP 161 is not a valid retype notice.
All BMF Forms	CP 134B	CP 161, CP 210, CP 220 or CP 134R
All BMF Forms	CP 134R	CP 161, CP 210, CP 220 or CP 134B
All BMF Forms	CP 161	CP 101, CP 102, CP 103, CP 104, CP 105, CP 106, CP 107, CP 111, CP 112, CP 113, CP 114, CP 116, CP 117, CP 123, CP 124, CP 125, CP 126, CP 127, CP 131, CP 131A, CP 132 or CP 133
1041, 990-T, 990-PF, 8804, 1120, 1120-SF, 1120-F, 1120-L, 1120-M, 1120-ND, 1120-FSC, 1120-RIC, 1120-REIT, 1120-PC, 1120-C	CP 173	CP 161
All BMF Forms	CP 210	CP 220
All BMF Forms	CP 220	CP 210
1120 Series, 990-T, 1041	CP 247A	CP 247B or CP 247C

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Exhibit 3.14.2-10

Exhibit 3.14.2-10 (Cont. 2) (01-01-2025)
Reference Chart for Retyping BMF Notices in OLNR

Form	Selected/Original Notice	Can be Retyped to:
1120 Series, 990-T, 1041	CP 247B	CP 247A or CP 247C
1120 Series, 990-T, 1041	CP 247C	CP 247A or CP 247B
All BMF Forms	CP 260	CP 101, CP 102, CP 103, CP 104, CP 105, CP 106, CP 111, CP 112, CP 113, CP 114, CP 115, CP 116, CP 131, CP 131A, CP 132, CP 133 or CP 161
All BMF Forms	CP 267	CP 101, CP 102, CP 104, CP 111, CP 112, CP 114, CP 132, CP 133, CP 145, CP 161 or CP 268
All BMF Forms	CP 268	CP 101, CP 102, CP 104, CP 111, CP 112, CP 114, CP 132, CP 133 or CP 267
940(sp)	CP 801	CP 811 or CP 861
941(sp), 943(sp), 944(sp)	CP 802	CP 812 or CP 861
940(sp)	CP 811	CP 801 or CP 861
941(sp), 943(sp), 944(sp)	CP 812	CP 802 or CP 861
All BMF Spanish Forms	CP 834B	CP 861, CP 910, CP 920 or CP 834R
All BMF Spanish Forms	CP 834R	CP 861, CP 910, CP 920 or CP 834B
All BMF Spanish Forms	CP 910	CP 920
All BMF Spanish Forms	CP 920	CP 910
1120 Series, 990-T, 1041	CP 947A	CP 947B or CP 947C
1120 Series, 990-T, 1041	CP 947B	CP 947A or CP 947C
1120 Series, 990-T, 1041	CP 947C	CP 947A or CP 947B

- Refund Transcripts - Can be converted to the appropriate CP as long as the MFT indicated on the transcript is valid for the respective CP.

Exhibit 3.14.2-10   Internal Revenue Manual   Cat. No. 32201V (10-31-2024)

Exhibit 3.14.2-10 (Cont. 3) (01-01-2025)
Reference Chart for Retyping BMF Notices in OLNR

- CPs that begin with 8 or 9 are the Spanish notices.
- Any notice can be retyped to itself. For example, a CP 101 can be retyped to CP 101 to increase/ decrease the balance due, add/subtract a payment, etc.

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Exhibit 3.14.2-10

Exhibit 3.14.2-11   (01-01-2025)
Adding Extensions Using FRM77

Format for Adding Extensions (REQ77/FRM77)

```
    FRM77 00-1234567        MFT>06  TX-PRD>20XX12  PLN-NUM>     NM-CTRL>BEAR
①  TC>460    TRANS-REGISTER-IND>   PSTNG-DLAY-CD>   FLC>
②  EXTENSION-DT>MMDDYYYY   TC93X-EMP-CD>          TRANS-DT>
    CLOSING-CD>    RESP-UNIT/JURISDICTION-CD>   TC148-CD>    BANKRUPT-CD>
③  DLN-CD> 45  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>     TC550-DEFINER-CD>     FEMA-NUM>
    ULC>    FREEZE-RELEASE-AMT>             ABA-NUM>
    TC46X-GRP-CD>   TC583-DEFINER-CD>   TDI-SELECT-CD>
    XREF-TIN>            XREF-NM-CTRL>
    XREF-TX-PRD>         XREF-PLN-NUM>    XREF-MFT>    MISC>
    CORR-DT-IND>   REFILE-LIEN-IND>   2032-IND>
④  ADD EXTENSION
```

Elements of Data

① **Input a TC 460**

② **Input the latest extension date**

③ **Input the DLN indicator: MFT   Code**
                           02, 33, 34   20
                             05, 06   45

④ **Remarks**

Exhibit 3.14.2-11   Internal Revenue Manual   Cat. No. 32201V (10-31-2024)
                                    32201053   Any line marked with a #
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Exhibit 3.14.2-12   (01-01-2025)
Deleting Extensions Using FRM77

Format for Deleting Extensions (REQ77/FRM77)

```
    FRM77 00-1234567          MFT>06  TX-PRD>20XX12  PLN-NUM>     NM-CTRL>BEAR
1   TC>462    TRANS-REGISTER-IND>  PSTNG-DLAY-CD>    FLC>
    EXTENSION-DT>         TC93X-EMP-CD>           TRANS-DT>
    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>    TC550-DEFINER-CD>    FEMA-NUM>
    ULC>   FREEZE-RELEASE-AMT>              ABA-NUM>
    TC46X-GRP-CD>   TC583-DEFINER-CD>   TDI-SELECT-CD>
    XREF-TIN>            XREF-NM-CTRL>
    XREF-TX-PRD>        XREF-PLN-NUM>     XREF-MFT>    MISC>
    CORR-DT-IND>   REFILE-LIEN-IND>   2032-IND>
2   ADD EXTENSION
```

Elements of Data

1   **Input a TC 462**

2   **Input remarks**

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Exhibit 3.14.2-13 (01-01-2025)
Form 11-C Filing (MFT 63) Information, Due Date, and Wager Schedule

The Form 11-C is due on the date the business opens and annually on July 1 each year after. **Extensions are not allowed.**

The table below is used to determine the Form 11-C, Line 2 Tax amount. The $50.00 tax applies if all wagers (including those accepted by an agent for another) are authorized under the laws of the state in which accepted. The $500.00 tax applies if wagers are accepted that are not authorized under the laws of the state.

Note: The tax is payable for the period that begins July 1 of each year. If the taxpayer begins accepting wagers after July 31, the tax is prorated for the **first year** as outlined in the chart below.

If You Start Accepting Wagers In	$500 Tax	$50 Tax
July	$500.00	$50.00
August	$458.33	$45.83
September	$416.66	$41.66
October	$375.00	$37.50
November	$333.33	$33.33
December	$291.66	$29.16
January	$250.00	$25.00
February	$208.33	$20.83
March	$166.66	$16.66
April	$125.00	$12.50
May	$83.33	$8.33
June	$41.66	$4.16

Exhibit 3.14.2-13   Internal Revenue Manual   Cat. No. 32201V (10-31-2024)

Exhibit 3.14.2-14   (01-01-2025)

Forms 706 (MFT 52), 706-NA (MFT 52), Form 709 (MFT 51), and Form 709-NA (MFT 51) Return and Extension Due Dates

Form 706 and Form 706-NA filing due dates are based on date of death. Form 709 and Form 709-NA filing due dates are annual tax returns due April 15. See IRM 3.14.2.6.7.1.5, Estate and Gift tax Forms, CP 105 and CP 115, Review and Routing Instructions, for more information. These forms do not require estimated tax payments.

Form	MFT	Return Due Date	Extension Due Date
706	52	The day of the ninth calendar month after decedent's death numerically corresponding to day of calendar month on which death occurred.	The extended due date for filing estate tax return may not be later than 15 months from date of the decedent's death, unless the executor is abroad.
706-NA	52	The day of the ninth calendar month after decedent's death numerically corresponding to day of calendar month on which death occurred.	The extended due date for filing estate tax return may not be later than 15 months from date of the decedent's death, unless the executor is abroad.
709	51	4-15-20XX	10-15-20XX Any extension of time granted to file the taxpayer's calendar year income tax return (Form 1040) will apply to the 709.

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Exhibit 3.14.2-14 (Cont. 1) (01-01-2025)
Forms 706 (MFT 52), 706-NA (MFT 52), Form 709 (MFT 51), and Form 709-NA (MFT 51) Return and Extension Due Dates

Form	MFT	Return Due Date	Extension Due Date
709-NA	51	If no estate tax return is required to be filed, the due date is April 15, 20XX. If an estate tax return is required and the taxpayer died before July 15, 20XX, the tax return is due when the estate tax return is due (Form 706, nine months after the Date of Death plus extensions). If the taxpayer died after July 14, the gift tax return (Form 709-NA) is due April 15 of the following year.	Extension applies when a Form 706-NA is also required then extended due date for filing estate tax return may not be later than 15 months from date of the decedent's death, unless the executor is abroad.

Exhibit 3.14.2-14   Internal Revenue Manual   Cat. No. 32201V (10-31-2024)

Exhibit 3.14.2-15   (01-01-2025)
Form 720 (MFT 03) Return Due Dates and Payment Information

Form 720 has very specific filing and payment requirements. See IRM 20.1.4.10, Form 720 Reporting Require-ments, for more information. **Extensions are not allowed.**

Quarter	Return Due Date
20XX03	April 30
20XX06	July 31
20XX09	October 31
20XX12	January 31

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Exhibit 3.14.2-15

Exhibit 3.14.2-16   (01-01-2025)
Form 730 (MFT 64) Return Due Dates

Form 730, Monthly Tax Return for Wagers, is due each month and **extensions are not allowed**. These forms do not require estimated tax payments. The Failure to Deposit Penalty does not apply to this form.

Period Ending	Return Due Date
January	February 28
February	March 31
March	April 30
April	May 31
May	June 30
June	July 31
July	August 31
August	September 30
September	October 31
October	November 30
November	December 31
December	January 31

Exhibit 3.14.2-16   Internal Revenue Manual   Cat. No. 32201V (10-31-2024)

Exhibit 3.14.2-17   (01-01-2025)
Form 940 (MFT 10) Payment and Return Due Dates and Extension Information

Form 940 is an annual form due January 31st each year. A taxpayer requesting an extension of time to file his Form 940 must submit a formal letter to the IRS. Each formal letter must be reviewed and the taxpayer or his agent must be informed whether the application is granted or denied. The extension may not exceed 90 days.

Payment Due Dates
4/30
7/31
10/31
1/31

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Exhibit 3.14.2-17

Exhibit 3.14.2-18 (01-01-2025)
Form 941 (MFT 01) Payment and Return Due Dates

Form 941 , Employer's Quarterly Federal Tax Return (Withholding and FICA Taxes), is due on or before the last day of the calendar month following the end of a tax quarter, a form filed within the first 10 days following the due date is treated as timely if 100 percent of the tax amount has been timely deposited. Otherwise, penalties will be assessed for late filing. **No extensions are allowed for the Form 941.**

Tax Period	Return Due Date	Monthly Payment Due Dates	Semi-Weekly Payment Due Dates
20XX03	4/30	2/15, 3/15, and 4/15	January- March
20XX06	7/31	5/15, 6/15, and 7/15	April-June
20XX09	10/31	8/15, 9/15, and 10/15	July-September
20XX12	1/31	11/15, 12/15, and 1/15	October-December

Exhibit 3.14.2-18

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Exhibit 3.14.2-19 (01-01-2025)
Form 990 (MFT 67), 990-PF (MFT 44), 990-T (MFT 34) Estimated Tax Installment and Return Due Dates

The Form 990, Form 990-PF, and Form 990-T (**excluding** Org. Code 3) are all due the 15th day of the 5th month **after** the tax period. These forms are for exempt organizations. Extensions are not allowed.

Tax Period Ending	1st Payment	2nd Payment	3rd Payment	4th Payment	Return Due Date
Jan. 31	5/15	7/15	10/15	1/15	6/15
Feb. 28 (29)	6/15	8/15	11/15	2/15	7/15
Mar. 31	7/15	9/15	12/15	3/15	8/15
Apr. 30	8/15	10/15	1/15	4/15	9/15
May 31	9/15	11/15	2/15	5/15	10/15
June 30	10/15	12/15	3/15	6/15	11/15
July 31	11/15	1/15	4/15	7/15	12/15
August 31	12/15	2/15	5/15	8/15	1/15
Sept. 30	1/15	3/15	6/15	9/15	2/15
Oct. 31	2/15	4/15	7/15	10/15	3/15
Nov. 30	3/15	5/15	8/15	11/15	4/15
Dec. 31	4/15	6/15	9/15	12/15	5/15

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Exhibit 3.14.2-20   (01-01-2025)
Form 990-T (MFT 34 - With Org. Code 3) Estimated Tax Installment and Return Due Dates

Form 990-T , with Organizational Code 3, due the 15th day of the 4th month **after** the tax period. This form is for exempt organizations. Extensions are not allowed.

Tax Period Ending	1st Payment	2nd Payment	3rd Payment	4th Payment	Return Due Date
Jan. 31	5/15	7/15	10/15	1/15	5/15
Feb. 28 (29)	6/15	8/15	11/15	2/15	6/15
Mar. 31	7/15	9/15	12/15	3/15	7/15
Apr. 30	8/15	10/15	1/15	4/15	8/15
May 31	9/15	11/15	2/15	5/15	9/15
June 30	10/15	12/15	3/15	6/15	10/15
July 31	11/15	1/15	4/15	7/15	11/15
August 31	12/15	2/15	5/15	8/15	12/15
Sept. 30	1/15	3/15	6/15	9/15	1/15
Oct. 31	2/15	4/15	7/15	10/15	2/15
Nov. 30	3/15	5/15	8/15	11/15	3/15
Dec. 31	4/15	6/15	9/15	12/15	4/15

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Exhibit 3.14.2-21   (01-01-2025)
Form 1041 (MFT 05) Estimated Tax Installment and Return Due Dates

Form 1041 , U.S. Income Tax Return for Estates and Trusts, filers must make quarterly estimated tax payments, except during the first two taxable years. Extensions are requested on Form 7004 and grant the taxpayer a 5 1/2 month extension. Form 1041-N, Form 1041-QFT, and 1041 for a **bankruptcy estate** receive a 6 month extension.

Tax Period Ending	1st Payment	2nd Payment	3rd Payment	4th Payment	Return Due Date	5 1/2 Month Extended Due Date	6 month Extended Due Date
Jan. 31	5/15	7/15	10/15	2/15	5/15	10/31	11/15
Feb. 28 (29)	6/15	8/15	11/15	3/15	6/15	11/30	12/15
Mar. 31	7/15	9/15	12/15	4/15	7/15	12/31	1/15
Apr. 30	8/15	10/15	1/15	5/15	8/15	1/31	2/15
May 31	9/15	11/15	2/15	6/15	9/15	2/28 (29)	3/15
June 30	10/15	12/15	3/15	7/15	10/15	3/31	4/15
July 31	11/15	1/15	4/15	8/15	11/15	4/30	5/15
August 31	12/15	2/15	5/15	9/15	12/15	5/31	6/15
Sept. 30	1/15	3/15	6/15	10/15	1/15	6/30	7/15
Oct. 31	2/15	4/15	7/15	11/15	2/15	7/31	8/15
Nov. 30	3/15	5/15	8/15	12/15	3/15	8/31	9/15
Dec. 31	4/15	6/15	9/15	1/15	4/15	9/30	10/15

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Exhibit 3.14.2-22   (01-01-2025)
Form 1065 (MFT 06) Return and Extension Due Dates

Form 1065 , U.S. Return of Partnership Income, is generally required to have a tax year that conforms to the majority of its partners. The Form 1065 is due on or before the 15th day of the third month following the close of the tax year. An 6-month extension of time to file is granted if the taxpayer completes Form 7004 properly and submits it by the due date of the Form 1065. Estimated tax payments are not required.

Period Ending	Return Due Date	Extended Due Date
January	4/15	10/15
February	5/15	11/15
March	6/15	12/15
April	7/15	1/15
May	8/15	2/15
June	9/15	3/15
July	10/15	4/15
August	11/15	5/15
September	12/15	6/15
October	1/15	7/15
November	2/15	8/15
December	3/15	9/15

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Exhibit 3.14.2-23   (01-01-2025)
Form 1066 (MFT 07) Return and Extension Due Dates

Form 1066, U.S. Real Estate Mortgage Investment Conduit (REMIC) Income Tax Return, is a calendar year return. Taxpayers must file the federal income tax returns for a REMIC on or before the 15th day of March following the close of the calendar year. Taxpayers filing such returns made on the basis of a fiscal year must file on or before the 15th day of the third month following the close of the fiscal year. An 6-month extension of time to file Form 1066 is granted if the taxpayer completes Form 7004 properly and submits it by the due date of the Form 1066. Estimated tax payments are not required.

Period Ending	Return Due Date	Extended Due Date
January	4/15	10/15
February	5/15	11/15
March	6/15	12/15
April	7/15	1/15
May	8/15	2/15
June	9/15	3/15
July	10/15	4/15
August	11/15	5/15
September	12/15	6/15
October	1/15	7/15
November	2/15	8/15
December	3/15	9/15

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Exhibit 3.14.2-23

Exhibit 3.14.2-24   (01-01-2025)
Form 1120 (MFT 02) Family Estimated Tax Installment Payment, Return, and Extension Due Dates (EXCLUDES 1120-C, 1120-F D3 not checked, 1120-POL, and 1120-S)

Form 1120 , U.S. Corporation Income Tax Return , is filed annually, by domestic corporations. The return is due on the 15th day of the fourth month after the end of the tax year. The due date chart below also applies to all Form 1120, **except**: 1120-C, 1120-F without box D3 checked, 1120-POL and 1120-S. See exhibits below for information on these forms.

Tax Period Ending	1st Payment	2nd Payment	3rd Payment	4th Payment	RETURN Due Date 2016 & later	Extended Due Date 2016 & later
Jan. 31	5/15	7/15	10/15	1/15	5/15	10/15
Feb. 28 (29)	6/15	8/15	11/15	2/15	6/15	11/15
Mar. 31	7/15	9/15	12/15	3/15	7/15	12/15
Apr. 30	8/15	10/15	1/15	4/15	8/15	1/15
May 31	9/15	11/15	2/15	5/15	9/15	2/15
June 30**	10/15	12/15	3/15	6/15	9/15**	3/15
July 31	11/15	1/15	4/15	7/15	11/15	4/15
Aug. 31	12/15	2/15	5/15	8/15	12/15	5/15
Sept. 30	1/15	3/15	6/15	9/15	1/15	6/15
Oct. 31	2/15	4/15	7/15	10/15	2/15	7/15
Nov. 30	3/15	5/15	8/15	11/15	3/15	8/15
Dec. 31	4/15	6/15	9/15	12/15	4/15	9/15

**

Exception: June returns are excluded from the additional month.

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Exhibit 3.14.2-25   (01-01-2025)
Form 1120-C (MFT 02) Estimated Tax Installment Payment, Return, and Extension Due Dates

Form 1120-C, U.S. Income Tax Return for Cooperative Associations, is due the 15th day of the 9th month **after** the tax period. Timely extension requests for Form 1120-C are due 8½ months after the tax period ends and are granted a 6-month extension*.

Tax Period Ending	1st Payment	2nd Payment	3rd Payment	4th Payment	Return Due Date	Extended Due Date
Jan. 31	5/15	7/15	10/15	1/15	10/15	4/15
Feb. 28 (29)	6/15	8/15	11/15	2/15	11/15	5/15
Mar. 31	7/15	9/15	12/15	3/15	12/15	6/15
Apr. 30	8/15	10/15	1/15	4/15	1/15	7/15
May 31	9/15	11/15	2/15	5/15	2/15	8/15
June 30	10/15	12/15	3/15	6/15	3/15	*10/15
July 31	11/15	1/15	4/15	7/15	4/15	10/15
August 31	12/15	2/15	5/15	8/15	5/15	11/15
Sept. 30	1/15	3/15	6/15	9/15	6/15	12/15
Oct. 31	2/15	4/15	7/15	10/15	7/15	1/15
Nov. 30	3/15	5/15	8/15	11/15	8/15	2/15
Dec. 31	4/15	6/15	9/15	12/15	9/15	3/15

* The maximum extension time for Form 1120-C Corporations with fiscal years ending June 30 is 7 months from the due date of the return.

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Exhibit 3.14.2-25

Exhibit 3.14.2-26 (01-01-2025)
Form 1120-F (MFT 02) Estimated Tax Installment and Return Due Dates

Form 1120-F , U.S. Income Tax Return of a Foreign Corporation, is filed by a a foreign corporation engaged in trade or business in the U.S., were effectively connected with a U.S. trade or business, or had income from any U.S source and its tax liability is not fully satisfied by withholding at that source. A foreign corporation that does not maintain an office or place of business in the United States must generally file Form 1120-F by the 15th day of the sixth month after the end of the tax year.

Note: See below for Form 1120-F Box D3 **not** checked. Returns **without** Box D3 checked are due the 15th day of the 6th month following the date the tax year ended (BRTVU US OFFICE CODE: 2).

Caution: If 1120-F Box D3 **is** checked, returns are due the 15th day of the 4th month following the date the tax year ended (BRTVU US OFFICE CODE: 1). See Exhibit 3.14.2-24, Form 1120 Family Estimated Tax Installment Payment, Return, and Extension Due Dates, for the correct due dates.

Tax Period Ending	1st Payment	2nd Payment	3rd Payment	4th Payment	Return Due Date	Extended Due Date- the following year -Box D3 not checked
Jan. 31	5/15	7/15	10/15	1/15	7/15	1/15
Feb. 28 (29)	6/15	8/15	11/15	2/15	8/15	2/15
Mar. 31	7/15	9/15	12/15	3/15	9/15	3/15
Apr. 30	8/15	10/15	1/15	4/15	10/15	4/15
May 31	9/15	11/15	2/15	5/15	11/15	5/15
June 30	10/15	12/15	3/15	6/15	12/15	*7/15
July 31	11/15	1/15	4/15	7/15	1/15	7/15
August 31	12/15	2/15	5/15	8/15	2/15	8/15
Sept. 30	1/15	3/15	6/15	9/15	3/15	9/15
Oct. 31	2/15	4/15	7/15	10/15	4/15	10/15
Nov. 30	3/15	5/15	8/15	11/15	5/15	11/15
Dec. 31	4/15	6/15	9/15	12/15	6/15	12/15

* The maximum extension time for Form 1120-F with fiscal years ending June 30 is 7 months from the due date of the return.

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Exhibit 3.14.2-27   (01-01-2025)
Form 1120-POL (MFT 02) Estimated Tax Installment Payment, Return, and Extension Due Dates

Form 1120-POL, filers may or may not be incorporated, and extension requests are due 3½ months after the tax period ends, regardless of tax period ending month. Timely extension requests for Form 1120-POL filers will be granted a 6-month extension, regardless of tax period ending month.

Tax Period Ending	1st Payment	2nd Payment	3rd Payment	4th Payment	Return Due Date	Extended Due Date
Jan. 31	5/15	7/15	10/15	1/15	5/15	11/15
Feb. 28 (29)	6/15	8/15	11/15	2/15	6/15	12/15
Mar. 31	7/15	9/15	12/15	3/15	7/15	1/15
Apr. 30	8/15	10/15	1/15	4/15	8/15	2/15
May 31	9/15	11/15	2/15	5/15	9/15	3/15
June 30	10/15	12/15	3/15	6/15	10/15	4/15
July 31	11/15	1/15	4/15	7/15	11/15	5/15
August 31	12/15	2/15	5/15	8/15	12/15	6/15
Sept. 30	1/15	3/15	6/15	9/15	1/15	7/15
Oct. 31	2/15	4/15	7/15	10/15	2/15	8/15
Nov. 30	3/15	5/15	8/15	11/15	3/15	9/15
Dec. 31	4/15	6/15	9/15	12/15	4/15	10/15

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Exhibit 3.14.2-27

Exhibit 3.14.2-28   (01-01-2025)
Form 1120-S (MFT 02) Estimated Tax Installment Payment, Return, and Extension Due Dates

Form 1120-S , U.S. Income Tax Return for an S Corporation, is due by the 15th day of the third month after the year end. **Timely extension requests (received on or before the due date of the return) will be granted a 6-month extension, regardless of tax period ending month.**

Tax Period Ending	1st Payment	2nd Payment	3rd Payment	4th Payment	Return Due Date	Extended Due Date
Jan. 31	5/15	7/15	10/15	1/15	4/15	10/15
Feb. 28 (29)	6/15	8/15	11/15	2/15	5/15	11/15
Mar. 31	7/15	9/15	12/15	3/15	6/15	12/15
Apr. 30	8/15	10/15	1/15	4/15	7/15	1/15
May 31	9/15	11/15	2/15	5/15	8/15	2/15
June 30	10/15	12/15	3/15	6/16	9/15	3/15
July 31	11/15	1/15	4/15	7/15	10/15	4/15
August 31	12/15	2/15	5/15	8/15	11/15	5/15
Sept. 30	1/15	3/15	6/15	9/15	12/15	6/15
Oct. 31	2/15	4/15	7/15	10/15	1/15	7/15
Nov. 30	3/15	5/15	8/15	11/15	2/15	8/15
Dec. 31	4/15	6/15	9/15	12/15	3/15	9/15

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Exhibit 3.14.2-29   (01-01-2025)
Form 2290 (MFT 60)Tax Rates - Return and Extension Due Dates

The following table contains Form 2290 Tax Rates for Non-logging Vehicles. This tax rate table reflects the tax rate by category "A-V" by month.

Verify the tax period of the return using BRTVU page R2 to match to the tax rates in the exhibit below. If the TC 150 (tax amount) and the figure below do not match, a reprocess may be required. If MeF return follow IRM 3.14.2.6.18.1 and if a paper return request the document from files and follow IRM 3.14.2.6.18 .

Form 2290 **is the only excise tax form allowing a request for an extension of time to file**. Except for taxpayers abroad, the extension may be **no more than 6 months**.

CATEGORY	JULY (12)	AUG (11)	SEP (10)	OCT (9)	NOV (8)	DEC (7)	JAN (6)	FEB (5)	MAR (4)	APR (3)	MAY (2)	JUNE (1)
A	100.00	91.67	83.33	75.00	66.67	58.33	50.00	41.67	33.33	25.00	16.67	8.33
B	122.00	111.83	101.67	91.50	81.33	71.17	61.00	50.83	40.67	30.50	20.33	10.17
C	144.00	132.00	120.00	108.00	96.00	84.00	72.00	60.00	48.00	36.00	24.00	12.00
D	166.00	152.17	138.33	124.50	110.67	96.83	83.00	69.17	55.33	41.50	27.67	13.83
E	188.00	172.33	156.67	141.00	125.33	109.67	94.00	78.33	62.67	47.00	31.33	15.67
F	210.00	192.50	175.00	157.50	140.00	122.50	105.00	87.50	70.00	52.50	35.00	17.50
G	232.00	212.67	193.33	174.00	154.67	135.33	116.00	96.67	77.33	58.00	38.67	19.33
H	254.00	232.83	211.67	190.50	169.33	148.17	127.00	105.83	84.67	63.50	42.33	21.17
I	276.00	253.00	230.00	207.00	184.00	161.00	138.00	115.00	92.00	69.00	46.00	23.00
J	298.00	273.17	248.33	223.50	198.67	173.83	149.00	124.17	99.33	74.50	49.67	24.83
K	320.00	293.33	266.67	240.00	213.33	186.67	160.00	133.33	106.67	80.00	53.33	26.67
L	342.00	313.50	285.00	256.50	228.00	199.50	171.00	142.50	114.00	85.50	57.00	28.50
M	364.00	333.67	303.33	273.00	242.67	212.33	182.00	151.67	121.33	91.00	60.67	30.33
N	386.00	353.83	321.67	289.50	257.33	225.17	193.00	160.83	128.67	96.50	64.33	32.17
O	408.00	374.00	340.00	306.00	272.00	238.00	204.00	170.00	136.00	102.00	68.00	34.00
P	430.00	394.17	358.33	322.50	286.67	250.83	215.00	179.17	143.33	107.50	71.67	35.83
Q	452.00	414.33	376.67	339.00	301.33	263.67	226.00	188.33	150.67	113.00	75.33	37.67
R	474.00	434.50	395.00	355.50	316.00	276.50	237.00	197.50	158.00	118.50	79.00	39.50
S	496.00	454.67	413.33	372.00	330.67	289.33	248.00	206.67	165.33	124.00	82.67	41.33
T	518.00	474.83	431.67	388.50	345.33	302.17	259.00	215.83	172.67	129.50	86.33	43.17
U	540.00	495.00	450.00	405.00	360.00	315.00	270.00	225.00	180.00	135.00	90.00	45.00
V	550.00	504.17	458.33	412.50	366.67	320.83	275.00	229.17	183.33	137.50	91.67	45.83

The following table contains Form 2290 Tax Rates for Logging Vehicles. This tax rate table reflects the tax rate by category "A-V" by month.

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Exhibit 3.14.2-29

Exhibit 3.14.2-29 (Cont. 1) (01-01-2025)
Form 2290 (MFT 60)Tax Rates - Return and Extension Due Dates

CATEGORY	JULY (12)	AUG (11)	SEP (10)	OCT (9)	NOV (8)	DEC (7)	JAN (6)	FEB (5)	MAR (4)	APR (3)	MAY (2)	JUNE (1)
A	75.00	68.75	62.49	56.25	50.00	43.74	37.50	31.25	24.99	18.75	12.50	6.24
B	91.50	83.87	76.25	68.62	60.99	53.37	45.75	38.12	30.50	22.87	15.24	7.62
C	108.00	99.00	90.00	81.00	72.00	63.00	54.00	45.00	36.00	27.00	18.00	9.00
D	124.50	114.12	103.74	93.37	83.00	72.62	62.25	51.87	41.49	31.12	20.75	10.37
E	141.00	129.24	117.50	105.75	93.99	82.25	70.50	58.74	47.00	35.25	23.49	11.75
F	157.50	144.37	131.25	118.12	105.00	91.87	78.75	65.62	52.50	39.37	26.25	13.12
G	174.00	159.50	144.99	130.50	116.00	101.49	87.00	72.50	57.99	43.50	29.00	14.49
H	190.50	174.62	158.75	142.87	126.99	111.12	95.25	79.37	63.50	47.62	31.74	15.87
I	207.00	189.75	172.50	155.25	138.00	120.75	103.50	86.25	69.00	51.75	34.50	17.25
J	223.50	204.87	186.24	167.62	149.00	130.37	111.75	93.12	74.49	55.87	37.25	18.62
K	240.00	219.99	200.00	180.00	159.99	140.00	120.00	99.99	80.00	60.00	39.99	20.00
L	256.50	235.12	213.75	192.37	171.00	149.62	128.25	106.87	85.50	64.12	42.75	21.37
M	273.00	250.25	227.49	204.75	182.00	159.24	136.50	113.75	90.99	68.25	45.50	22.74
N	289.50	265.37	241.25	217.12	192.99	168.87	144.75	120.62	96.50	72.37	48.24	24.12
O	306.00	280.50	255.00	229.50	204.00	178.50	153.00	127.50	102.00	76.50	51.00	25.50
P	322.50	295.62	268.74	241.87	215.00	188.12	161.25	134.37	107.49	80.62	53.75	26.87
Q	339.00	310.74	282.50	254.25	225.99	197.75	169.50	141.24	113.00	84.75	56.49	28.25
R	355.50	325.87	296.25	266.62	237.00	207.37	177.75	148.12	118.50	88.87	59.25	29.62
S	372.00	341.00	309.99	279.00	248.00	216.99	186.00	155.00	123.99	93.00	62.00	30.99
T	388.50	356.12	323.75	291.37	258.99	226.62	194.25	161.87	129.50	97.12	64.74	32.37
U	405.00	371.25	337.50	303.75	270.00	236.25	202.50	168.75	135.00	101.25	67.50	33.75
V	412.50	378.12	343.74	309.37	275.00	240.62	206.25	171.87	137.49	103.12	68.75	34.37

Exhibit 3.14.2-29   Internal Revenue Manual   Cat. No. 32201V (10-31-2024)

Exhibit 3.14.2-30   (04-03-2023)
Types of Penalties and Interest

Computer Generated TC	Reversal	Name of Penalty	NRPS/OLNR Penalty Code	Manual Input TC	Reversal	Adjustment Generated Notice
TC 166	TC 167	Failure to File	01	TC 160	TC 161	YES
TC 176	TC 177	Estimated Tax	02	TC 170	TC 171	YES
TC 186	TC 187	Failure to Deposit	03, 11, 41, 42, 43, 44, 54, 55, 56, 57, 58	TC 180	TC 181	YES
TC 196	TC 197	Interest	None	TC 340	TC 341	NO
TC 238	TC 239	Daily Delinquency	10	TC 234	TC 235	YES
TC 246	TC 247	Miscellaneous	28	TC 240	TC 241	YES
TC 276	TC 277	Failure to Pay	07	TC 270	TC 271	YES
TC 286	TC 287	Dishonored Check	04	TC 280	TC 281	YES
TC 776	TC 777	Credit Interest	None	TC 770	TC 771	NO
None	None	Fraud	05	TC 320	TC 321	YES
None	None	Negligence	06	TC 350	TC 351	YES

Once a penalty or interest is adjusted manually (REQ 54/47) it becomes restricted. The computer can no longer adjust that penalty or interest, and the transaction code must be manually addressed with any future adjustments.

Exception: TC 190 is a manual interest transaction code and does not restrict the computer from generating either a correction TC 196/197, nor does it mean all future interest assessments must be manually computed.

Exception: The non-restricting TC 340 is an enhancement to Master File programming to allow a systemic interest update on a tax module after interest has been manually computed, and it should be used whenever possible. (See IRM 20.2.5.6.3, Interest on Underpayments). This is especially useful for, but not limited to, the following situations:
Multiple waiver dates
Combination adjustments involving carrybacks (Form 2285)
Disaster area adjustments
Abatements due to a delay or error in a ministerial or managerial act
Combat zone participants
Multiple RC 6404(g) notice dates

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Internal Revenue Manual

Exhibit 3.14.2-30

Exhibit 3.14.2-30 (Cont. 1) (04-03-2023)
Types of Penalties and Interest

Rev. Rul. 99-40
Removing the large corporate underpayment (LCU) applicable date (i.e., 2% trigger date) for a tax module in which the LCU rate doesn't apply.

Upon reviewing a Form 941 for Key 54 (see 3.14.2.7.15(4)) a Notice Review tax examiner does a REQ 54 and assesses FTF penalty (TC 160). If an amended 941 is submitted and a TC 291 is done, a manual TC 161 must also be input.

Manual adjustments with Hold Code 3 will suppress adjustment notices.

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Exhibit 3.14.2-31   (01-01-2024)
Pending Transaction Flowchart - Applying Credit – Tax Examiner Manual Credit Transfer

Applying Credit – Tax Examiner Credit Transfer

Payment(s) being Applied to the Notice Module

↓

Will Penalties Recompute?

Yes — No

Yes branch:

Will the module return to the taxpayer's original figures?

Yes — No

Yes → Balance Due

Retype the notice (convert to CP 161, if necessary) to reflect additional credits and update interest and penalties.

Yes → Overpaid

Void the original notice. Input 290 .00, Hold Code 3 to suppress an adjustment notice.

No → Overpaid Label #18

No → Balance Due Label #2

No branch (Will Penalties Recompute?):

Balance Due Label #3

Overpaid Label #4

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Exhibit 3.14.2-31

Exhibit 3.14.2-32   (01-01-2024)
Pending Transaction Flow Chart - Systemic (Rolled) Pending Credit Transfer

Systemic (Rolled) Pending Credit Transfer

Pending Credit Transfer

Will Penalties Recompute?

Yes

No

Will the module return to the taxpayer's original figures?

Balance Due Label #3

Overpaid Label #4

Yes

No

Overpaid Label #18

Overpaid

Balance Due

Balance Due Label #2

Before LCF cutoff (Thursday, 12PM EST) Void the original notice.
Use Local Control File to void the subsequent adjustment notice.

Retype the notice (convert to CP161, if necessary) to reflect additional credits and update, as appropriate.

After LCF cutoff Label #2

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Exhibit 3.14.2-33   (01-01-2025)
MFT 46 and MFT 76 Required Plan Input and Command Code Limitations

MFT 46 (Form 8038-CP, Return for Credit Payments to Issuers of Qualified Bonds) and MFT 76 (Form 5330, Return of Excise Taxes Related To Employee Benefit Plans) have additional account data that must be input to complete IDRS research. **To view these accounts a plan number must be input**. MFT 76 (Form 5330) will have only **one** plan number per tax period. MFT 46 may have **multiple** plan numbers for the same tax period. Only one plan number may be input at a time for research purposes. **Review cases carefully to determine the correct information is being viewed**. See below for specific IDRS input by command code.

TXMODA - This table shows the input for TXMOD for MFT 46 and MFT 76.

Example:

Command Code Screen Input	Input Information
TXMODAXX-XXXXXXX OR TXMODAXX-XX-XXXXV	LINE 1 of IDRS is the EIN or SSN (V indicator for valid SSN) no spaces
46 000 20XX12	LINE 2 of IDRS MFT space Plan Number space Tax Period

BMFOLT - This table shows the input for BMFOLT for MFT 46 and MFT 76.

Example:

Command Code Screen Input	Input Information
BMFOLTXX-XXXXXXX 7620XX12000	LINE 1 of IDRS is the EIN or SSN (V indicator for valid SSN) space MFT Tax Period Plan Number (no spaces)

MFREQC - This table shows the input for MFREQC for MFT 46 and MFT 76.

Example:

Command Code Screen Input	Input Information
MFREQCXX-XXXXXXX	LINE 1 of IDRS is the EIN or SSN (V indicator for valid SSN)
46 20XX12 ZZZZ 000	LINE 2 of IDRS MFT space Tax Period space Name Control space Plan Number

RECON - This table shows the input for RECON for MFT 46 and MFT 76.

Example:

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Exhibit 3.14.2-33 (Cont. 1) (01-01-2025)
MFT 46 and MFT 76 Required Plan Input and Command Code Limitations

Command Code Screen Input	Input Information
RECONXX-XXXXXXX	LINE 1 of IDRS is the EIN or SSN (V indicator for valid SSN)
76 20XX12 ZZZZ 000	LINE 2 of IDRS MFT space Tax Period space Name Control space Plan Number

REQ54

Note: Before leaving TXMOD, identify and retain the abstract number and computation number located on page 1 of TXMODA. These are required to adjust the account.

Caution: COMPAE, COMPAS, INTST, AND PIEST are not valid command codes for these MFTs.

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Exhibit 3.14.2-34   (01-05-2016)
Julian Date Calendar (Perpetual)

Day	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Day
1	001	032	060	091	121	152	182	213	244	274	305	335	1
2	002	033	061	092	122	153	183	214	245	275	306	336	2
3	003	034	062	093	123	154	184	215	246	276	307	337	3
4	004	035	063	094	124	155	185	216	247	277	308	338	4
5	005	036	064	095	125	156	186	217	248	278	309	339	5
6	006	037	065	096	126	157	187	218	249	279	310	340	6
7	007	038	066	097	127	158	188	219	250	280	311	341	7
8	008	039	067	098	128	159	189	220	251	281	312	342	8
9	009	040	068	099	129	160	190	221	252	282	313	343	9
10	010	041	069	100	130	161	191	222	253	283	314	344	10
11	011	042	070	101	131	162	192	223	254	284	315	345	11
12	012	043	071	102	132	163	193	224	255	285	316	346	12
13	013	044	072	103	133	164	194	225	256	286	317	347	13
14	014	045	073	104	134	165	195	226	257	287	318	348	14
15	015	046	074	105	135	166	196	227	258	288	319	349	15
16	016	047	075	106	136	167	197	228	259	289	320	350	16
17	017	048	076	107	137	168	198	229	260	290	321	351	17
18	018	049	077	108	138	169	199	230	261	291	322	352	18
19	019	050	078	109	139	170	200	231	262	292	323	353	19
20	020	051	079	110	140	171	201	232	263	293	324	354	20
21	021	052	080	111	141	172	202	233	264	294	325	355	21
22	022	053	081	112	142	173	203	234	265	295	326	356	22
23	023	054	082	113	143	174	204	235	266	296	327	357	23
24	024	055	083	114	144	175	205	236	267	297	328	358	24
25	025	056	084	115	145	176	206	237	268	298	329	359	25
26	026	057	085	116	146	177	207	238	269	299	330	360	26
27	027	058	086	117	147	178	208	239	270	300	331	361	27
28	028	059	087	118	148	179	209	240	271	301	332	362	28
29	029	-	088	119	149	180	210	241	272	302	333	363	29

Cat. No. 32201V (10-31-2024)   Internal Revenue Manual   **Exhibit 3.14.2-34**
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Exhibit 3.14.2-34 (Cont. 1) (01-05-2016)
Julian Date Calendar (Perpetual)

Day	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Day
30	030	-	089	120	150	181	211	242	273	303	334	364	30
31	031	-	090	-	151	-	212	243	-	304	-	365	31

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Exhibit 3.14.2-35   (01-05-2016)

Julian Date Calendar (For Leap Years Only)

Day	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Day
1	001	032	061	092	122	153	183	214	245	275	306	336	1
2	002	033	062	093	123	154	184	215	246	276	307	337	2
3	003	034	063	094	124	155	185	216	247	277	308	338	3
4	004	035	064	095	125	156	186	217	248	278	309	339	4
5	005	036	065	096	126	157	187	218	249	279	310	340	5
6	006	037	066	097	127	158	188	219	250	280	311	341	6
7	007	038	067	098	128	159	189	220	251	281	312	342	7
8	008	039	068	099	129	160	190	221	252	282	313	343	8
9	009	040	069	100	130	161	191	222	253	283	314	344	9
10	010	041	070	101	131	162	192	223	254	284	315	345	10
11	011	042	071	102	132	163	193	224	255	285	316	346	11
12	012	043	072	103	133	164	194	225	256	286	317	347	12
13	013	044	073	104	134	165	195	226	257	287	318	348	13
14	014	045	074	105	135	166	196	227	258	288	319	349	14
15	015	046	075	106	136	167	197	228	259	289	320	350	15
16	016	047	076	107	137	168	198	229	260	290	321	351	16
17	017	048	077	108	138	169	199	230	261	291	322	352	17
18	018	049	078	109	139	170	200	231	262	291	323	353	18
19	019	050	079	110	140	171	201	232	263	293	324	354	19
20	020	051	080	111	141	172	202	233	264	294	325	355	20
21	021	052	081	112	142	173	203	234	265	295	326	356	21
22	022	053	082	113	143	174	204	235	266	296	327	357	22
23	023	054	083	114	144	175	205	236	267	297	328	358	23
24	024	055	084	115	145	176	206	237	268	298	329	359	24
25	025	056	085	116	146	177	207	238	269	299	330	360	25
26	026	057	086	117	147	178	208	239	270	300	331	361	26
27	027	058	087	118	148	179	209	240	271	301	332	362	27
28	028	059	088	119	149	180	210	241	272	302	333	363	28
29	029	060	089	120	150	181	211	242	273	303	334	364	29

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Exhibit 3.14.2-35 (Cont. 1) (01-05-2016)
Julian Date Calendar (For Leap Years Only)

Day	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Day
30	030	-	090	121	151	182	212	243	274	304	335	365	30
31	031	-	091	-	152	-	213	244	-	305	-	366	31

Exhibit 3.14.2-35

Internal Revenue Manual

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Internal Revenue Manual

3.14.2 Index

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