EFFECTIVE DATE

(01-01-2024)

PURPOSE

(1)   This transmits revised IRM 3.17.80, *Accounting and Data Control, Working and Monitoring Category D, Erroneous Refund Cases in Accounting Operations*.

MATERIAL CHANGES

(1)   IRM 3.17.80.1.14(3) & (5), General Overview and General Ledger Accounts for Erroneous Refunds - IPU 23U0058 issued 01-06-2023 - revised instructions for providing feedback to the Business Operating Divisions Points of Contact, area causing erroneous refund..

(2)   IRM 3.17.80.1.22, Maintaining Case Files - IPU 23U0725 issued 06-13-2023 - revised instructions for maintaining case files..

(3)   IRM 3.17.80.1.22.1, Maintaining Electronic Case Files on SharePoint - IPU 23U0725 issued 06-13-2023 - added instructions for maintaining electronic case files.

(4)   IRM 3.17.80.1.22.2, Maintaining Case Files ($50.00 or less) - IPU 23U0725 issued 06-13-2023 - revised instructions for maintaining case files ($50.00 or less).

(5)   IRM 3.17.80.1.35(6) & (7), Monthly Reporting Category D Erroneous Refunds - IPU 23U0058 issued 01-06-2023 - revised report instructions and updated SharePoint link.

(6)   IRM 3.17.80.1.35.1(8) thru (20), Monthly Reporting and Error Feedback for Duplicate, Manual, Erroneous Refunds (DMER) - IPU 23U0058 issued 01-06-2023 - revised report instructions and updated SharePoint link.

(7)   IRM 3.17.80.5, Maintaining Account 6565, Processing and Monthly Balancing Routine - IPU 23U0899 issued 08-17-2023 - added instructions for Maintaining Account 6565, Processing and Monthly Balancing Routine.

(8)   IRM 3.17.80.6, Miscellaneous Reports - IPU 23U0058 issued 01-06-2023 - revised to provide instructions to review and electronically sign the RRACS 0131/0156 reports and log.

(9)   IRM 3.17.80.6, Miscellaneous Reports - IPU 23U0899 issued 08-17-2023 - added RRACS 003 report listing, revised review instructions for Miscellaneous Reports and the IRM section number has changed.

(10)   Exhibit 3.17.80-15, Business Operating Divisions Points of Contact - IPU 23U0058 issued 01-06-2023 - updated Business Operating Divisions Points of Contact to provide feedback.

(11)   Editorial changes have been made throughout this IRM 3.17.80 for:

- Corrected grammar, punctuation and capitalization.
- Updated SharePoint links and website addresses.
- Corrected IRM references throughout.

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EFFECT ON OTHER DOCUMENTS

IRM 3.17.80 dated November 23, 2022 (effective January 1, 2023) is superseded. The following IRM Procedural Updates have been incorporated: IPU 23U0058 issued January 6, 2023, IPU 23U0725 issued June 13, 2023, and IPU 23U0899 issued August 17, 2023.

AUDIENCE

All Submission Processing Accounting Operations Campuses (Wage and Investment and Small Business/Self Employed)

James L. Fish
Director, Submission Processing
Wage and Investment Division

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3.17.80

Working and Monitoring Category D, Erroneous Refund Cases in Accounting Operations

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3.17.80.1 (12-07-2020) **Program Scope and Objectives**	(1) Accounting and Data Control, Working and Monitoring Category D, Erroneous Refund Cases in Accounting Operations, IRM 3.17.80, is for the Submission Processing, Accounting Operations Erroneous Refund Teams - only.
	(2) **Purpose:** These procedures provide guidelines and requirements for the recovery of Category-D erroneous Refunds caused by the IRS, taxpayers, or systemic programming issues.
	(3) **Audience:** All business operating divisions (BOD's) within the IRS that have erroneous refunds that will impact Director's accountability.
	(4) **Policy Owner:** Director, Submission Processing and Director, Customer Account Services.
	(5) **Program Owner:** Submission Processing (SP), Account Services, an organization within Wage and Investment (W&I) division.
	(6) **Program Goals:** Program goals the recovery of Category D erroneous refunds, monitoring, and reporting of all erroneous refund cases to ensure proper accounting.
	(7) IRM deviations must be submitted in writing to the Submission Processing Director, and signed by the Field Director, following instructions from IRM 1.11.2.2.4.3, Internal Management Documents System - Internal Revenue Manual (IRM) Process.
3.17.80.1.1 (12-07-2020) **Background**	(1) An erroneous refund is defined as, "the receipt of any money from the IRS to which the recipient is not entitled. This definition includes all erroneous refunds regardless of taxpayer intent or whether the error that caused the erroneous refund was made by the IRS, the taxpayer, a systemic issue, or a third-party."
	(2) IRM 3.17.80, Accounting and Data Control, Working and Monitoring Category D, Erroneous Refund Cases in Accounting Operations, provides guidelines for reviewing the facts and evaluating the circumstances surrounding a Category-D erroneous refund. and trying to recover the erroneous refund. These procedures contain requirements for obtaining restitution, and/or resolution.
3.17.80.1.2 (12-06-2017) **Authority**	(1) The authority for these policies are:
	• Delegation Order 1-6, Certification and Approval of Internal Revenue Collection.
	• Delegation Order 1-17, Audit and Settlement of Accountable Officer's Accounts - Revenue Accounting and Submission Processing.
	• Delegation Order 1-18, Settlement of Accounts and Relief of Accountable Officers - Administrative Accounts.
	• Delegation Order 1-20, Collections from Employees of the Internal Revenue Service.
	• Delegation Order 1-25, Termination of Collection Action against Federal Depositaries.
	• Treasury Directive 32-04, Settlement of Accounts and Relief of Accountable Officers.
	• Treasury Directive 34-02, Credit Management and Treasury Debt Collection Program.

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- The Federal Claims Collection Act of 1966, as amended (Public Law 89-508) (31 USC 3701 et seq.
- The Debt Collection Act of 1982, as amended (Public Law 97-365) (5 USC 5514 and 31 USC 3701 et seq.).
- The Deficit Reduction Act of 1984, as amended (Public Law 98-369) (26 USC 6402 and 31 USC 3720A)
- The Chief Financial Officers Act of 1990, as amended (Public Law 101-576) (31 USC 901 et seq.).
- The Federal Debt Collection Procedures Act of 1990, as amended (Public Law 101-647) (28 USC 3001 et seq.).
- The Debt Collection Improvement Act of 1996, as amended (Public Law 104-134) (5 USC 5514 and 31 USC 3701 et seq.).
- 31 CFR Part 5, "Treasury Debt Collection."
- OMB Circular A-129 (Revised), "Policies for Federal Credit Programs and Non-Tax Receivables."
- Treasury Financial Manual, Volume 1, Part 4, Chapter 4000, Debt Management Services Collection of Delinquent Nontax Debt.
- IRM 1.2.21, Policy Statements for Customer Account Services Activities.

3.17.80.1.3
(12-07-2020)
Roles and
Responsibilities

(1) The Submission Processing Headquarters Erroneous Refund Analyst (and back-up) is the individual responsible for the oversight of the Category-D, Erroneous Refund Recovery program.

(2) The Accounts Management Headquarters Erroneous Refund Analyst (and back-up) is the individual responsible for creating the IRM 21.4.5, Refund Inquiries, Erroneous Refunds, for all Business Operating Divisions (BOD's) to use when an erroneous refund is identified.

(3) The Erroneous Refund HQ Points of Contact are individuals within the various BODs for communications to and about erroneous refunds that happened within the HQ Analyst's BOD.

(4) An Accountable Officer is any government employee or officer who, by reason of employment, is responsible for or has custody of government funds. Accountable Officers are held accountable for losses occurring within their accounting jurisdictions until restitution is made or relief is granted.

(5) The Federal Accounting Standards Advisory Board (FASAB) establishes accounting concepts and standards. The Federal Financial Management Improvement Act (FFMIA) of 1996 prescribes that agencies implementation and maintenance of financial management systems substantially comply with Federal Financial Management Systems requirements, applicable Federal Accounting Standards and U. S. Government Standard General Ledger at transaction level and audits to report compliance.

(6) The Field Director, Submission Processing, is normally the Accountable Officer for the campus accounting system. The Field Director, Submission Processing, usually delegates the authority for carrying out the accounting function. However, the ultimate responsibility remains with the Field Director, Submission Processing who can be held financially responsible if proper controls are not maintained. The Accountable Officer is responsible for ensuring that the following principles and standards are met in maintaining the accounting system.

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3.17.80.1.4 (12-07-2020) **Acronyms**	(1)	See Exhibit 3.17.80-18 for commonly used acronyms and their definitions.
	(2)	See *http://rnet.web.irs.gov/Resources/Acronymdb.aspx* for commonly used acronyms and their definitions.

3.17.80.1.5 (11-23-2021) **Related Resources**	(1)	These procedures must be used in conjunction with IRM 3.17.63 Redesign Revenue Accounting Control System (RRACS), IRM 3.17.64 Accounting Control General Ledger Policies and Procedures, IRM 3.17.243 Miscellaneous Accounting, IRM 21.3.3 Incoming and Outgoing Correspondence/Letters, IRM 21.4.5 Erroneous Refunds, IRM 3.0.167 Losses and Shortages, IRM 2.3 IDRS Terminal Responses, IRM 1.11.5 Publishing the Internal Revenue Manual (IRM), IRM 1.11.8 Servicewide Electronic Research Program (SERP), IRM 10.5.1 Privacy Policy, IRM 10.5.1.6.9.4 Faxing, IRM 10.5.1.6.8 E-mail. IRM deviations must be submitted in writing following instructions from IRM 1.11.2.2 Internal Management Documents System - Internal Revenue Manual (IRM) Process, IRM Standards, and elevated through appropriate channels for executive approval.
	(2)	IRM 1.2.2.2.6, Delegation Order 1-6, Certification and Approval of Internal Revenue Collection
	(3)	IRM 1.2.2.2.15, Delegation Order 1-17, Audit and Settlement of Accountable Officer's Accounts - Revenue Accounting and Submission Processing
	(4)	IRM 1.2.2.2.16, Delegation Order 1-18, Settlement of Accounts and Relief of Accountable Officers - Administrative Accounts
	(5)	IRM 1.2.2.2.17, Delegation Order 1-20, Collections from Employees of the Internal Revenue Service
	(6)	IRM 1.2.2.2.22, Delegation Order 1-25, Termination of Collection Action against Federal Depositaries
	(7)	Treasury Directive 32-04, dated February 16, 2007 *http://www.treasury.gov/about/role-of-treasury/orders-directives/Pages/td32-04.aspx*
	(8)	Treasury Directive 34-02, dated February 25, 2016 *http://www.treasury.gov/about/role-of-treasury/orders-directives/Pages/td34-02.aspx*

3.17.80.1.6 (11-23-2021) **Internal Controls**	(1)	Management has the primary responsibility for providing a system of internal controls. Management is held accountable for internal controls. Management is liable for losses where it fails to provide proper internal controls. However, all personnel have a responsibility for understanding and ensuring that internal controls are functioning as intended.
	(2)	All IRS employees must take care to protect Personally Identifiable Information (PII). Any loss of PII could result in information being compromised to commit identity theft. PII information must be encrypted on computers and e-mail. Sanitize taxpayer PII or use secure messaging. If you suspect or know of a potential information loss, report it to your manager and:
		a. Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484.

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b.   Office of Privacy, Governmental Liaison and Disclosure (PGLD) Incident Management (IM) Office (PGLD/IM) via the PII Breach Reporting Form (*https://etrak7.web.irs.gov/etrak-privacy/page.request.do?page=page.final2*). Call 267-466-0777 if you have any problems with the online form or have questions about completing the online form.

Note: See IRM 3.0.167.4.1, *Remittance Security Coordinator*, for PGLD/IM/CSIRC reporting.

(3)   There are laws requiring the appropriate reporting of records loss.

Note: PGLD/IM reviews all PII Breach Reporting Forms and alerts the Records and Information Management (RIM) Program Office if official records have been reported as lost, stolen, or destroyed on the PII Breach Reporting Form, in accordance with 36 Code of Federal Regulations (CFR) 1230, Unlawful or Accidental Removal, Defacing, Alteration, or Destruction of Records. Upon receipt of the Records Loss Report from the IM office, the IM Program office will contact the reporting point of contact to complete Form 15035, Records Loss Reporting. The RIM Program office will conduct an intake and risk assessment process. Unauthorized disposition of records in an employee's custody or the IRS' custody must be reported to the Records Specialist or IRS Records Officer. See IRM 1.15.3.4, Unauthorized Disposition of Records. Visit the Records Management page in the Disclosure and Privacy Knowledge Base Site or contact the RIM staff at **Records Management* for additional information about records.

3.17.80.1.7 (12-07-2020) **Statutory Requirements**	(1) All applicable laws relating to funds and appropriations must be complied with. Each fund (e.g., General Ledger) or appropriation must be used for the purpose authorized by law. Accounting records must be designed to show compliance with this requirement.
3.17.80.1.8 (12-07-2020) **Management and Congressional Needs**	(1) The accounting system must provide financial records consistent with standards set by other agencies and the Department of the Treasury in connection with its central accounting and reporting responsibilities. The financial data must be correct and reported timely to meet the needs of the President and Congress for budget activities.
3.17.80.1.9 (12-07-2020) **Technical Requirements**	(1) Each accounting system must maintain complete and reliable records for all funds, property, and other assets, as well as liabilities, obligations, receipts, and revenues. All financial transactions must have documents supporting a summary record and financial report. Procedures implemented in carrying out the operation will be simple, efficient, practical, and must apply all legal and regulatory requirements. The responsibility for each accounting function, such as preparing documents, preparing journals, posting ledgers, reviewing, and balancing must be performed by separate units within the Accounting Operation to provide internal checks and minimize opportunities for fraudulent, unauthorized, or irregular acts.
3.17.80.1.10 (12-06-2017) **Accountability**	(1) The organizational structure, operating procedures and administrative practices are adopted throughout management to provide reasonable assurance that programs and administrative activities are effectively carried out.

3.17.80.1.11 (12-06-2017) **Integrity**	(1)	The highest standards of truthfulness and honesty must be applied in accounting for the receipt, disbursement, and application of public funds. Management and the Congress must be able to rely on the accuracy of all transactions in future planning. To meet these standards competent leadership and qualified technicians are of prime importance.
3.17.80.1.12 (12-07-2020) **Recovering Category D, Erroneous Refunds**	(1)	An erroneous refund is defined as "the receipt of any money from the IRS to which the recipient is not entitled". This definition includes all erroneous refunds regardless of taxpayer intent or whether the error that caused the erroneous refund was made by the IRS, the taxpayer, or a third party.
	(2)	Erroneous Refunds are processed according to categories (A1, B, etc.) based upon certain characteristics on the tax module. The categories are defined in IRM 21.4.5, Refund inquiries, *Erroneous Refunds*, and must be used for processing all erroneous refunds.
	(3)	For Un-assessable (Category D) erroneous refund cases processed in Accounting Control/Services, Erroneous Refund Unit, it is imperative that technicians use and be familiar with the instructions outlined in IRM 21.4.5, Refund Inquiries, *Erroneous Refunds*, when processing cases.
	(4)	Section 3705 (a) of the IRS Restructuring and Reform Act of 1998 (RRA 98) requires employees to include their name, telephone number and Integrated Data Retrieval System (IDRS) number on manually generated and handwritten correspondence.
	(5)	Refunds issued to an identity thief are Category D erroneous refunds; however, the provisions of this IRM do not apply. **Identity Theft (IDT) Erroneous Refunds,** refer toIRM 3.17.64.16, Erroneous Refunds, Accounting Control General Ledger Policies and Procedures, IRM 3.0.167.8 Disbursement Losses, Losses and Shortages, and Exhibit 3.17.80-19 Write Off Cover Memorandum for **Identity Theft Erroneous Refund Write-Off Procedures**.
	Note:	IF there is a need to contact an IDT team within another Business Operating Division (BOD), be sure to use the SERP Who/Where listing and look for Identity Theft Points of Contact.
	(6)	See Integrated Talent Management (ITM) Course 10824, Researching and Resolving Erroneous Refunds, located at: *https://irsgov.sharepoint.com/sites/ EmployeeResources/SitePages/ITM.aspx, Integrated Talent Management (sharepoint.com)*.
3.17.80.1.13 (12-07-2020) **Taxpayer Advocate Service**	(1)	Refer taxpayers to the Taxpayer Advocate Service (TAS) (See **IRM Part 13, Taxpayer Advocate Service**) when the contact meets TAS criteria (See IRM 13.1.7, Taxpayer Advocate Case Processing, **Taxpayer Advocate Service (TAS) Case Criteria** and you can't resolve the taxpayer's issue the same day. The definition of "same day" is within 24 hours. These "Same day" cases include cases you can completely resolve in 24 hours, as well as cases in which you have taken steps within 24 hours to begin resolving the taxpayer's issue(s). Do not refer these cases to TAS unless they meet TAS criteria, and the taxpayer asks to be transferred to TAS. Refer to IRM 13.1.7.4, Taxpayer Advocate Case Processing, Taxpayer Advocate Service (TAS) Case Criteria **Same Day Resolution by Operations**. When referring cases to TAS, use

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Form 911, **Request for Taxpayer Advocate Service Assistance (and Application for Taxpayer Assistance order).**

(2)   TAS has reached agreements with the commissioners of the Wage and Investment (W&I) Division, Small Business and Self-Employed (SB/SE) Division, Tax Exempt and Government Entities (TE/GE), Criminal Investigation (CI), Appeals and Large Business and International (LB&I), that outline the procedures and responsibilities for the processing of TAS casework when either the statutory or delegated authority to complete case transactions rests outside of TAS. These agreements are known as service level agreements (SLAs).

(3)   The SLAs contain basic requirements for handling TAS-referred cases and includes specific actions to take on TAS referrals and specific time frames for completing those actions. Employees in the business operating divisions will acknowledge receipt and provide the name and phone number of the IRS employee assigned to work the case via Form 3210, Document Transmittal, secure messaging E-mail, facsimile, or by telephone within three (3) workday of receipt of the Form 12412, Operations Assistance Request (OAR). If necessary, the assigned employee/manager will contact the TAS employee and negotiate the completion date in resolving the OAR actions.

(4)   The SLAs are found at: *https://irsgov.sharepoint.com/sites/TAS/SitePages/SLA. aspx, Service Level Agreements (sharepoint.com)*

(5)   While TAS can/will make requests (e.g., OAR) for taxpayers with hardship situations, under no circumstances will there be a release of credits to the taxpayer with the hardship unless the HQ Submission Processing (HQSP) Erroneous Refund Analyst (or Back-up) has been informed of the need for release of the credits.

Note: If the IRS is unable to re-recover the credits that were released to the taxpayer under the Hardship claim by TAS, a new required description will be used when there is a need for writing-off the case as uncollectable (See IRM 3.17.80.1.35 erroneous refund descriptions).

(6)   If it is necessary to release credits to the taxpayer with the hardship

- Inform the TAS point of contact (usually, the person who sent the OAR) that the taxpayer still has an erroneous refund balance and provide the balance amount to the TAS point of contact.
- Send the taxpayer a **final** letter (e.g., 510-C) informing the taxpayer they have an erroneous refund balance due, and the taxpayer will receive a Form 1099-C if the balance is not repaid before the erroneous refund statute date (See IRM 3.17.80.1.22, Maintaining Case Files, instructions about the sending of the letter and the Form 1099-C).

Note: Final letter means sending no additional, quarterly letters (cases where the balance is $600.00 and higher) or semi-annual letters (cases where the balance is $599.99 or less). The sending of the 1099-C paragraph will be unnecessary if the taxpayer owes less than $600.00.

(7)   Continue monitoring the case for any available credits until the Erroneous Refund Statute Date.

(8)   Write-off the account if the balance is not re-paid.

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(9) Send the taxpayer a Form 1099-C if the balance is $600.00 or higher and not re-paid (See IRM 3.17.80.1.22,Maintaining Case Files, instructions regarding the sending of the letter and the Form 1099-C).

3.17.80.1.14
(01-06-2023)
General Overview and
General Ledger
Accounts for Erroneous
Refunds

(1) General Ledger Accounts for Erroneous Refunds:

   a.   1530 Account, Court Case Erroneous Refund
   b.   1535 Account, Criminal Investigation (CI) Court Ordered Restitution Erroneous Refund
   c.   1540 Account, Non-Court case Erroneous Refund
   d.   1543 Account, Payment Over Cancellation (POC) Erroneous Refund
   e.   1545 Account, Identity Theft (IDT)Erroneous Refunds
   f.   1547 Account, Return Preparer Misconduct (RPM) Erroneous Refund
   g.   4910 Account, Disbursement Losses
   h.   6905 Account, IDT Erroneous Refund Write-off
   i.   6907 Account, RPM Erroneous Refund Write-off
   j.   6920 Account, Disbursement Write-off

Note: The external subsidiary record for these accounts is Form 3809, Miscellaneous Adjustment Voucher, which will be used to debit and credit the accounts as needed to control and track erroneous refunds. **This does not apply to General Ledger 6905 Account (See IRM 3.17.64.16.4.8,** *Account 6905 ID Theft Erroneous Refund Write Off*) **and 6920 Account (See IRM 3.17.64.16.4.10,** *Account 6920 Disbursement Write-Off*).

(2) Each case is controlled with a unique document number on Form 3809. This document number allows for the tracking of an individual case from start to completion.

(3) Accounting Operation's role, to attempt recovery or request voluntary repayment of erroneous refunds, does not change. Send error feedback electronically to the respective site servicing areas, Business Operating Division (BOD), Points of Contact listed in Exhibit 3.17.80-15. When the causes are attributable to the actions of a functional area whether the Erroneous Refund was initiated locally or at another site (identify site and BOD). This not only alerts the area of processing errors to initiate corrective actions, but documents that we have informed management to prevent future erroneous refunds. (See table below for examples)

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If:	Then:
The erroneous refund was issued and identified in Kansas City's servicing area	1. **Feedback** is sent by Kansas City's Erroneous Refund team to their local (servicing area) business or functional area BOD POC listed in Exhibit 3.17.80-15 2. Kansas City's Erroneous Refund team will report the feedback information on their **Monthly Erroneous Refund Report** to Headquarters.
The erroneous refund was issued by Fresno's servicing area and subsequently identified by Ogden's servicing area	1. The case is sent to Kansas City's Erroneous Refund team 2. Kansas City's Erroneous Refund team will report the feedback information on their **Monthly Erroneous Refund Report** to Headquarters 3. **Error feedback** is sent by Kansas City's Erroneous Refund team the BOD POC listed in Exhibit 3.17.80-15 identifying Fresno's (servicing area) business or functional area on the feedback document

Note: For duplicate, manual, erroneous refund feedback, follow IRM 3.17.80.1.35.1,Monthly Reporting and Error Feedback for Duplicate, Manual, Erroneous Refunds (DMER).

(4)   IRS must report disbursement losses per IRM 3.0.167, *Losses and Shortages*. Areas causing erroneous refunds must provide documentation to support write-off actions if considered uncollectible (ERSED has expired).

   a.   Documentation consists of the circumstances surrounding the reason actions resulted in an erroneous refund.
   b.   In addition to working notices, transcripts and quality reviews, establishing a mechanism to provide feedback to the areas causing erroneous refunds to occur demonstrates the IRS proactive approach to reduce errors and suffer fewer disbursement losses.

(5)   Feedback electronic file must have but is not limited to:

   •   Feedback sheet explaining findings and corrective actions taken.
   •   Full IDRS TXMOD print of account where ERRF occurred.

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- Entity section of ENMOD print for accounts affected.
- Copy of Form 12356 (if provided in the erroneous refund package sent to the Erroneous Refund team).
- Any information identifying the employee or area causing the erroneous refund such as a copy of the manual refund document, Discovery Directory prints, IDRS Unit and USR Database (IUUD) prints, etc.

(6) Erroneous Refund cases must be sent to the respective Submission Processing site Erroneous Refund function documented and accurately prepared, as outlined in IRM 21.4.5, *Erroneous Refunds*.

Note: If a full-paid erroneous refund case is received and it belongs to another site's Erroneous Refund team, **Do Not Send The Case To Another Site's Erroneous Refund Team.** Follow IRM 3.17.80.1.23, Refund Cancellation, Repayments and Replies to Correspondence.

Note: If the erroneous refund was issued outside a campus servicing area, they would not be working the case or sending, or reporting feedback. The campus where the refund generated from would work the case, initiate feedback and include on their report.

a. The Category type of erroneous refund must be identified.
b. Determine the correct Accounting Site for recovery actions. If the Accounting Erroneous Refund team incorrectly receives a case belonging to another site accountable officer, reject the case back to the originator.
c. If an Erroneous Refund team is maintaining a case that belongs to another Accounting site (and Accountable Officer of another site), close the IDRS control base and follow IRM 3.17.80.1.34, Transferring Category D, Unassessable Erroneous Refund Cases, to transfer the erroneous refund case to the site of the Accountable Officer.
d. Where incomplete case files are received, they must be returned to the originator after attempts of contacting the originator has been made by telephone and/or E-mail communication to correct information/ documentation on the account.
e. Ensure the erroneous refund statute expiration date (ERSED) is open prior to returning the case to the originators for completion (always use TCIS to determine the actual refund date or use the TC 846 date on IDRS if TCIS is not available or does not identify a date.).
f. If the ERSED is open, and the newly-received case is incomplete, return the case to the originators after 5 work-days of attempting to obtain the missing documentation.
g. Ensure Transaction Code (TC) 971 with Action Code (AC) 663 is input.

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(7)   History Sheets must be prepared from the point of discovery. Form 12356 must be used by the area discovering the erroneous refund per IRM 21.4.5.6.1, *Account Actions for Category D Erroneous Refunds*. Accounting Operations must also include documentation of actions taken, pending actions, telephone calls, copies all letters, etc., must be annotated on the History Sheet and be retained in the case file. This assists in substantiating future write-off actions if not recovered in the manual billing process.

(8)   The ERSED is 2 years after making the erroneous refund unless the refund was induced by fraud or misrepresentation of a material fact, in which case the ERSED expires 5 years from the date the taxpayer receives the erroneous refund (first use TCIS date if available, then use TC 846 date on IDRS). . If there are causes that do not appear to be covered in this IRM, seek assistance to pursue cases through coordination the Headquarters Erroneous Refund Analyst to obtain Chief Counsel's approval to pursue recovery using the 5 year duration. Refer to IRM 3.17.80.1.17.1, *Erroneous Refund Statute Considerations*.

Note: All payment over cancellation (POC) cases, stopped check, insufficient funds, and dishonored check cases (where there is a penalty for insufficient funds) have a 5 year ERSED. Coordination with Counsel is unnecessary. These cases include returned checks marked as, **stop Payments, Refer to Maker, and Account Closed.**

(9)   Classification depends on the type of error which caused the Erroneous Refund. For additional information, See Exhibit 3.17.80-2 *Erroneous Refund Flow Chart*. All erroneous refunds will be classified into categories as described in IRM 21.4.5, *Erroneous Refunds*.

(10) The entire amount of the unpaid erroneous refund must be reversed into the 1530/1535/1540/1543/1545/1547 General Ledger and recovered, within the ERSED, through voluntary repayment, right of offset, or civil suit pursuant to IRC 7405. This process forms the basis for the instructions in this IRM to monitor, recover or write-off as unrecoverable Erroneous Refund cases.

   a.   References to the erroneous refund accounts (1530, 1535, 1540, 1543, 1545, 1547) are shown in text as **"15XX".**
   b.   See IRM 3.17.80.1.29, *Write-Off Procedures* for Unrecoverable Erroneous Refunds.
   c.   Accounts 1530, Employee Fraud-Court Case Erroneous Refunds, 1535, Court Case Erroneous Refunds (Kansas City-Only), 1540, Non-Court Case Erroneous Refunds, 1543, Payment Over Cancellation Erroneous Refunds, and 1545, ID-Theft Erroneous Refunds, 1547, Return Preparer Misconduct Erroneous Refunds were established with Redesigned Revenue Accounting Control System (RRACS). These accounts impact the Director's accountability.
   d.   If it is determined that an erroneous refund is recoverable, one of the 15XX Accounts are debited and used to substantiate use of credit TC 700 posted to the taxpayer's account. This action prevents erroneous Master File (MF) notices from generating while corresponding with the taxpayer requesting repayment for the Erroneous Refund.
   e.   A credit (false) TC 700 posts to the taxpayer's account, identified by Document Code 58 blocking series 950-999 (850 - 899 if the 1543 is being used) in the document locator number (DLN). "Erroneous Refund

(-U Freeze)" ERR-REF-BAL-DUE is displayed on TXMOD for the IMF cases. This informs other employees that the account is being worked and monitored in Accounting.

Note: Until BMF modifications can be completed, it is necessary for all BMF cases to add IDRS history item(s), "Erroneous Refund Balance Due" on IDRS.

f. See Figure 3.17.80-1 , for a view of the TXMOD screen and Exhibit 3.17.80-3, Erroneous Refund Accounts 1530, 1540, and 1543.

```
TXMODA000-00-0001        MFT> 30   TX-PRD>20XX12         NM-CTRL>WILL
00212-091-25000-X>DLN
                                   MF-XTRCT-CYC>20XX12      SC-REASON-CD>3
SC-STS>12    MOD-BAL>    0.00       CYC>20XX42
MF-STS>12    MOD-BAL>    0.00       CYC>20XX42    TODAYS-DT>10/28/20XX
 PENDING TRANS       LAST-NOTICE>XXX               PRIMARY-LOC>0001

 ------------------------                FIDO-CD>00
ASED>041520XX FRZ>    -U |                    COLLECTION-ASGMT>0001000000
CSED>041520XX INTL>      |                          MOD-YLD-SCOR>024
RSED>041520XX            |                    TDI>2  TDI-CYC>20XX43
 ------------------------

CS-CTRL-INFO> ALL CASE CTRLS CLSD CLSD-CTRL-CYC>20XX44 LST-CS-CTRL-ACTY>102820XX
------------------------POSTED RETURN INFORMATION-------------------------
RET-RCVD-DT>041520XX
FS>1   NUM-EXEMPT>01
AGI>30,050.00
TXI>12,000.00
----------------------------RETURN TRANSACTION----------------------------
   T/C       POSTED          TRANS-AMOUNT   CYC       T        DLN
   150       050720XX            400.00     20XX19    D   00212-091-25000-X
-------------------------POSTED TRANSACTIONS SECTION------------------------
   T/C     POSTED   TRANS-AMOUNT   CYC-DAY  T    DLN
   806     041520XX    500.00-     20XX2201     00212-091-25000-X
   660     091220XX    100.00-     20XX4007     00220-255-11000-X
   846     052020XX    200.00      20XX2203     00221-091-25000-X
                                                                DD>9
           RSN>20XX097001
   661     091220XX    100.00      20XX3602     00287-647-20000-X
   844     052020XX      .00       20XX3604     00277-647-00200-X
                               DEMAND-DT>072620XX    MEMO-AMT>   100.00
   700     052020XX    100.00      20XX4205     00258-247-95000-X   ERRF-BAL-DUE

Employee #0004000012     PAGE 001 of 002     PAGE 001
```

Figure 3.17.80-1

(11) The Customer Account Data Engine (CADE) 2 solution is comprised of several components, to modernize the IRS to a daily processing environment with several transition states.

(12) The components of CADE 2 Transition State 1 in January 2015 include:

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New Cycles	Refund Issuance	Notice Issuance
1. Campus Cycle –Thursday – Wednesday 2. Master File Processing – Friday - Thursday 3. Notice Review – Saturday - Monday (8 days later, 2 am eastern) 4. Unpostables – Tuesday to Tuesday	Refunds for IMF accounts are accelerated to provide refunds to taxpayers more quickly. 1. Direct deposit refunds will be issued in 4 business days from posting. 2. Paper check refunds will be issued in 6 business days from posting.	IMF notices under a $1000 tolerance (change in refund amount) will bypass Notice Review Processing System (NRPS) and will be sent directly to Correspondence Processing System (CPS), to be mailed to the taxpayer.

    a.   Daily Processing – IMF processing with the new cycle definition outlined in (2) a), but processing daily (daily transactions to daily accounts) with weekly processing occurring on Thursday.

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

    b.   IMF will identify unpostable criteria daily, but the files will not be processed by Generalized Unpostable Framework (GUF) until the weekly cycle. This will result in subsequent transactions posting in the same cycle resolving the unpostable criteria for the earlier transaction marked as unpostable.

    c.   CADE 2 database – Establishment of a taxpayer account database that will house all individual taxpayer accounts. IMF will process all transactions and settle accounts and will provide data to the CADE 2 database. IMF will remain the system of record for Transition State 1. Key programs IDRS and Integrated Production Model (IPM) will receive data from the CADE 2 database.

(13)   IMF transactions posting time frames are outlined as follows

    a.   Daily transactions directed to a daily account are expected to post daily with daily processing. Transactions will be displayed using Corporate File On-line (CFOL) command codes (IMFOL) the second day after campus input. Transactions will be displayed on IDRS command codes (i.e., TXMOD, ENMOD) the third day after campus input.

    b.   Weekly transactions directed to a daily account are expected to post with the master file weekly processing on Thursday and will result in the account type changing to weekly.

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

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

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

          EXAMPLE: A transaction input with a posting delay code of 1 will be processed on Thursday, and will resequence until the following weekly processing day (the following Thursday).

          CAUTION: Be aware that the use of the posting delay code by IRS personnel, on a daily account with daily transactions, will result in delaying the posting of the transactions that would resolve the account.

(14) CFOL Command Code IMFOL will contain an indicator on the screen to identify whether the account is a Daily account or a Weekly account.

Note: Some new IMFOL definer codes have been added to be able to view a "historical" look at accounts for a previous date or cycle. The new IMFOL definers are:

- "J" – IMF Tax Module Balance History
- "K" – IMF Entity Freeze History
- "L" – IMF Tax Module Freeze History

(15) For Notice Review and or Erroneous Refund units, when CC NOREFP is initiated, the following chart explains when the TC 846 and systemic TC 841 will be displayed:

Daily Account TC 846/841 Posting Chart		
Transaction Code	**CFOL Command Codes**	**IDRS Command Codes**
TC 846	Next business day	Second business day
TC 841	Two business days	Third business day
Weekly Account TC 846/841 Posting Chart		
Transaction Code	**CFOL Command Codes**	**IDRS Command Codes**
TC 846	Saturday after freeze releases	Monday after freeze releases
TC 841	Second Saturday after freeze releases	Second Monday after freeze releases

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3.17.80.1.14

3.17.80.1.14.1
(11-23-2021)
**Accounts 1530,
Employee Fraud and/or
Civil Suit Erroneous
Refund Court Cases,
Account 1540,
Non-Court Case
Erroneous Refunds,
Account 1543, Payment
Over Cancellation
Erroneous Refunds,
1545, Identity Theft,
1547, Return Preparer
Misconduct Erroneous
Refunds.**

(1) This receivable account is used to record an employee fraud case and/or civil suit erroneous refund court case. Account 1530 will be supported by:

- Court documents
- Treasury Inspector General for Tax Administration (TIGTA) and/or Criminal Investigation (CI) Reports
- Debit vouchers or other documents showing the name of each debtor, amount receivable and details of the transaction creating the indebtedness.

(2)   Employee fraud cases are controlled in the 1530 Account. Access will be limited.

(3) Transfer case to the 4910 Disbursement Loss Account, when the case is determined uncollectible (ERSED has expired).

#
#
#

. Documentation will explain why the case is uncollected.

(4) The external subsidiary for the 1530 account is the file of paper documents described in (1) above.

(5) Account 1530, Civil Suit Erroneous Refund cases:

  a. This account records erroneous refunds that result in a **court case.** Account 1530 is supported by copies of all correspondence, court documents, TIGTA and/or CI or other agency reports, debit vouchers or documents showing the name of each debtor, amount receivable and details of the transaction creating the indebtedness.
  b. Since Employee Fraud Erroneous Refund cases are considered a Category-D erroneous refund case and the case has been through court where we expect restitution, proceed to send quarterly (balance of $600.00 or higher) or semi-annual (balance of $599.99 or less) letters.
  c. Transfer cases from the 1540 Account to this account when it is determined that the case is going to court.
  d. Transfer cases to the 4910 Disbursement Loss Account once the case is determined to be uncollectible. See IRM 3.0.167.8.1.7, *Account 4910, Disbursement Loss*, for additional instructions.
  e. Indicators that the case is uncollectible include: 1) Taxpayer has fled the country; 2) Taxpayer is incarcerated and won't be released until after the ERSED; 3) Taxpayer is deceased; 4) There are indicators that the taxpayer cannot be found (e.g., returned letter indicating taxpayer does not live at the address IRS has on file and no better address can be found.

    Note: If no payments are received within 1 year of judgment, follow-up by contacting the appropriate Revenue Officer for addressing the need for re-payment of the erroneous refund.

(6) Account 1540, Non-Court Case Erroneous Refund:

  a. This account records erroneous refunds that are **NOT** court cases. This account represents erroneous refunds that have NOT been collected, resulted in court cases, assessed or determined uncollectible. Account

              1540 is supported by copies of all correspondence, debit vouchers (Form 2209, Form 3809, etc.) or other documents showing the name of the debtor, amount receivable and details of the transaction creating the indebtedness.

    b. Transfer cases to the 1530 Account when it is determined that the case is going to court.

    c. Transfer cases to the 4910 Disbursement Loss Account when the ERSED (either 2 or 5 years) expires.

    d. A case determined to be uncollectible before the statute expiration is transferred to the 4910 Disbursement Loss Account. Documentation explains why the account is uncollectible. Refer to IRM 3.17.64.16.4.7, *Account 4910, Disbursement Loss (Real Account, DR Normal Balance)*, and IRM 3.0.167.8.1.7, *Account 4910, Disbursement Loss (Real Account, DR Normal Balances)*, for additional instructions.

(7) Account 1543, Payment Over Cancellation (POC) Erroneous Refund:

    a. A "Payment Over Cancellation (POC)" case occurs when a taxpayer files a claim for non-receipt of a refund check, a replacement (Recertified) check is issued, and it is determined that both checks were cashed.

    b. This account records erroneous refunds that are **NOT** court cases (1530 Account) and **NOT** cases that belong in the 1540 account, "regular" erroneous refunds. Account 1543 is supported by copies of all correspondence, debit vouchers (e.g., various Bureau Financial Services (BFS) Forms and IRS Form 2209, Form 3809, etc.) or other documents showing the name of the debtor, amount receivable and details of the transaction creating the indebtedness.

    c. Although extremely rare, transfer cases to the 1530 Account when it is determined that the case is going to court. Transfer cases to the 4910 Disbursement Loss Account when the ERSED (always 5 years for POC cases) expires.

    d. A case determined to be uncollectible before the statute expiration is transferred to the 4910 Disbursement Loss Account. Documentation explains why the account is uncollectible. See IRM 3.17.64.16.4.7, *Account 4910, Disbursement Loss (Real Account, DR Normal Balance)*, and IRM 3.0.167.8.1.7, *Account 4910, Disbursement Loss*, for additional instructions.

(8) Account 1545, Identity Theft (IDT) Erroneous Refunds:

    a. This receivable account will be used to record identity theft erroneous refunds and **was effective June 25, 2012**. This account represents identity theft erroneous refund receivables which are uncollectible. Account 1545 will be supported by Form 3809. Beginning January 15, 2014, cases that are opened via new IDRS command codes IDT 48 or IDT 58 will be supported by EOD 1640, EOD 1622 and Batch posting 171 report. This account is not under director's Accountability.

(9) Account 1547, Return Preparer Misconduct Erroneous Refunds:

    a. This receivable account will be used to record return preparer misconduct erroneous refunds and was effective July 1, 2015. This account represents return preparer misconduct erroneous refund receivables which are uncollectible. Cases that are opened via new IDRS command codes

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RPM48 or RPM58 will be supported by EOD 1640, EOD 1624 and batch posting 172 report. This account is not under director's accountability.

3.17.80.1.15
(07-02-2018)
Account 1535 Court Case Erroneous Refund (Kansas City Only)

(1) This receivable account is used to record erroneous refund receivables that result in a court case (initiated by Criminal Investigations).

(2) The RRACS procedures for this account are in IRM 3.17.64, Accounting and Data Control, Accounting Control General Ledger Policies and Procedures, procedures for a review of this account are in IRM 3.17.15, Accounting and Data Control, Accounting Reports Analyst Responsibilities and procedures for write off in the IRM 3.0.167, Accounting and Data Control, Losses and Shortages.

(3) 1535 Account will be supported by:

- Form 3809 documents
- Backup documentation such as IDRS print reflecting erroneous refund

(4) For court-ordered restitution (or IRS employee fraud) cases identified by CI, process as follows.

(5) Cases received from the Criminal Investigation (CI) Field are identified with a "CRIMINAL INVESTIGATION RESTITUTION CASE" cover sheet.

(6) CI will:

a. Reverse all erroneous credits.
b. Input TC 130.
c. Prepare Form 3809, Miscellaneous Adjustment Voucher, Form 3753, Manual Refund Posting Voucher or Form 12857, Refund Transfer Posting Voucher as appropriate. (See Figure 3.17.80-4, Figure 3.17.80-23, Figure 3.17.80-46, and Exhibit 3.17.80-11 for examples of completed Form 3809).
d. Prepare any necessary manual refunds to the injured taxpayer, following IRM 21.4.4, Refund Inquiries, Manual Refunds, manual refund procedures.
e. Send a letter to the taxpayer requesting repayment (this letter is in lieu of the Letter 510-C letter). A copy of the correspondence becomes part of the case file documentation.

(7) Update the IDRS Category Code to "ERRF", reassign the IDRS control base to the CI-SDC unit in Ogden, change the status to "A" with activity code "ERRORREF(CI-RestitutionCase)."

(8) If 45 days after the date of the initial letter (use ENMOD for the initial letter date if there is not a copy of the letter), the Erroneous Refund team will review each case file.

Note: The initial letter which is initiated by Field Criminal Investigations is an internal letter and is a request for notification to defendant for repayment.

(9) The Erroneous Refund team will follow-up with taxpayer quarterly (balance $600.00 or over) or semi-annual (balance $599.99 or less) correspondence reminding the taxpayer of the current balance.

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(10)   The Erroneous Refund team will monitor the account for payments/credits to
post to the account as they become available using generated TC 844 tran-
scripts (See IRM 3.17.80.1.25, *Processing 844 Transcripts (TRANS-844) -U
Freeze*).

3.17.80.1.15.1
(01-01-2019)
Maintaining Account
1535 Court Ordered
Restitution (QRP/RPP)
Case Files

(1)   Kansas City Accounting Operations will maintain the case files in alphabetical
(last name first) order.

(2)   Organize the case file as follows (each letter on the list below will have a cor-
responding tab in the case file):

   a.   Court judgment in criminal case must be attached to the left of the case
file.

   b.   Completed case History Sheet must be on top right of case folder. (See
Exhibit 3.17.80-12)

      Note: **Important:** All actions taken while working the case must be dated
and recorded in detail on the History Sheet.

   c.   A current TXMOD print showing any new activity on the account must be
maintained in the case folder (print TXMOD pages showing NEW activity
ONLY) directly under the History Sheet. If there is no activity (do not print
the TXMOD) annotate History Sheet: "No activity on TXMOD". The
TXMOD must be updated when a review is conducted, when an action is
taken on the account (discard old TXMOD prints except for the original -
See Note below).

      Note: The "**ORIGINAL** " TXMOD must always be kept in the case file
under the History Sheet. This print will reflect the original account
activity.

   d.   A balance sheet showing the original erroneous refund balance and all
subsequent payments must precede the Case History sheet and tax
modules.

   e.   CI-SDC will forward completed Form 3809 to the Kansas City Erroneous
Refund team. All corresponding Form 3809 must follow the balance sheet
with the most current on top. The Form 3809 must be stapled to the
balance sheet to prevent it from being lost.

   f.   Criminal Investigation Management Information System (CIMIS) summary
and Criminal Investigation Closing report.

(3)   Pull the case every three or six months (3 months for case balance $600.00 or
above and 6 months for case balance $599.99 or below) for review.

Note: Annotate case history sheet that a review was performed and the findings of
the review.

(4)   CI-SDC will provide a cumulative balance sheet of all open cases to Account-
ing every six months with the following information: Name (Alpha order, last
name first), TIN, Master File Tax (MFT), tax period, and money amount. This
list will be used by accounting to ensure the case file balance (IDRS) matches
the RRACS account balance.

Note: Any inconsistencies will be expeditiously worked/corrected between Account-
ing and CI-SDC to avoid imbalances.

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(5) If a Scheme Development case meets "write-off" criteria, CI-SDC will issue a memo requesting "write-off" processing. The "memo" with backup documentation will be sent to Kansas City's Submission Processing Accounting Operation and include the following:

   a.   Write-off criteria and reference documented (Example: 20 year collection statute, or deceased taxpayer, IRM or IRC reference to the Statute expiration of Collection).
   b.   Taxpayer Name.
   c.   TIN.
   d.   MFT/Tax Year.
   e.   Case Number.
   f.   Total amount to be written off
   g.   Erroneous refund date(s) and amount(s) of the original refund(s).

(6) Follow IRM 3.17.80.1.29, *Write-Off Procedures for Unrecoverable Erroneous Refunds*, when transferring the loss from the 1535 Account to the 4910 and 6920 Accounts.

   a.   A copy of the Field Director memo to the Submission Processing Director requesting relief/ write-off will be included with the copy of the Form 3809 that is sent to CI-SCD.

(7) Remove case to the "closed" file when TC 845 is input to release the Erroneous Refund Freeze, if appropriate.

Note: CI-SDC will complete a Form 3465, Adjustment Request, and forward to the Kansas City Erroneous Refund team requesting a TC 845 input. This form is used when the account is full-paid or written off, and the reversal of the TC 844, —U freeze, needs to be released.

3.17.80.1.16	(1) Internal Revenue Code IRC 6404(e) requires that the IRS abate any assessed interest from the date of the refund to the date by which repayment is demanded on any Erroneous Refund of $50,000.00 or less, provided the taxpayer or any related party in no way caused the Erroneous Refund to occur.

3.17.80.1.16
(02-22-2018)
Interest Considerations

(1) Internal Revenue Code IRC 6404(e) requires that the IRS abate any assessed interest from the date of the refund to the date by which repayment is demanded on any Erroneous Refund of $50,000.00 or less, provided the taxpayer or any related party in no way caused the Erroneous Refund to occur.

Note: If the refund is greater than $50,000.00 , interest abatement is not required, but will be allowed on a case by case basis. Questions on cases of erroneous refunds in excess of $50,000.00 must be referred to your Team Leader, Work Leader, or to local Counsel. If the refund is $100,000.00 or more interest is assessed from the date of the refund to the date of the

                                                                 #

to repay the amount in order to avoid additional interest. (See IRM 3.17.80.1.20.2 (9), IDRS and Case Controls - ERRF, If and Then chart and IRM 3.17.80.1.20.4 (3) , Taxpayer Repays in Full, note)

(2) Interest assessments are abated when the interest is not legally due, excessive, or barred under IRC 6404(a) . See IRM 20.2.7.3, **Excessive or Not Legally Due - IRC 6404(a)**.

(3) In cases involving requests for abatement of interest on erroneous refunds, the facts must be sufficiently researched (e.g., information provided by a taxpayer, post mark dates on documents, TXMOD, etc.) and the documentation for acceptance or denial attached to the case.

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(4)   See IRM 20.2.7, **Abatement and Suspension of Debit Interest**, for further instructions or clarification on abatement of interest.

(5)   Interest on the Erroneous Refund is recovered in the same manner as the Erroneous Refund to which the interest relates. Interest (at the applicable rate) is charged on the amount of the Erroneous Refund from the date of issuance until the date of recovery unless waived under IRM 1.2.1.12.1 , *Policy Statement 2-10, Abatement of Interest on Erroneous Refunds*.

Exception: In instances where a prepaid credit was overstated causing an Erroneous Refund, interest will be charged on the amount of the Erroneous Refund from the date of the issuance or the due date of the return, whichever is later.

(6)   Policy Statement 2-10, Abatement of Interest on Erroneous Refunds, requires that:

   a.   Taxpayers not be held liable for interest on erroneous refunds until the taxpayer is asked to repay the refund.
   b.   The IRS must clearly be at fault in issuing the refund, and the refund must not exceed $50,000.00. Questions on cases of erroneous refunds in excess of $50,000.00 must be referred to your Team Leader, Work Leader, or local Counsel.

(7)   *Delegation Order 20-1 (Rev.2), paragraphs 14 through 16*, IRM 1.2.2.14.1, Abatement of Interest, states that IRS officials have the authority to abate interest on Erroneous Refunds under IRC 6404(e) (2) interest can be abated when the following conditions apply:

   a.   Documentation is present which leaves no doubt a IRS error caused the Erroneous Refund to be issued.
   b.   Documentation is present which substantiates repayment of the refund has been received in full.
   c.   The official is satisfied after considering the relative size of the Erroneous Refund, the amount of interest involved, the circumstances surrounding any delay in the repayment of the Erroneous Refund and the handling and correction costs which would be entailed, a waiver would be fair and equitable to the Government and the taxpayer.
   d.   The authority delegated herein will not be re-delegated.

Note: Interest will be abated under IRC 6404(e) (2) from the date of refund to the date of demand of repayment.

(8)   Interest considerations are covered in IRM 20.2.7.7, Interest, Abatement and Suspension of Debit Interest, *Erroneous Refunds IRC 6404(e) (2).*

   a.   IRM 20.2,, Penalty and Interest, Interest is available on Servicewide Electronic Research Program (SERP). The Office of Servicewide Interest Administration and IRM 20.2, Penalty and Interest, provides oversight on computing interest.
   b.   IRM 20.2,, Penalty and Interest recommends that interest specialists work the complicated restricted interest cases.

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3.17.80.1.17
(01-01-2015)
**Methods Used to
Recover Erroneous
Refunds**

(1) Assessable erroneous refunds are refunds which the IRS will assess (credit reversals are not assessments) under the IRC. The assessment will be either a TC 290 Reason Code (RC) 51, as in the case of Category B erroneous refunds, or deficiency, as in Category A-1 or A-2 erroneous refunds or other assessable taxes, as in Category C.

   a. These refunds are referred to as assessable erroneous refunds.
   b. The IRS' authority to assess assessable erroneous refunds is not limited to the amount of "total tax. "
   c. Provided that the applicable period for the assessment of the tax to which the refund relates is still open, the IRS will assess the full amount refunded.
   d. Once the refund is assessed, it can be collected in the same manner as a tax within the collection statute expiration date (CSED).
   e. See IRM 21.4.5, *Refund Inquires, Erroneous Refunds*, for variety of the types, categories and processing procedures.

(2) Category D erroneous refunds, referred to as "unassessable" erroneous refunds, are refunds not resulting from a tax determination and are not assessable under the IRC.

   a. Erroneous Refunds carry a 2 or 5 year ERSED date and can only be recovered by following proper erroneous refunds procedures.
   b. See IRM 21.4.5, Refund Inquires, Erroneous Refunds, for types, categories and processing procedures on identified erroneous refunds and what is supposed to have been completed prior to the receipt of the case in the Erroneous Refund Team.

(3) If the case does not qualify for assessment as described in IRM 21.4.5, Refund Inquires, Erroneous Refunds, the Erroneous Refund can be recovered only by the following:

   a. Civil suit under IRC 7405 is within 2 or 5 years from the time the refund is received by the taxpayer (when the check clears the bank). (See IRC 6532(b))
   b. The Erroneous Refund will be offset against any refund otherwise due the taxpayer for the same year and with respect to the same type of tax to which the refund is related. There is no time limitation on this right of offset until the ERSED.
   c. To the extent the refund is an unassessable erroneous refund, the refund will be offset against any refund otherwise due to the taxpayer with respect to any year or any type of tax. This right to offset is limited to the ERSED.
   d. The taxpayer can voluntary repay the erroneous refund.

3.17.80.1.17.1
(04-26-2017)
**Erroneous Refund
Statute Considerations**

(1) The collection methods and statutes of limitation for recovering erroneous refunds are different than those used to collect tax liabilities. Three different statutes will apply to Erroneous Refund account modules:

   • Assessment Statute Expiration Date (ASED)
   • CSED
   • ERSED

(2) The ASED expires 3 years from the due date or the date the return was filed; whichever is later.

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(3) The CSED expires 10 years from the date of the assessment.

(4) The ERSED expires 2 or 5 years from the date the refund check was cashed (refer to IRC 6532(b).

Note: As a general rule, the TC 840 or TC 846 date can be used to determine the ERSED. Always research TCIS to research the actual refund cashed date. TCIS indicates a **paid date**. The paid date is the date the check was cashed. If TCIS does not provide a date, use the TC 846 date on IDRS.

    a. Generally, the IRS has 2 years from the date the taxpayer received the refund check and the date the check cleared to initiate an Erroneous Refund suit, or to take other actions to recover the Erroneous Refund.

    b. If the Erroneous Refund was "induced by fraud or misrepresentation of a material fact", the ERSED is 5 years. **These types cases must be coordinated with local Counsel before any action is taken to pursue recovery under the 5 year statute.**

        Exception: All POC cases, Stopped Check, Insufficient Funds, and Dishonored Check cases (where there is a penalty for insufficient funds) have a 5 year ERSED and coordination with Counsel is unnecessary. These cases include returned checks marked as Stop Payments, Refer to Maker, and Account Closed.

    c. Internal Revenue Code IRC 7405 allows the Internal Revenue Service to institute a suit to recover amounts erroneously refunded to a taxpayer. In order to be timely, an erroneous refund suit must be filed within two (or five) years from the date the taxpayer received the erroneous refund. IRC 6532(b); O'Gilvie v. United States, 519 U.S. 79 (1996). Additionally, the Internal Revenue Service will exercise the common law right of offset to credit an overpayment against an unpaid liability of the taxpayer. However, offset must be made within the IRC 6532(b) two-year statute of limitations Crocker First Nat. Bank of San Francisco v. United States, 137 F. Supp. 573, 574 (N.D. Cal. 1955). This is a reminder that Erroneous Refund teams must not be performing any offsets of any credits to repay an erroneous refund after the ERSED - even when credit is available after the ERSED. The only exception is when the taxpayer has given the IRS permission to repay the erroneous refund.

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(5) Each site will direct employees to coordinate with the local Counsel to determine case types for applying the 5 year ERSED. Before referring to Counsel fill out a "**Non-Rebate 5 year ERSED Check Sheet**" to determine if the 5 year ERSED is applicable. (See Exhibit 3.17.80-13)

3.17.80.1.17.2
(10-05-2016)
Statutes Determined by Erroneous Refund Category Type

(1) Always review cases to apply statute considerations. The statutes listed by categories below apply to erroneous refunds:

    a. Category A-1: ASED and CSED
    b. Category A-2: ASED and CSED
    c. Category B: ASED and CSED

     d.   Category C: ASED and CSED
     e.   Category D: CSED and ERSED

Note: The CSED will be applicable on unassessable erroneous refund accounts when the taxpayer received an Erroneous Refund before satisfying their tax obligation.

3.17.80.1.18 (12-06-2017) **Category A1 or A2 Erroneous Refunds**	(1) When Category A-1 or A-2 (Assessable) erroneous refunds are identified, review the case to determine if it meets Examination's criteria. See IRM 21.4.5, *Refund Inquires, Erroneous Refunds*. Tax decreases made in error must be forwarded to the Examination function.

     a.   If assessment or abatement actions were previously input, the case does not meet Examination's criteria.

(2) For the IRS to make an assessment, the taxpayer has to either agree to the assessment or a Notice of Deficiency has to be issued. The Notice of Deficiency gives the taxpayer 90 days to petition the tax court (150 days if the Notice of Deficiency is addressed to a taxpayer outside the United States). If the taxpayer does not petition, then IRS can assess after the 90 day period has expired. Notices of Deficiency must be issued before the ASED expires.

     a.   Research the Centralized Authorization File (CAF) using command code (CC) CFINK (See Figure 3.17.80-2). A CAF representative will be entitled to the same information you are providing to the taxpayer.

```
Tue, 18 Feb 20XX,   1:57 PM


CFINK 000-00-4141                         MFT>30 TAXPRD>20XX12   PLN>
TXP-NAME--->ROBERT BALSAM                                   SPEC-USE>
TXP-NM-CTRL>BALS
*******************************************************************

REP-NUMBER===0000-00000    SUPPRESSED>   LEVEL===>A    BL-TRST===>NO
REP-NAME===>MARION BIRCH                 RECEIPTS>N/R   ACTION====>A
REP-NM-CTRL>BIRC REP-ACTION>   NONE      POWERS==>U    RET-CODED=>NO
SDLN/SIGN-DT=======> 00-0000-00-000-00   FORM-NUM>2848  REVSN-YR==>8X
SPOUSE-TIN=>                 SPOUSE-NAME=>

*******************************************************************
```

Figure 3.17.80-2

     b.   Cases received in Accounting must be returned to originators for resolution unless an adjustment was made in error. This would be worked in Accounting as a Category D Unassessable Erroneous Refund. If the case is not a Unassessable Category D type, then return cases to the originator for resolution.

Note: Letter 510-C without appeal rights is inappropriate here. The only cases worked in Accounting are those where the ASED has expired and the

ERSED is open. There would be no assessments made on these cases and voluntary repayment would be applied to Excess Collections (or Unidentified Remittance File, URF).

(3) When a taxpayer repays the Erroneous Refund voluntarily:

   a. If ASED has expired but the ERSED is open, apply repayment to Excess Collections (or Unidentified Remittance File, URF).
   b. If the ASED is open and the ERSED is open, adjust the account.

(4) If the taxpayer repays, prepare Form 3245, Posting Voucher - Refund Cancellation or Repayment and update IDRS to post the credit transactions. (See IRM 3.17.80.1.23, *Refund Cancellation, Repayments and Replies to Correspondence*)

   a. Transfer to Excess Collections (or Unidentified Remittance File, URF) not to be refunded or reapplied if ASED is expired, but ERSED is open.
   b. If ASED is open ERSED is open, adjust account.

(5) If no response from the taxpayer:

   a. If ERSED is still open (See IRM 3.17.80.1.22, IRM 3.17.80.1.22.1 and IRM 3.17.80.1.22.2, *Maintaining Case Files*).
   b. If the ERSED is closed:
      close the case on IDRS: C#,NOPAYMENT,C,ERRF
      notate actions taken on the case History Sheet
      file in the closed case file

(6) When the case meets Examination's criteria, process per local Examination Notice of Deficiency procedures. **Before routing erroneous refunds to Examination, be sure the case meets Examination's criteria and that the 3 year ASED has not expired.**

(7) To determine whether interest is due from the taxpayer, See Exhibit 3.17.80-1, Erroneous Refund Interest Considerations, and IRM 3.17.80.1.16, *Interest Considerations*, IRM 20.2.1, *Interest Introduction, Standards and Guidelines* or IRM 21.4.5.8, *Erroneous Refunds on Designated and Non-Designated Payments*.

3.17.80.1.18.1
(12-06-2017)
Processing Categories A, B or C Erroneous Refunds

(1) Category A, B or C erroneous refunds received in Accounting are not considered unassessable type erroneous refund, upon receipt.

Note: Do not follow these procedures if the adjustment did not result from a tax determination. Instead, process as a Category D unassessable erroneous refund.

   a. Immediately contact the Submission Processing site Planning and Analysis staff analyst to contact the area causing adjustments in error.
   b. Errors impact the Submission Processing Director's accountability over disbursement losses.

(2) Return cases to the originator for resolution (See IRM 21.4.5, *Refund Inquires, Erroneous Refunds*).

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3.17.80.1.18.1

(3)   Direct deposit refunds made in error or refunds determined to be sent to "unknown" or "unable to locate" recipients will eventually be written off. Case files citing these circumstances must provide sufficient explanation to support write-off actions. (See Figure 3.17.80-5).

Note: For more information on direct deposits refer to IRM 21.4.5.11.1, *IRS Error Direct Deposit.*

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IRS Department of the Treasury
Internal Revenue Service

❶ Stop 6250 P-6 (Accounting Dept.)   In reply refer to: 0011300000
KANSAS CITY MO 64108-0058   **❷** May 28, 20XX   LTR 510C
                                         000-00-8634 20XX12 30 000
                                                       BODC: WI

BILL H & HANNAH M SUMAC
❸ 3735 JEFFERSON AVE
BOSTON, MA   02109

    Taxpayer Identification Number: 000-00-8634
                  Tax Period(s): Dec. 31, 20XX **❹**
                          Form: 1040

❺ Dear Mr. & Mrs. Sumac:
                                  ❼   **❻**
    We regret that we sent you an incorrect refund for **$1,000.00 by direct
    deposit**. The refund, **dated May 24, 20XX**, was for the **Dec. 31, 20XX** tax
    period. We sent this refund to you in error because **we gave you an
❽ exemption to which you were not entitled.**
                                                              ❾
    If you withdrew the refund amount from your bank, please repay **$1,000.00**
    of the refund you received with a personal check or money order. We
    won't charge interest if we receive your payment within 21 days from the
    date of this letter. Make your check or money order payable to the
    United States Treasury. Please return your payment with this letter to
    ensure proper crediting of the repayment.

    If you don't repay the refund amount within 21 days from the date of
    this letter, the law requires us to charge interest from the date we ask
    for repayment (date of this letter) to the date we receive it.

    If you would like to make a payment using a credit card, you may contact
    the following companies: Official Payments Corporation at 1-888-UPAY-TAX
    (1-888-872-9829) or its web site, www.officialpayments.com; RBS
    WorldPay, Inc at 1-888-9-PAY-TAX (1-888-972-9829)or its website,
    www.payUSAtax.com; or Link2Gov at 1-888-PAY1040 (1-888-729-1040) or its
    website, www.pay1040.com.

    We've enclosed an envelope for your convenience.

    If you have any questions, please call **Ms. Pat Elder** at **816-555-1234**
❿ between the hours of **8:00 a.m. and 4:00 p.m. CT.** If the number is
    outside your local calling area, there will be a long distance charge to
    you.

    If you prefer, you may write to us at the address shown at the top of

---

❶ Return Address   **❻** Amount of Refund & Method of Payment

❷ Date of 510C Letter   **❼** Date of the Refund Check
    (7 Workdays from the date of input)
                                        ❽ The cause of the Erroneous Refund
❸ Name and Address of Taxpayer
                                        ❾ Amount taxpayer needs to repay
❹ Taxpayer's TIN, Form Number & Tax Period
                                        ❿ Person to Contact – Your name, telephone
❺ Salutation   number and hours you can be reached

Figure 3.17.80-3

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IRS Department of the Treasury
Internal Revenue Service

Stop 6250 P-6 (Accounting Dept.)
KANSAS CITY MO 64108-0058

Dummy Letter to set up 1540 only

BILL H & HANNAH M GRAYLING
3735 CRANBERRY AVE
BOSTON, MA   02109

20XX-15-0230

In reply refer to: 0011300000
May 28, 20XX   LTR 510C
000-00-8634 20XX12 30 000
           BODC: WI

ERSED 5-24-XX
FY XX

	Miscellaneous Adjustment Voucher	❶ *Doc Code 58 BLK 950-999*	DLN			
Debit	Name and address *20xx-15-0230* ❷ *GRAY* ❸ ❹*1540 Acct*	X-ref. TIN *000* X-ref. MFT Plan Report Number X-ref. tax per. Transaction date *5-24-20xx* ❻ 2nd T.C. Amount		Route to ☐ MF ☑ NMF 1st T.C. Debit amount *1,000.00* ❼ 3rd T.C. Debit amount		
Credit	Name and address *Bill H & Hannah M Grayling* ❺	TIN *000-00-8634* ❽ MFT *30* Plan Report Number Tax period *20xx* ❾ Transaction date *5-24-20xx* ❻ 2nd T.C. *570* ❿ Amount *Blank*		Route to ☑ MF ☐ NMF 1st T.C. *700* Credit amount *1,000.00* ❼ 3rd T.C. Credit amount		
	Explanation ❹*To Open 1540 Acct* ⓫ *FY xx*		Split Refund Indicator ☐ Bypass Indicator ☐	Prepared by *0011300000* Date prepared *05-28-20xx*		

Form **3809** (Rev. 8-2012)   Catalog Number 22475R   Part 1 - Credit Copy   Department of the Treasury **Internal Revenue Service**
Dispose of all prior issues

❶ Always Doc Code 58 and Blocking Series 950-959
❷ Case Control Number
❸ Taxpayer's Name Control
❹ Journal Account 1540 for Category "D" ERRF
❺ Taxpayer's Name as shown on Letter 510C
❻ Date of the Erroneous Refund

❼ Erroneous Portion of Refund
❽ TIN on which the Erroneous Refund Occurred
❾ Tax Period on which the Erroneous Refund Occurred
❿ TC 570 with no Amount to Freeze the Credit
⓫ IRS Accounting Year

Figure 3.17.80-4

3.17.80.1.19
(12-07-2020)
General Overview - Category D, Unassessable Erroneous Refunds

(1) Cases forwarded to Accounting/Erroneous Refunds Units must meet Category D criteria as defined in IRM 21.4.5, *Erroneous Refunds*. The related training material can be found in ELMS Course 10824, Researching and Resolving Erroneous Refunds. In general, within the first 10 work-days of receipt employees must:

    a. See IRM 21.4.5.7, *Adjustments and Credit Transfers on Category D Accounts*, for necessary actions and how to assemble and submit packages for processing by Accounting/Erroneous Refund Units.

    b. Review the case to ensure that the Letter 510-C (See Figure 3.17.80-4) was issued and that TC 844, TC 470 with Closing Code (CC) 93, and TC 971 AC 663 were input. Form 12356, Erroneous Refund Worksheet must also be included. Ensure that all applicable Statutes are open. Follow site direction and IRM 3.17.80.1.17.1, Erroneous Refund Statute Consider-

ations, to refer case types deemed meeting the 5 year ERSED to local Counsel, as appropriate.

> ***Note:*** Ogden Only - For 8038-CP cases, release any -U freeze that will be on the account. No contact is necessary. Do not prepare Form 3809 to credit the taxpayer's account until the ERSED has expired, to avoid any repayments from refunding. Input TC 470 CC93 to avoid notices being issued to the taxpayer if this has not already been accomplished.

c. If IDRS actions were not input and/or documentation is not attached or incomplete, contact the originator by E-mail or telephone for resolution. If there is no response within 5 work days reject the case back to the originator informing them IRM 21.4.5 , Refund Inquiries, Erroneous Refunds, was not followed for preliminary preparation of the Category D erroneous refund case.

> ***Note:*** **Do Not** reject if the erroneous refund date is a future date and the TC 844 is not input, Form 12356 will state that a TC 844 be input by the Accounting Function upon receipt of the case.

> ***Note:*** Occasionally Field Offices without IDRS access will forward a case to Accounting Operations without completing the necessary requirements - **Do Not** reject these cases. Send a 510-C, input Transaction Codes (TC's) 844, 470 with Closing Code 93, and 971 with Action Code 663. (See IRM 21.4.5.13, *Field Offices Without IDRS*)

d. If the case is complete and the taxpayer has not responded to the first notification within 45 days, follow-up within 10 work-days, with a 2nd letter, including interest due, and prepare Form 3809 to credit the taxpayer's account and debit the appropriate 15XX General Ledger account. Number Form 3809 and post the TC 700 with Document Code 58 in blocking Series 950 through 999 (850 - 899 for the 1543 General Ledger) to display the literal Refund Balance Due notification on IMFOL and TXMOD. If reversing, post the TC 702 with Document Code 58 in Blocking Series 900 through 949 (800 - 849 for the 1543 General Ledger).

> ***Note:*** To calculate 45 days, use the CC ENMOD date of the first letter to the date of input on the second letter. The input date must be notated within the case history file.

e. Credit the taxpayer's account (TC 700) for the amount of the Erroneous Refund only.

f. Annotate actions taken on the History Sheet.

g. If the case is complete, and the 45 day response time has not yet passed, monitor the account for recent transactions posting, for statute expiration dates, and to determine the date for the interest letter (2nd or later 510-C or 3414-C letter).

h. Maintain case file and documentation.

i. Suspense case file and monitor for subsequent follow-up actions (See IRM 3.17.80.1.22, IRM 3.17.80.1.22.1 and IRM 3.17.80.1.22.2, *Maintaining Case Files*).

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(2) If necessary documentation is not received with the case file, update the History Sheet stating the reasons the case is being returned to the originator.

Note: Form 12356, Erroneous Refund Worksheet must be included as documentation for all Category D erroneous refunds. If this documentation is not received with the case, refer the sender to IRM 21.4.5.5.6.2, Form 14165, Erroneous TC 840/846 Report, for completion of the Form 12356. Request this form be completed and sent to the erroneous refund team. If the request is ignored after sufficient time has been given (5 work days), reject the case.

Note: Form 14165, Erroneous TC 840/846 Report, must be included as documentation for al Category D Duplicate, Manual, Erroneous Refund (DMER) cases. If this documentation is not received with the case, refer the sender to IRM 21.4.5.5.6.2, Form 14165, Erroneous TC 840/846 Report, for completion of the Form 14165 . Request this form be completed and sent to the Erroneous Refund team. If the request is ignored, after sufficient time (5 workdays) has been given, reject the case.

(3) If the applicable ERSED, CSED or ASED has not expired, but is imminent, expedite the processing of the case (See IRM 3.17.80.1.20.1, *Working Statute-Imminent Cases*). Prepare appropriate Erroneous Refund correspondence and Form 2209Form 2209, Courtesy Investigation (or use Integrated Collection System (ICS) if it is available) if:

#

   b.   The 2 or 5 year ERSED is open, but imminent.

(4) Review the case file for interest which will be due from the taxpayer (See IRM 3.17.80.1.16, *Interest Considerations* and Exhibit 3.17.80-1, *Erroneous Refund Interest Considerations*).

(5) If the ERSED 2 or 5 year will expire in approximately 3 months, the Erroneous

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letter and issue Form 2209 (or access ICS if available). See IRM 3.17.80.1.20.1, *Working Statute-Imminent Cases*

(6) Erroneous Refund Unit employees must verify the correct blocking series posted with the TC 700 (58 Document Code, 950-999 blocking series). This unique blocking code produces the displayed literal **Erroneous Refund Balance** ("-U" Freeze) on the IMF-only accounts. For all BMF accounts it will be necessary to place a history item on IDRS using the same literal, **Erroneous Refund Balance**.

(7) Submission Processing site Erroneous Refund Coordinators are listed in Exhibit 3.17.80-4.

3.17.80.1.20
(01-01-2019)
Recovering Erroneous Refunds with Additional Balance Due

(1) Ensure that applicable statutes are still open. (See IRM 21.4.5, *, Refund Inquiries, Erroneous Refunds*)

(2) History Sheets and supporting documentation are necessary to substantiate the Erroneous Refund and any future write-off actions. This applies to cases received from other areas. If pertinent documentation is not received with the case, including Form 12356 , Erroneous Refund Worksheet, update the local History Sheet stating the reasons. Return the case to the originator for correction or request complete documentation.

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(3) Combination cases will have both a CSED and ERSED applicable. (See IRM 21.4.5.15.1, *Collection Statute Expiration Date for Category D Erroneous Refunds*)

(4) When an assessable **tax liability** plus a **unassessable erroneous refund amount** exists:

   a. See IRM 21.4.5.15.1, *Collection Statute Expiration Date for Category D Erroneous Refunds*, for further instructions.
   b. Research the CAF CC CFINK for power of attorney (POA) indicators. The indicator requires the IRS to issue notices or correspondence to the taxpayer's representative or POA.
   c. If the taxpayer does not respond to the first letter within 45 days, take the following steps:

   1. Within 10 work-days issue IDRS Letter 510-C or Letter 3414-C to notify the taxpayer of the erroneous refund amount and interest due.

       Note: For the Letter 510-C use paragraph 9.

   2. Prepare Form 3809 to post a TC 700, blocking series 950-999, Document Code 58, for the amount of the erroneous refund.

       Note: Input a TC 470 CC 93 (Input TC 470 CC 93 only if prior TC 470 CC 93 has expired or was not previously input. See above IRM 3.17.80.1.19(1) , General Overview - Category D, Unassessable Erroneous Refunds,) prior to preparing the false credit (TC 700) to prevent balance due notices from generating to the taxpayer for the erroneous refund amount.

   d. Cycle the input of all transactions, as appropriate.
   e. If applicable, reverse interest and penalty.
   f. Research modules for TC 470, STAUP's and TC 844. If a TC 470, Closing Code (CC) 93, **is not present** on the Erroneous Refund tax module, input TC 470 using IDRS CC REQ77. This prevents erroneous MF notices from generating.
   g. Monitor the account for the above transactions to post to Master File. This posting action could take up to six (6) weeks.
   h. Once the TC 700 posts to the account, input reversal TC 472. This reverses the TC 470, CC 93, and allows normal notices to generate for tax liability balances due to IRS.
   i. See IRM 3.17.80.1.20.4, *Taxpayer Repays in Full* through IRM 3.17.80.1.20.5, *Processing Partial Repayments* for case monitoring and recovery actions.
   j. Update History Sheet case file when taking follow-up and monitoring actions and update IDRS history as appropriate.

(5) See IRM 3.17.80.1.17, Methods Used to Recover Erroneous Refunds, for cases deemed valid as a 5 year ERSED. See IRM 20.2 , *Penalty and Interest*, and IRM 3.17.80.1.16 , *Interest Considerations*, for instructions when interest will be applicable.

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3.17.80.1.20

3.17.80.1.20.1 (01-01-2019) **Working Statute Imminent Cases**	(1)	At times, areas will forward cases shortly before the related statutes will expire. These cases are known as Statute Imminent cases. Review credit transfer documents for both the ERSED and/or ASED. Route to appropriate area for expedite processing per site direction for case processing.
	(2)	If a Letter 510-C was not sent, issue Letter 510-C letter within 10 work-days of receipt. Include a self-addressed, return envelope.
	(3)	Photocopy documentation for case file. Record actions on History Sheet.
	(4)	If necessary seek recovery of the Erroneous Refund amount, follow procedures within IRM 3.17.80.1.22, Maintaining Case Files, and mail Form 2209, Courtesy Investigation to the appropriate Field Collection Group. Include copy of all correspondence (e.g., Letter 510-C, etc.).

Note: Find the correct Collection Field Function group by going to *https://irssource. web.irs.gov/Pages/Home.aspx* then click on the, "SERP," link. Next, click on the, "Who/Where," tab. Next, click on the, "RO by TSIGN/ZIP/STATE," link and select the drop-down, "Search By:" button and enter the zip code to select Zip Code and enter the taxpayer's zip code. Send the completed Form 2209 to the point of contact listed. If Integrated Collection System (ICS) is available, it will be used instead of submitting Form 2209.

(5) Annotate the date and case control number on Form 2209 and specify Statute expiration date under the remarks as appropriate. In remarks notate: "Take No Enforcement Actions" "ERSED Expires (date)."

(6) Update History Sheet "Form 2209 requested". Enter in remarks, "Notice sent to taxpayer on (date). Form 2209 initiated (date) to the Field Collection Group".

(7) Update IDRS control base to "2209TOCOLL,A."

(8) Suspense File and monitor for necessary follow-up with Technical/Collections. (See Form 2209-A follow-up procedures in IRM 3.17.80.1.22)

3.17.80.1.20.2 (01-01-2019) **IDRS and Case Controls - ERRF**	(1)	If taxpayer fully repays or returns the original refund check:

a. Assess additional interest, if appropriate.
b. Prepare Form 3245 upon receipt of the Erroneous Refund payment. (See Figure 3.17.80-6)
c. Update IDRS to post credit transactions.
d. Monitor account for actions to post. Release TC 844 and TC 470 CC 93, as necessary.
e. Check for penalty accruals. Input CC INTST. Check for penalty accruals. If accruals are incorrect input TC 270 (.00) using REQ54 to restrict the module and remove any accruals.

   Note: Always wait for the TC 700 credit to post before inputting the TC 270.

Posting Voucher – Refund Cancellation or Repayment			Document Locator Number			
SSN/TIN 000-00-2222	Tax Period 20XX12	Plan Number	MFT 30		Cancellation	Repayment
Name Vladimir Mangrove				Schedule Date	Date Received 011620XX	
				TC	Amt. of Check	TC 720
Remarks (Include Preparer Name, SEID and Date) To repay Erroneous Refund 20XX-45-2005						TC	Interest
				Check Number	Date 020420XX	
Trace ID Number 002020xx01600900608		SPL REF ☑0 ☐1 ☐2 ☐3	Schedule Number		Requestor SEID A0S44	Approver SEID A06U6
			This voucher relates to: ☐ SF 1184 ☐ SF 1098		☐ Refund Check ☑ Other __repayment__	

(In Repayment column: TC 720, Amt. of Check 100.00)

Form **3245** (Rev. 2-2011)   Catalog Number 19414A   Copy - 1   Department of the Treasury–**Internal Revenue Service**

Figure 3.17.80-5

(2)   See subsection IRM 3.17.80.1.23, Refund Cancellation, Repayments and Replies to Correspondence.

(3)   If the ERSED has expired, process as outlined in IRM 3.17.80.1.20.6, *Statute Barred Refunds*.

(4)   Establish control on IDRS in category "ERRF" and status "A." Enter the ERRF control number on Form 3809 to transfer amounts to the 15XX Account, and in the history section on IDRS. Record the Statute expiration date for write-off.

(5)   Verify that the TC 844, TC 470 CC 93, and TC 971 AC 663 were input correctly to the taxpayer's account that received the Erroneous Refund. Make other account adjustments where needed. The ERSED and TC 844 Date of Demand must be recorded on the History Sheet. When appropriate, TC 844 must be input as follows:

a.   If the taxpayer (or a related party) has in no way caused the erroneous refund to occur and the Erroneous Refund amount is $50,000.00 or less, the IRS will: input TC 844, CC REQ77. (See Figure 3.17.80-7) The date on Letter 510-C is the date by which repayment is demanded (EXTENSIONDT) which is 7 work days NOT including the day of input, weekends and holidays. When using CC ENMOD to determine the date of demand, it is 6 working-days from the posting date NOT including the day of input, weekends and holidays.

Note: If the refund is greater than $50,000.00 and an interest abatement is requested, See IRM 20.2.7.7, Interest, Abatement and Suspension of Debit Interest, **Erroneous Refunds IRC 6404(e)(2).** If the refund amount is $100,000.00 or more interest is assessed from the date of the refund to the date of the demand letter, then

amount in order to avoid additional interest.

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3.17.80.1.20.2

    b.   Use the date of the related TC 846 or TC 840 as the TC 844 transaction date (TRANSDT).

    c.   Input the amount of the erroneous portion of the refund in the (Freeze RELEASEAMT) field.

```
FRM77 000-00-1111          MFT>30  TX-PRD>20XX12  PLN-NUM>     NM-CTRL>GIRA
TC>844     TRANS-REGISTER-IND>    PSTNG-DLAY-CD>
EXTENSION-DT>062420XX  TC93X-EMP-CD>           TRANS-DT>031820XX
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>1,450.00          ABA-NUM>
F709-IND>    TC46X-GRP-CD>
XREF-TIN>             XREF-NM-CTRL>
XREF-TX-PRD>         XREF-PLN-NUM>     XREF-MFT>
CORR-DT-IND>   REFILE-LIEN-IND>   2032-IND>
NSD-IRS ERROR ERRF CASE 20XX-21-1555
```

Figure 3.17.80-6

    d.   If the taxpayer (or related party) has in any way contributed to the cause of the refund, deliberate or not, or the refund is greater than $50,000.00 (regardless of fault): input TC 844, CC REQ77 (See Figure 3.17.80-8) using the date of the related TC 846/840 as the (TRANSDT).

    e.   Do not input a date of demand or a freeze release amount.

```
FRM77 000-00-2077          MFT>30  TX-PRD>20XX12  PLN-NUM>     NM-CTRL>ELDE
TC>844     TRANS-REGISTER-IND>    PSTNG-DLAY-CD>
EXTENSION-DT>          TC93X-EMP-CD>           TRANS-DT>111920XX
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>
F709-IND>    TC46X-GRP-CD>
XREF-TIN>             XREF-NM-CTRL>
XREF-TX-PRD>         XREF-PLN-NUM>     XREF-MFT>
CORR-DT-IND>   REFILE-LIEN-IND>   2032-IND>
NSD-TAXPAYER ERROR ERRF CASE 20XX-07-0575
```

Figure 3.17.80-7

    (6)   Review for and reverse erroneous portion of credit interest refunded.

3.17.80.1.20.2   Internal Revenue Manual   Cat. No. 47865P (11-29-2023)
47865241, 47865242   Any line marked with a #
                                                                        is for **Official Use Only**

a. Reverse only the erroneous portion of the credit interest if computer generated (TC 777) interest has not occurred.

b. Input a TC 772 using CC REQ54 to reverse all or part of the allowable interest given. (See Figure 3.17.80-9)

```
ADJ54 000-00-1284     MFT>30   PLAN>000   TX-PRD>20XX12    NM-CTRL>ZEBU
SEQ-NUM>1     BLK>05  DT-TRANSFR>         CORRSP-DT>         INTCMP-DT>
CASE-STS-CD>M   IRS-RCVD-DT>*        CTRL-CAT>      2%-INT-DT>
ACTIVITY>54-TAX-ADJ   PYE-DT>            TCB-DT>        CR-INT-TO-DT>072420XX
RET-PROC-DT>          RVRSN-DT>          OVERRIDE-CD>      RFSCDT>
DB-INT-TO-DT>           COMP-INT-AMT>                OTN>     -
DATA-REF-1>      REF-CHG-1>         DATA-REF-2>      REF-CHG-2>
N-PER>        N-AMT>             N-BEG>          N-END>          N-MFT>
*****************************TRANSACTION CODES*********************************
TC>772    AMT>100.00      TC>    AMT>               TC>    AMT>
TC>       AMT>            TC>    AMT>
*****************************************************************************
SRCE-CD>2   RSN-CDS>074-  -  -   RCA-IND>   MTH-ERR-CDS>   -   FLC>
HOLD-CD>3   PRT-CD>   PSTNG-DLAY-CD>   CP-NTC-SUPP-IND>   AMD-CLMS-DT>
ACK-LTR?>   TRANS-REG-IND>   DMF-AG>   SUB-AG>   XREF-TIN>   -
*********** ITEM-REF-CDS/ABST-CDS/CR-REF-CDS/FUTA-STATE-CD/DRI-CD ************
CD>    AMT>            CD>    AMT>              CD>    AMT>
CD>    AMT>            CD>    AMT>              CD>    AMT>
CD>    AMT>            CD>    AMT>
*****************************************************************************
CIS-IND>   SOURCE-DOC-ATTACHED?>N   REMARKS>REVERSE ALLOWABLE INT ON
ERRF CASE# 20XX-45-2500
```

Figure 3.17.80-8

(7) Prepare Form 3809 to debit the 15XX Account for the amount of the Erroneous Refund. Maintain the debit portion of Form 3809 in alpha sequence to debit the appropriate 15XX Account. Assign a case control number to the case and on the Form 3809, using the following guidelines:

Note: If the ASED is still open and the refund is Category A-1, A-2, B, or C, forward to the appropriate function for assessment and do not debit 15XX Account.

a. Calendar year, current Enterprise Computing Center (ECC) processing cycle and consecutive serial number (e.g., 2004-29-299).

b. Each new year, start with serial number series beginning with 1.

Example: Cases from October 12, 2012 through October 18, 2012, (EMartinsburg (ECC-MTB), posting cycle 43) have the control number prefixed by 201243.

(8) Prepare 2nd Letter 510-C or Letter 3404-C.

a. Input TC 700 within the first 45 days (plus 10 work-days for internal review of case and letter) after sending the first letter, use Document Code 58, 950-999 blocking series .

b. Input a TC 270 (.00) to restrict Failure to Pay (FTP) if the erroneous refund is the only amount due on tax module.

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(9)   Determine whether the taxpayer owes interest when issuing IDRS Letter 510-Cr. **Interest on any unpaid amount is charged from the date of the refund to the date of repayment if either:**

   a.   The erroneous refund is more than $50,000, (See IRM 20.2.7.7, Interest, Abatement and Suspension of Debit Interest, **Erroneous Refunds-IRC 6404(e)(2)**) or
   b.   The taxpayer caused the erroneous refund

If	Then	
The taxpayer caused the error, deliberate or not, regardless of the amount of the erroneous refund	Interest is assessed from the refund date (TC 846/TC 840). The Letter 510C will provide a balance due which includes interest calculated to continue to accrue. ***Note:*** If the erroneous refund amount is $100,000 or more, taxpayers have 10 business days or interest will continue to accrue.	# # #
The IRS caused the error and the amount of the refund is **$50,000 or less**	Interest is assessed from the notice of demand date (date of the Letter 510C). The taxpayer has stated in the notice of demand or interest will accrue starting on the notice and demand date.	#
The IRS caused the error and the amount of the erroneous refund is **more than $50,000 but less than $100,000**	Interest is assessed from the refund date (TC additional interest.	# #
The IRS caused the error and the amount of erroneous refund is **$100,000 or more**	Interest is assessed from the refund date (TC 846/TC 840). Taxpayers have 10 business days avoid additional interest.	#

Note: Interest is not charged when a treasury check is returned (the check was not cashed).

Note: Refer to IRM 20.2.7.6, **Erroneous Refunds IRC 6404(e)(2)**, for case by case discretionary authority to abate interest on erroneous refunds that exceed $50,000.

(10)   If debit interest is restricted (e.g., TC 34X on module) Master File will be unable to calculate interest as described in the previous If/Then table. Interest must be manually computed and input. Likewise, if the repayment did not post with a TC 720, interest must be manually computed and input. A payment received within 21 calendar (or 10 business) days from the erroneous refund demand date must post with a TC 720 in order for Master File to correctly suspend interest from the date of demand to the repayment date.

(11) If credit interest did not reverse or is incorrect, enter TC 772 to correct the amount. If debit interest is not correct, assess or abate as directed in IRM 20.2.7, **Abatement and Suspension of Debit Interest**.

(12) Interest abatement is not required if the refund is greater than $50,000, but will be allowed on a case by case basis, See IRM 20.2.7.7, Interest, Abatement and Suspension of Debit Interest **Erroneous Refunds IRC 6404(e)(2)**. Refer questions on interest abatement for erroneous refunds in excess of $50,000 to local interest specialists, or through managerial channels to local counsel. Also, make contact with the SP HQ Erroneous Refund Analyst about the interest abatement issue to determine if the case will go directly to Chief Counsel.

(13) Recovering multiple unassessable Category D erroneous refunds issued to the same taxpayer by different Submission Processing sites on the same tax year will be combined as one case and worked by the site according to sub-section d below to prevent multiple bills from being sent to the same taxpayer.

Note: Erroneous refunds issued to the same taxpayer by different sites on different tax years will be worked as separate cases and transferred to the site issuing the erroneous refund.

   a. Combining these amounts will prevent the appearance of harassment, taxpayer burden and multiple billings and will ensure consistency nation-wide.
   b. Combining these amounts will ensure the taxpayer's account is handled efficiently.
   c. Multiple refunds will be discovered during a variety of case and account management actions or reviews.
   d. Use the earliest IDRS assigned date to determine which site jurisdiction will manage the recovery. If dates are identical, then look for the largest dollar amount. If unable to make this determination, forward the issue to the respective Planning and Analysis staff analyst for a decision.
   e. Combine the liability amount, correspond with the taxpayer, freeze the account as appropriate and indicate the attributes of the refunds on the combined History Sheets as separate checks for maintaining the issuing site's identity. Use Bureau Fiscal Service's (BFS) Check Symbol and Serial Number information if possible to differentiate the checks.
   f. For example, annotate the documentation or History Sheet as follows:

   1. Check A: in the amount of $, issued (XX/XX/XXXX) by SPCampus (XX);
   2. Check B: in the amount of $, issued (XX/XX/XXXX) by SPCampus (XX);
   3. Total Dollar Liability Check A + B = $.

(14) Maintaining multiple Erroneous Refund check issue cases by one site will benefit the IRS by offering equitable treatment of taxpayers and improved customer service.

(15) If Erroneous Refund amounts are not recovered at the expiration of the ERSED, return the appropriate portion of the amount and case to the issuing site Agency Location Code (ALC).

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    a.   Describe the attempts by the IRS to recover the Erroneous Refund amount. Provide a copy of the History Sheet when returning the portion of the case to the originating site.

    b.   Both sites require supporting documentation that attempts were made to recover the funds for an eventual report. Follow instructions in IRM 3.0.167.8.4, *Relief Request Procedures*, for write-off to Accounts 4910/6920.

    c.   Retain a copy of the case in the closed case file.

3.17.80.1.20.3
(12-07-2020)
Tax Refund Issued In Error

(1)   These procedures are applicable when Letter 510-C were not previously sent, incomplete, or issued incorrectly.

    a.   The Letter 510-C must explain the refund they received was incorrect and reason for being erroneously issued. If the refund was not caused by the taxpayer and $50,000.00 or less, advise them that if the Erroneous Refund is repaid within 21 calendar days from the date of the letter, interest will not be charged. Request the refund check be returned, if not cashed. (See Figure 3.17.80-10)

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IRS Department of the Treasury
Internal Revenue Service

Stop 6250 P-6 (Accounting Dept.)
KANSAS CITY MO 64108-0058

In reply refer to: 0011311111
Oct. 28, 20XX   LTR 510C
NNN-NN-8634 20XX12 30 000
                    BODC: WI

BILL H & HANNAH M SUMAC
3735 JEFFERSON AVE
BOSTON, MA   02109

Taxpayer Identification Number: NNN-NN-8634
              Tax Period(s):   Dec. 31, 20XX
                       Form: 1040

> *First Letter*
>
> **Provides instructions for repayment or returning original refund check without interest.**

Dear Mr. & Mrs. Sumac:

We regret that we sent you an incorrect refund for **$2,754.00** by **check**. The refund, dated **April 24, 20XX**, was for the **Dec. 31, 20XX** tax period. We sent this refund to you in error because **we credited your account for a payment belonging to another taxpayer. We have removed the payment from your account.**

If you cashed the refund check, withdrew the refund amount from your bank, or benefited in any way, please repay **$2,754.00** of the refund you received by check or money order. We won't charge interest if we receive your payment within 21 days from the date of this letter. Make your check or money order payable to the United States Treasury. Please return your payment with this letter to ensure proper crediting of the repayment.

If you still have the check, please return it so we can correct the error. Mark "VOID" across the back of the check.

If you don't repay the refund within 21 days from the date of this letter, the law requires us to charge interest from the date we ask for repayment (date of this letter) to the date we receive it.

If you would like to make a payment using a credit card, you may contact the following companies: Official Payments Corporation at 1-888-UPAY-TAX(1-888-872-9829) or its web site, www.officialpayments.com; RBS WorldPay, Inc at 1-888-9-PAY-TAX (1-888-972-9829) or its website, www.payUSAtax.com; or Link2Gov at 1-888-PAY1040 (1-888-729-1040) or its website, www.pay1040.com.

We've enclosed an envelope for your convenience.

If you have any questions, please call **Pat Elder at 816-555-1234 between the hours of 8:00 a.m. and 4:00 p.m. CT.** If the number is outside your local calling area, there will be a long distance charge to you.

If you prefer, you may write to us at the address shown at the top of the first page of this letter.

Whenever you write, please include this letter and, in the spaces below, give us your telephone number with the hours we can reach you. Keep a copy of this letter for your records.

Figure 3.17.80-9

- The first Letter 510-C will be considered a first notice or first bill.
- Accounts Management must have communicated with the taxpayer to return or repay the erroneous refund. Verify CC ENMOD and/or the case history information Accounts Management (AM) sends with the case to determine whether AM did tell the taxpayer to repay the

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Internal Revenue Manual

47865044

3.17.80.1.20.3

erroneous refund. If AM did tell the taxpayer, that communication will be considered a first notice and the issuance of a first Letter 510-C will not be necessary.

- If a replacement Letter 510-C is issued due to a correction, acknowledge the letter is a change from the original letter.

Note: A Form 12356, Erroneous Refund Worksheet must have some indication that there was a communication of first notice.

(2)   If there is no response from the taxpayer, no later than 10 work-days after the 45th day (60th day if International correspondence is being performed) of the initial Letter 510-C or correspondence, issue a second Letter 510-C (or Letter 3414-C or Letter 285-C) letter and include interest that will be assessed. (See IRM 21.4.5.6.1, Account Actions for Category D Erroneous Refunds)

Note: Issue the 2nd letter no later than 10 work-days after the 45 days (by the 55th day and 75th day if International correspondence is being performed) of the first letter Accounting issues.

(3)   Prepare related case file, Form 3809 and assign case controls.

(4)   Check for penalty accruals. Input CC INTST. Check for penalty accruals. If accruals are incorrect input TC 270 (.00) using REQ54 to restrict the module and remove any accruals.

Note: Always wait for the TC 700 credit to post before inputting the TC 270. Input only if no other TC 270 for zero amount is on the tax module

(5)   See IRM 3.17.80.1.16 , *Interest Considerations*, IRM 20.2, *Interest*, and Exhibit 3.17.80-1, *Erroneous Refund Interest Considerations*.

Note: **When using Letter 510-C (or Letter 3414-C, or Letter 285-C), include debit interest. The debit interest is figured using COMPAD. (See Figure 3.17.80-11 and Figure 3.17.80-12)**

COMPAD

<u>From</u>	<u>To</u>	<u>Amount</u>
Date of First Letter (7 workdays after the date of input)	**Date of 2nd 510C LTR**	**Errf Amount**

Figure 3.17.80-10

3.17.80.1.20.3   Internal Revenue Manual   Cat. No. 47865P (11-29-2023)
47865174   Any line marked with a #
                                                   is for **Official Use Only**

```
IRS  Department of the Treasury
     Internal Revenue Service

Stop 6250 P-6 (Accounting Dept.)          In reply refer to: 0011311111
KANSAS CITY  MO  64108-0058               Dec. 12, 20XX   LTR 510C
                                          NNN-NN-8634  20XX12 30 000
                                                         BODC:  WI


BILL H & HANNAH M SUMAC
3735 JEFFERSON AVE
BOSTON, MA    02109


   Taxpayer Identification Number:   NNN-NN-8634
                  Tax Period(s):   Dec. 31, 20XX
                           Form:   1040

Dear Mr. & Mrs. Sumac:

We regret that we sent you an incorrect refund for $2,754.00 by check. The refund,
dated April 24, 20XX, was for the Dec. 31, 20XX tax period. We sent this refund to
you in error because we credited your account for a payment belonging to another
taxpayer. We have removed the payment from your account.

The current amount you owe for the Dec. 31, 20XX tax period is $2,767.61. This amount
includes interest of $13.61. We'll continue to charge interest until you fully
pay the amount you owe.

If you would like to make a payment using a credit card, you may contact the
following companies: Official Payments Corporation at 1-888-9PAY-TAX (1-888-872-9829)
or its web site, www.officialpayments,com; RBS WorldPay, Inc at 1-888-9-PAY-TAX (1-
888-972-9829) or its website, www.payUSAtax.com; or Link2Gov at 1-888-PAY1040 (1-888-
729-1040) or its website, www.pay1040.com/.

We've enclosed an envelope for your convenience.

If you have any questions, please call Frank Birch at 816-555-1235 between the hours
of 8:00 a.m. and 4:00 p.m. CT. If the number is outside your local calling area,
there will be a long distance charge to you.

If you prefer, you may write to us at the address shown at the top of the first page
of this letter.

Whenever you wr                                              below, give us your
telephone numbe                                              s letter for your
records.

Telephone numbe
```

Second Letter

Provides instructions for repayment with interest.

**Calculate interest from the first letter date to the
date of this letter (45 days if timely processed).**

Figure 3.17.80-11

Note: **Management may choose to review a sampling of the letters before
being mailed to the taxpayer. However, it is not mandatory since
Quality Review also takes a sampling of the letters.**

(6)   Annotate on the case History Sheet and Case Label, the date the ERSED
expires. (The Statute expires 2 or 5 years from the date of the refund check
(IRC 6532(b)).

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Note: For Servicewide consistency, use TCIS for the date of the cashed refund. If TCIS is not available or does not provide a date, use the TC 846 date found on IDRS.

(7) Photocopy correspondence or Letter 510-C for the case file and send a Letter 510-C to the taxpayer (allow 45 days for a reply or repayment).

    a. Update the IDRS control base.
    b. Update case History Sheet with the actions taken.
    c. Annotate the first Letter 510-C date as the date of demand (if applicable).

(8) For those cases not meeting collections referral criteria, under IRM 3.17.80.1.22 (3) b and IRM 3.17.80.1.22.1 (4) b, Maintaining Case Files, suspense and review each case every 3 or 6 months and re-issue a Letter 510-C , Letter 3414-C, or Letter 285-C including updated Interest, until the ERSED expires. (See IRM 3.17.80.1.22, and IRM 3.17.80.1.22.1, Maintaining Case Files)

3.17.80.1.20.4
(07-02-2018)
Taxpayer Repays in Full

(1) If the taxpayer responds with full repayment of the Erroneous Refund amount, follow procedures below. Repayments must be processed through Receipt and Control.

(2) Determine if the taxpayer responded, with payment <u>and</u> within the specified time frame on Letter 510-C .

                                                                         #
                                                                     #

taxpayer's account, prepare Form 3809 (TC 702, Document Code 58, blocking series 900-949) to reverse the debit in the appropriate 15XX Account (Use the date of the TC 700).

Note: If the erroneous refund is $100,000.00 or more, the taxpayer has 10

                                                                               #

repayment in full is made within this period, no interest will accrue from the date of demand (TC 844) up to repayment date (TC 720). If the erroneous

                                                                               #
                                                                               #

accrue from the date of demand (TC 844) up to repayment date (TC 720). If taxpayer error, interest is charged from the date of the refund to repayment date.

(4) If repayment is **not** within the specified time frame, compute interest due before case is closed. (See IRM 3.17.80.1.20.2, IDRS and Case Controls - ERRF)

(5) In both situations above, also:

    a. Update IDRS control base to reflect current actions.
    b. Update case History Sheet.
    c. Place case in file and monitor for actions to post.

(6) Once TC 720 and TC 702 post:

Note: Full repayment on Category D unassessable erroneous refunds must "NEVER" post as a TC 670 to avoid erroneous interest and penalty accruals.

3.17.80.1.20.4   Internal Revenue Manual   Cat. No. 47865P (11-29-2023)
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a. Compute interest manually, using the correct "to" and "from" dates. Interest is assessed up to the amount of the payment. If interest owed is

closing the Erroneous Refund case, verify interest. If interest is $5.00 or less, input TC 290 for $0.00 with Priority Code 5 and Hold Code 3.

b. Input CC INTST. Check for interest/penalty accruals. (See Figure 3.17.80-13) If accruals are incorrect and the taxpayer(s) were timely with full repayment of the Erroneous Refund, input a TC 340 and or TC 270 (.00) using CC REQ54 to restrict the module and remove any accruals (See Figure 3.17.80-14).

```
INTST 000-00-1122
30 20XX12 071920XX GRIN


                      .00   ASSESSED FTP
                      .00   ASSESSED INT
                   611.00   TAX & PENALTY
                   611.00   ASSESSED TOTAL
                      .00   ACCRUED FTP
                    24.81   ACCRUED INT
                    24.81   TOTAL ACCRUALS
                   635.81   BALANCE DUE
COMPUTATION HOLD ON FTP
UNREVERSED TC 340 OR TC 341
```

Figure 3.17.80-12

```
ADJ54 000-00-1122      MFT>30   PLAN>000   TX-PRD>20XX12    NM-CTRL>GREE
SEQ-NUM>1    BLK>05  DT-TRANSFR>          CORRSP-DT>          INTCMP-DT>
CASE-STS-CD>   IRS-RCVD-DT>         CTRL-CAT>      2%-INT-DT>
ACTIVITY>54-TAX-ADJ   PYE-DT>         TCB-DT>       CR-INT-TO-DT>
RET-PROC-DT>         RVRSN-DT>         OVERRIDE-CD>      RFSCDT>
DB-INT-TO-DT>071920XX      COMP-INT-AMT>                OTN>      -
DATA-REF-1>      REF-CHG-1>          DATA-REF-2>      REF-CHG-2>
N-PER>       N-AMT>           N-BEG>         N-END>          N-MFT>
*******************************TRANSACTION CODES********************************
TC>270 AMT>.00          TC>340 AMT>.00          TC>    AMT>
TC>    AMT>          TC>    AMT>
*******************************************************************************
SRCE-CD>2  RSN-CDS>065-074-   -015  RCA-IND>   MTH-ERR-CDS>  -    FLC>
HOLD-CD>3  PRT-CD>   PSTNG-DLAY-CD>   CP-NTC-SUPP-IND>   AMD-CLMS-DT>
ACK-LTR?>   TRANS-REG-IND>   DMF-AG>   SUB-AG>    XREF-TIN>  -
*********** ITEM-REF-CDS/ABST-CDS/CR-REF-CDS/FUTA-STATE-CD/DRI-CD ************
CD>    AMT>         CD>    AMT>          CD>    AMT>
CD>    AMT>         CD>    AMT>          CD>    AMT>
CD>    AMT>         CD>    AMT>
*******************************************************************************
CIS-IND>   SOURCE-DOC-ATTACHED?>N  REMARKS>TO RESTRICT INT & PEN ACCRUALS ERRF
CASE 20XX-42-0988
```

Figure 3.17.80-13

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(7)   After the Erroneous Refund is paid in full, interest must be computed and assessed "ONLY" if the credit is available to cover the amount of the interest. Any payments or credits received before the ERSED expires can be applied to the interest owed.

#

continue to send quarterly (balance $600.00 or over) or semi-annual (balance $599.99 or under) letters, and monitor for additional credit until ERSED expires.

(8)   To input a TC 340 for interest use date of last payment as your DB-INT-TO-DT. (See Figure 3.17.80-15)

```
ADJ54 000-00-1363        MFT>30    PLAN>000    TX-PRD>20XX12     NM-CTRL>PARR
SQ#>1     BLK>05  DT-TRANSFR>          CORRSP-DT>              INT-CMP-DT>
CASE-STS-CD>     IRS-RCVD-DT>           CTRL-CAT>         2%-INT-DT>
ACTIVITY>54-TAX-ADJ    PYE-DT>             TCB-DT>          CR-INT-TO-DT>
RET-PROC-DT>           RVRSN-DT>               OVERRIDE-CD>         RFSCDT>
DB-INT-TO-DT>072620XX        COMP-INT-AMT>                 OTN>      -
DATA-REF-1>        REF-CHG-1>           DATA-REF-2>       REF-CHG-2>
N-PER>        N-AMT>              N-BEG>          N-END>           N-MFT>
*******************************TRANSACTION CODES********************************
TC>270 AMT>.00           TC>340 AMT>1.45             TC>     AMT>
TC>     AMT>             TC>     AMT>
*******************************************************************************
SRCE-CD>2  RSN-CDS>065-074-   -015 RCA-IND>    MTH-ERR-CDS>   -    FLC>
HOLD-CD>3  PRT-CD>    PSTNG-DLAY-CD>    CP-NTC-SUPP-IND>    AMD-CLMS-DT>
ACK-LTR?>   TRANS-REG-IND>   DMF-AG>     SUB-AG>     XREF-TIN>   -
********** ITEM-REF-CDS/ABST-CDS/CR-REF-CDS/FUTA-STATE-CD/DRI-CD ************
CD>    AMT>           CD>    AMT>            CD>    AMT>
CD>    AMT>           CD>    AMT>            CD>    AMT>
CD>    AMT>           CD>    AMT>
*******************************************************************************
CIS-IND>    SOURCE-DOC-ATTACHED?>N   REMARKS>INT ON ERRF CASE# 20XX-12-0054
```

Figure 3.17.80-14

(9)   Interest must be assessed **ONLY** on the Erroneous Refund amount if the taxpayer(s) made payments or credit is available to cover the interest due. However, after the 15XX Account has been reimbursed, any payment received before the ERSED expires can be offset against interest.

Note: **If the TP repays an erroneous refund and additional tax is due, do not input a TC 340. The TC 340 is restricting the manual calculations of interest. If a TC 340 was input a TC 342 is needed to unrestrict the account and allow the accruals on the tax to continue.**

(10)   Accounting will input TC 845 using CC REQ77 to release the ("-U" Freeze). Close the IDRS control base and record information on the case History Sheet. File case in the "Closed File" . (See Figure 3.17.80-16)

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```
FRM77 000-00-1234        MFT>30   TX-PRD>20XX12  PLN-NUM>      NM-CTRL>ZEBU
TC>845    TRANS-REGISTER-IND>    PSTNG-DLAY-CD>
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>
F709-IND>    TC46X-GRP-CD>
XREF-TIN>              XREF-NM-CTRL>
XREF-TX-PRD>          XREF-PLN-NUM>     XREF-MFT>
CORR-DT-IND>   REFILE-LIEN-IND>    2032-IND>
NSD-CASE SETTLED - TO RELEASE -U FREEZE ERRF CASE 20XX-45-2500
```

Figure 3.17.80-15

(11)   For cases where additional interest is due and the 2 or 5 year ERSED has not
       expired, DO NOT release the TC 844 (-U Freeze). File case in the "Suspense,"
       file, pending additional payments or potential offsets.

Note: **Research modules before closing an Erroneous Refund case where
           accruals are in error.**

(12)   Notate on the case History Sheet, the amount used to compute interest and
       the date to when interest was computed.

(13)   If/when interest applies on an IRS-caused erroneous refund, the "from" date is
       the date of demand; the "to" date, the date of the second (or subsequent)
       Letter 510-C (or other letters previously mentioned).

3.17.80.1.20.5   (1)   If the taxpayer responds with a partial repayment, process as outlined below.
(01-01-2019)   All remittances are now processed by Receipt and Control.
**Processing Partial
Repayments**   (2)   When partial repayment is received and the ERSED is open:

                            a.   Prepare Form 3809 (TC 702, Document Code 58, blocking series 900-
                                 949) to reverse the debit portion in 15XX Account repaid by the taxpayer.
                            b.   If partial payment is received without indication as to when final payment
                                 will be received, correspond with the taxpayer. Use a Letter 510-C or
                                 Letter 3414-C, unless it meets the criteria outlined in (3) below. The letter
                                 to the taxpayer must include interest due.
                            c.   Update the IDRS control base to: PARTIALPMT,A,ERRF
                            d.   Update the case History Sheet to show the partial repayment and
                                 indicate when final payment will be made, if indicated by the taxpayer.
                            e.   Place the case file in suspense and monitor the account.

                      (3)   When partial repayment(s) is (or are) received and the remaining erroneous

#

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a. Process as above in IRM 3.17.80.1.20.5 (2), Processing Partial Repayments.

b. Complete Form 2209, Courtesy Investigation. Send Form 2209 to the appropriate Collection Field Function group. Note on Form 2209 that partial payment was received from the taxpayer.

Note: Find the correct Collection Field Function group by going to *https://irssource.web.irs.gov/Pages/Home.aspx* and click on the, "SERP," link. Then, click on the, "Who/Where," tab. Next, click on the, "RO by TSIGN/ZIP/STATE" link and select the drop-down, "Search By:" button and select Zip Code and enter the taxpayer's zip code. Send the completed Form 2209 to the point of contact listed. If Integrated Collection System (ICS) is available it is permissible to make the Courtesy Investigation request using ICS.

Name and Address for Required Action	Name and Current Address of Taxpayer	E.I. or S.S. Number *(if known)*	(Area or District Office)
	Bill H & Hannah M Sumac *3735 Jefferson Ave* *Boston, MA 02109*	*000-00-8634*	*0115*
		Former Address	

| | Proposed TDA or TDI Transfer: *(Copy attached)* | Date 726 (DO) Sent _____ | ✓ No Reply Received | ☐ Returned Undelivered | ☐ Letter from Taxpayer is Attached |

Period Ended	Class of Tax *(Tax return form no.)*	23-C Date	DLN or District Office Account Number	Unpaid Balance of Assessment	Stat. Additions as of	Total as of
20XX	*1040*					

Remarks

Check dated *04-24-XX*. Total amount due is $ *2,754.00* plus interest. Transaction 700 dated *04-24-XX* for $ *2,754.00* is a balancing transaction and not to be considered a payment by the taxpayer. *Civil Suit Statue expires *04-21-XX** Please secure payment of $ *2,7540.00* plus interest due (calculate interest on erroneous refund from *10-28-XX*) and/or waiver per IRM 5.1.8.7.1.3.3.1. Waiver must ALWAYS include an EXPIRATION DATE per IRM 3.17.80.1.13 under § 6532(b). IA CAN NOT be set up, only payment plan. Please call me if you require additional information regarding this case. Please TAKE NO ENFORCEMENT ACTION.

(If statute has been extended, give details)

| Date 4840 Sent _____
☐ 4840 Not Sent | ☐ Serve Form 668-W | ☐ Serve Form 668-A | ☐ File Form 668 | ☐ Secure Signature on Form 900 | ☐ Secure Returns Listed in Remarks | ☐ Other-See Remarks |

| ☐ Secure Tax Returns Form 2552 Attached | ☐ Code Section 7512 Violation Submit Recommendation | ☐ Investigate Application for Discharge of Property From Tax Lien |

If proposed TDA transfer-plus interest on
$ _____ From *(Date)*
Fail to Pay Pen. on
$ _____ From *(Date)*
Phone No. (F *612-555-0220*)
Phone No. (Commercial)
Signature *Frank Birch*
Date *01-26-XX* 45-day period ends _____
Initiator's Assignment Code *0011311111*

Send Reply To

Internal Revenue Service
Po Box 934
Austin, TX 78767

Attn: STOP 6271 AUSC F. Birch

(Over)

Form **2209** (Rev. 5-94) Catalog Number 21515G   **Part 1 - Courtesy Investigation**   Department of the Treasury - IRS publish.no.irs.gov

Figure 3.17.80-16

Note: If Form 2209 has already been sent, complete IRM 2209-A to inform RO of partial payment (See Figure 3.17.80-17a and 3.17.80-17b). While updating the case status on the Integrated Collection System (ICS) is optional, Form 2209-A is required.

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Status Report

	Date of Form 2209	Date of this report
	(4) *04-18-XX*	*07-11-XX* **(5)**

(1) Name of taxpayer
Maura Hemlock

Identifying number
000-00-1234 **(6)**

(2) Address as shown on Form 2209
472 Elm Ave, Cheyenne, WY 82001

(3) New address, if different
623 Cedar Rd, Billings, MT 59501

General Instructions

1. If the investigation is being transferred to another office, complete in duplicate as follows:

   a. Original - To office originating the investigation

   b. Duplicate - To transferee office with Form 2209

2. Otherwise:

   a. Original - To addressee office

   b. Duplicate - To be retained

(7) Internal Revenue Service
Manager, ACS Operations
777 Nova St.
Attn: *Reno, NV 89510*

(For use of office investigating Form 2209)	*(For use of office originating Form 2209)*
☐ Taxpayer moved from the address shown above. Investigation is being transferred to the office shown below. **(8)** ✓	Payment received as indicated at right. This payment should be considered in completing the investigation. — Payment $ *200.00* Date *6-13-XX*
☐ Address shown on Form 2209 is not in this jurisdiction. Investigation is being transferred to the office shown below. **(9)**	Information or documents necessary for completion of the investigation received on date indicated at right. Please return investigation. — Date
☐ Investigation cannot be completed within the prescribed period. See explanation and anticipated completion date under "Remarks." **(10)**	Additional information, as indicated under "Remarks," requested in connection with prior investigation.

Note: If an *interdistrict* investigation is involved, the address at which the original investigation was to be conducted must be given to permit the receiving district to route the Form 2209-A to the proper area office.

Remarks

(11) *Payment of $200.00 received from taxpayer and has been applied to non-rebate amount. Please change the total amount due and the unassessable amount to reflect payment received. Copy of original Form 2209 attached.*
(Fold)

Address of transferee office *(Enter only if investigation is being transferred)*	Address of office making report
	I.R.S. **(12)** *Accounting Operations* *P.O. Box 1111 Stop 6666* *Ogden, Utah 84409*
Internal Revenue Service *Accounting Operations* *P.O. Box 1111* *Ogden, Utah 84409* Attn: *T. Fir STOP 6666 OSC*	Signature of investigating officer
	Assignment code and phone number of investigating officer

Form **2209-A** (Rev. 1-1995)   Cat. No. 21520Z   Department of the Treasury-**Internal Revenue Service**

---

(1) Name of taxpayer (Name on Form 2209)

(2) Address as shown on Form 2209

(3) New address, if different

(4) Date of Form 2209

(5) Date of this report

(6) Identifying number (Taxpayer's TIN)

(7) Area Office address from original Form 2209

(8) Payment received and date (if applicable)

(9) Information or documents necessary for completion (if applicable)

(10) Additional information requested in "Remarks"

(11) Remarks (e.g. for additional follow-up, recalling original Form 2209, etc.)

(12) Address of office making report

Figure 3.17.80-17a

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Figure 3.17.80-17b

    c.   Indicate only the unassessable erroneous refund amount; include in re-marks: ERSED date and "Take No Enforcement Actions".

    d.   Suspend case for three months (90 days). If no reply, follow up with Form 2209-A. (See Figure 3.17.80-17a and Figure 3.17.80-17b)

        Note: Updating ICS is optional but not a requirement. Form 2209-A is required.

    e.   Continue processing as outlined in IRM 3.17.80.1.22 and 3.17.80.1.22.1, *Maintaining Case Files*.

(4)   If repayment is received after expiration of 2 or 5 year statute, process as outlined in IRM 3.17.80.1.27, *Erroneous Refund Repayments After the 2 or 5 year Statute Has Expired*.

(5)   When taxpayers agree to repay in installments, process cases as outlined in IRM 3.17.80.1.23 (13-20), Refund Cancellation, Repayments and Replies to Correspondence .

3.17.80.1.20.6
(12-06-2017)
Statute Barred Refunds

(1) If an Erroneous Refund is issued after the statute for refund has expired (RSED), establish a case file and work as an Erroneous Refund.

(2) Statute Barred Refund cases are rare. Cases identified by master file (MF) analysis (e.g., STEX -B Freeze, etc.).

    a. Process as unassessable, although no credit taken from Account 1540 and suspense pending ERSED. No debit or false credits are placed on the accounts.

    b. Correspondence is issued by the discovering site. Suspense, monitor to ERSED and close case. The site Refund Schedule Number (RSN) defines where case assigned; usually to the RSN of the site where the refund was released (TC 840/846).

    c. See IRM 3.17.80.1.27, Erroneous Refund Repayments after ERSED has expired.

    d. If the taxpayer does repay, post the repayment to the taxpayer's account as a TC 720, Refund Repayment. Prepare Form 8758, Excess Collections File Addition, to move credit to Excess Collections File (6800 Account). (See Figure 3.17.80-19).

       Note: Interest may be included within the TC 720 payment and will be included when applying the payment to the 6800 account.

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Excess Collections File Addition

Note
Please see IRM 3.17.220 for instructions on how to prepare this form. Upon completion, send Part 1 to –
Excess Collections function (XSADD)

1. Original document locator *(DLN)* ❶ 00217-175-12345-X	2. Renumbered DLN ❷	3. Source code ❸ ST	4. Status code FROZ	5. Employee assignment number

| 6. Debit TC ❹ 722 | 7. Dollar amount of credit ❺ $ 1,500.00 | 8. TC 570 ☐ Yes | 9. Payment type ❻ | 10. IRS received date *(mmddyyyy)* 06-24-20XX | 11. Actual rec'd date for prepaid credits only *(mmddyyyy)* |

12. Name line *(1)* ❼ Allan Sienna	13. Name line *(2)* ❽

14. Street address *(maximum of 35 characters)* ❾ 375 Grant Road	15. City, State, ZIP code Boise, ID 83707 ❿

16. Reason for transfer to XSF *(maximum of 70 characters)*
⓫ Repayment of Barred Statute erroneous refund. DO NOT ISSUE REFUND ERRF Case # 20XX-17-1001

17. Taxpayer ID number ⓬ 000-00-4321	18. EFTPS ☐ Yes	19. MFT ⓭ 30	20. Tax period *(yyyymm)* ⓮ 20XX12	21. Trace ID Number *(maximum of 20 characters)* 000220XX123010	22. Preparer Name *(please print)* Carroll Drake ⓯

23. Employee number ⓰ 0011112121	24. Campus KCSPC	25. Team Name Certification	26. Team Fax Number 816-555-1111	27. STOP # 6250	28. Phone number ⓱ 816-555-1114	29. Date *(mmddyyyy)* 07-26-20XX ⓲

30.		**Research Prior To Transfer**

Date *(mmddyyyy)*	Action Taken
⓳ 06-25-0X 07-26-0X	IDRS command codes researched SUMRY TXMOD, ENMOD
	Document request
	Taxpayer Contact — Telephone
	Letter
⓴ 07-26-0X	Document request
	Current transcript attached *(showing available credit)*

31.	**Research by Excess Collections Personnel**
Date *(mmddyyyy)*	Action Taken

Form **8758** (Rev. 8-2008)   Cat. No. 10034C   **Part 1**–Excess Collections file copy   Department of the Treasury–Inte

Form **8758** (Rev. 8-2008)   Cat. No. 10034C   **Part 2**–Originator file copy   Department of the Treas

❶ Original DLN
❷ Renumbered DLN
❸ Source Code (ST for statute)
❹ Debit TC Used
❺ Amount Moving to Excess
❻ Date of Payment
❼ Taxpayer's Name
❽ Second Entity Name Line
❾ Taxpayer's Street Address
❿ City, State, ZIP
⓫ Reason for Transfer
⓬ Taxpayer's TIN
⓭ MFT
⓮ Tax Period
⓯ Preparer Name
⓰ Employee Number
⓱ Phone Number
⓲ Date Prepared
⓳ Date & IDRS Research
⓴ Current Transcript (Req'd)

Figure 3.17.80-18

e. If the taxpayer(s) do not repay, continue processing as outlined in IRM 3.17.80.1.22 and 3.17.80.1.22.1, Maintaining Case Files.

f. Hold case in the "Suspense" file until the ERSED expires for any potential of offset with related documentation.

g. When ERSED expires, close IDRS control base "ERSEDEXP,C."

h. When the ERSED expires, initiate write-off procedures in IRM 3.17.80.1.29, Write-Off Procedures for Unrecoverable Erroneous Refunds (for General Ledger 1530, 1535, 1543), even though no credit was taken from Account 1540.

i. Annotate actions on History Sheet. Retain in the closed case file.

Note: **Do not reverse any interest allowed on a refund with TC 772 until payment is received.**

3.17.80.1.20.7 (12-06-2017) **Hardship Manual Refund Request**	(1) Accounting Operations employees will receive OAR's from TAS requesting a manual refund to relieve an economic hardship. These accounts would not normally require a manual refund however based on the facts and circum-stances of the case TAS has determined that a systemic refund will not be received in time to relieve the hardship.

(2) When a request for a hardship manual refund is received on an **erroneous refund case**, refer to the W&I TAS Service Level Agreement (SLA) for further information about OAR processing and procedures. Then, take the following actions:

a. If the overpayment has not been offset to the erroneous refund balance due, advise TAS bypassing the –U freeze is approved for the amount of the Hardship request. TAS has the delegated authority to issue manual refunds per Delegation Order No. 13-2 (Rev. 1), Authority of the National Taxpayer Advocate to Perform Certain Tax Administration Functions located in IRM 1.2.2.13.2.

b. If the overpayment has already been offset to the erroneous refund balance due, reverse the offset for the approved Hardship requested amount and advise TAS the overpayment is now available and bypassing the –U freeze is approved. TAS has the delegated authority to issue manual refunds per Delegation Order No. 13-2 (Rev. 1)

c. If TAS submits a Taxpayer Assistance Order (TAO) requesting to bypass the –U freeze on a Hardship request, immediate action must be taken by the Accounting, Erroneous Refund function to issue the manual refund requested. The Accounting, Erroneous Refund function will adjust the account as appropriate and issue the manual refund request (See IRM 21.4.4.3). Advise TAS of all actions taken.

d. If Accounting initiates the manual refund, the procedure to monitor the manual refund must be followed. See IRM 21.4.4.6.1, *Monitoring Manual Refunds*.

e. If a duplicate, manual or systemic, erroneous refund occurs, erroneous refund procedures must be followed. See IRM 21.4.5.6.1, *Account Actions for Category D Erroneous Refunds* instructions.

3.17.80.1.21 (12-06-2017) **Transferring Refunds Erroneously Posted (For Information Only - Accounts Management Procedures)**	(1) The following procedures apply to transferring refunds erroneously posted (TC 840/846) to the incorrect account. The unique TC 840 using the following blocking series will identify these as "dummy refunds,", and not refunds which are going to be issued. This must coincide with input of a TC 971.

(2) Prepare Form 12857, Refund Transfer Posting Voucher, to post a TC 841 to the injured taxpayer's account and a TC 840 to the account of the taxpayer

who received the erroneous refund (Refer to IRM 21.5.2.4.23.10, Moving Refunds). The TC 841 date must be the date of the erroneously posted TC 840 or TC 846. (See Figure 3.17.80-19)

Special Handling
Refund Transfer Posting Voucher

(For Accounting Use Only)
DLN

To:
Accounting Branch

From and Return to: *(Originating Section or Branch)*

Account Information

1. TIN *(EIN/SSN)*	2. Period *(YYYYMM)*	3. MFT	4. Schedule No.	5. Transaction Date *(MMDDYY)*
①000-00-6789	**20XX12**	**30**	**⑩ 0**	**②02-11-20XX**

6. Name and address of taxpayer as shown on Masterfile	7. Form No.	8. DLN of Return ③
Craig Swift **1447 Cleveland Circle** **Houston, TX 77013**	**1040**	**00210-013-12345-X**

9. Transaction Codes	a. Primary **840**	b. Amount of Check **1,007.10 ④**
	c. Secondary **770**	d. Interest **7.10 ⑤**

10. Employee's Name **Jill Redwood**	11a. Initiating BOD: ⑪ ☐ (1) LB&I ☐ (4) TEGE ☐ (7) W&I-SP ☐ (2) SBSE ✓ (5) W&I-AM ☐ (3) TAS ☐ (6) W&I Compliance	11b. Amount of overpayment **1,000.00**

12. Initiator's SEID **A01GG**

13. Telephone Number **512-555-4212**

14. Reason:
To post refund to correct account, document prepared to reverse TC 846 on account number
(a) **000-00-4321 ⑥** DLN (b) **00221-014-00123-X ⑦**

15. Authority: **21.4.5**

16. SEID of Approving Officer **A02BB**	17. Title **Supv TE Assistant**	18. Date *(MMDDYY)* **04/22/XX**

Part A – Debit Copy
Form **12857** (Rev. 1-2012)   Catalog Number 30783W   Department of the Treasury – **Internal Revenue Service** publish.no.irs.gov

Refund Transfer Posting Voucher

(For Accounting Use Only) ⑧
DLN

1. Name and Address **Shannon Swift** **781 Lincoln Pkwy** **San Antonio** **TX 78284**	2. TIN **⑨000-00-4321**	3. MFT **30**	4. Route to: ✓ MF ☐ NM

5. Tax Period **20XX12**	6. Transaction Date **02/11/20XX ②**	7. Trans. Code **841**	8. Credit Amt. **1,007.10 ④**	9. SPLRB **0**

10. Employee Name **Jill Redwood**	11. SEID **0017405044**

12. Explanation:
Credit module with TC 841 refund posted incorrectly. Document prepared to post TC 840 to account number (a) **000-00-6789 ①**

13. Telephone Number **512-555-1212**

14. Date Prepared **04/22/XX**

Part B – Credit Copy
Form **12857** (Rev. 1-2012)   Catalog Number 30783W   Department of the Treasury – **Internal Revenue Service** publish.no.irs.gov

Callout legend:
❶ TIN, Tax Period, and MFT where refund should be. (Error Taxpayer "A")
❷ Date of TC 846
❸ DLN of TC 150
❹ Must Equal Box d. + Box 11d
❺ Interest Allowed on TC 846
❻ TIN where TC 846 Issued
❼ DLN of the TC 846
❽ Usually MF (Master File)
❾ TIN, MFT, and Tax Period where TC 846 Issued (Injured Taxpayer "B")
❿ When the document DLN will contain Doc. Code 45 and Blocking Series 92X, enter "0".
⓫ Check the BOD that is initiating the transfer of the manual refund.

Figure 3.17.80-19

Note: Form 12857, Refund Transfer Posting Voucher, per IRM 21.4.5, *Refund Inquiries, Erroneous Refunds*, has been developed, and must be received by Accounting Operations to accomplish these transfer actions. Form 12857 carries 920 Blocking, with a true Julian Date. Form 12857 must contain cross-reference DLN, tax Period, taxpayer's name and TIN, and file location, to indicate the erroneous original posting. These actions for a "dummy

refund" will not result in a refund being released. Form 3809 and Form 3753 will be used together in lieu of Form 12857.

(3) If using Form 3753 (original only) to post the "dummy refund" (TC 840), include in "Remarks" "Not an Erroneous Refund."

    a. Enter in Section 1, Block 10, "MAKE CHECK PAYABLE TO" block print the phrase "DO NOT ISSUE CHECK."

    b. Assign Document Code 45 (TC 840) with a unique Blocking Series, starting with 920. This Blocking Series will identify "dummy refunds."

    c. Cross-reference the Form 3753to its related Form 3809 and to the DLN of the original, erroneously posted refund. This transaction reverses the erroneous posting of the refund.

    d. Input TC 971 (use Action Code 030) via CC FRM77. (See IRM 2.4.19, *IDRS Terminal Input - CCs REQ77, FRM77 and FRM7A*)

(4) Before being transcribed, these documents must be hand-carried to the appropriate area responsible for processing Form 3753, Form 12857 and Form 3809.

(5) Retain copies of Form 3753, Form 12857 and Form 3809 in the Erroneous Refund case file.

(6) Annotate the History Sheet with all actions taken.

(7) Input TC 971 on both accounts to cross-reference the injured and Erroneous Refund taxpayers.

(8) Additional instructions will be found in IRM 21.5.2.4.23.10, *Moving Refunds*.

3.17.80.1.22
(06-13-2023)
Maintaining Case Files

(1) Maintain the established paper cases Prior to July 1, 2023 in one of the following orders:

- DOC-ID
- TIN
- Alphabetical

(2) Organize the case file as follows:

    a. Completed case History Sheet.

      Note: All actions must be dated and recorded in detail on the History Sheet, they must be legible. GAO has requested that the case history sheet must have documented narratives that **read as if they are reading a book**. However, Communications & Liaison has developed guidelines to enable the IRS to use abbreviations following guidelines found here: *https://irssource.web.irs.gov/CL/ Lists/IRS%20Style%20Guide/DispItemForm.aspx?ID=6*. Therefore, abbreviations will be used only when following these guidelines.

    b. If received, an original, full TXMOD print must be maintained in the case folder. If there is no new activity in the posted or pending transaction sections, do not reprint the TXMOD. Annotate the history sheet, "No Activity on TXMOD." If there is new activity in the posted or pending transactions, print only the TXMOD pages showing the new activity in the posted or

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pending transaction sections. Replace only the pages showing the new activity and maintain directly under the History Sheet. showing any new activity on the account must be maintained in the case folder. See IRM 3.17.80.1.22 (3) and IRM 3.17.80.1.22.1 (4), Maintaining Case Files, (discard old TXMOD prints except for the original. (See Note below)

> *Note:* The "**ORIGINAL**" TXMOD must always be kept in case file under the History Sheet. This print will show the original account activity prior to being worked by the Erroneous Refund function.

   c.   Place the original Erroneous Refund case on the bottom of the right hand side of the case file (Information from the identifying area, copy of Letter 510-C, TXMOD print, supporting documents, etc.) stack of information (oldest documents must be at the back end of the case file).

> *Note:* If a Manual Refund (TC 840) caused the erroneous refund, yellow highlight the approver and refund issuer of the TC 840 on TXMOD and attach the TXMOD.

   d.   Each time an action is taken on the account place all prints and/or copies associated with the actions on the right side of the folder. "Exception:" Do not include Form 3809 (See IRM 3.17.80.1.22 (2) f and IRM 3.17.80.1.22.1 (3) g, Maintaining Case Files). Keep the most current on top.

   e.   A balance sheet showing the remaining balance on the Erroneous Refund must be stapled to the left side of the case folder and updated with each transaction.

   f.   Form 3809 (copies or original forms) must be stapled to the left side of the folder, the most current on top with a journal number clearly printed on each form.

(3)   Pull the case every 3 months (if the balance is $600.00 or over) or 6 months (if the balance is $599.99 or under) for review. Cases will be pulled based on the previously-established review date for each case. Continue corresponding with the taxpayers every 3 months or 6 months or until the 2 or 5 year ERSED expires. (See IRM 3.17.80.1.29, Write-Off Procedures for Unrecoverable Erroneous Refunds (for General Ledger 1530, 1535, 1543), for write-off procedures). Perform the following actions when performing the 3 month, quarterly (balance over $599.99),and semi-annual (balance under $599.99), review:

   a.   Follow-up reviews (primarily for credits that are available to be applied to the tax module) and issuance of follow-up taxpayer correspondence (generally, a Letter 510-C or Letter 3414-C Letter) must be done within 3 months or 6 months and 10 work-days of the previous correspondence action.

   b.   Review the case every 3 or 6 months as identified above.

   c.   When reviewing the case and it is noticed that there are ID-theft indicators on the tax account, verify if another TC 700, false credit has attempted to post to the account and causing a credit balance on the account. Complete the following actions under this situation:

If -	Then -
If there is a credit balance caused by a second TC 700 with a blocking series of 745 - 749:	Refer to points of contact listed in IRM 3.17.80.2.6(3) table, Resolving Unpostable Identity Theft Cases Where There is Duplicate TC 841, and contact (telephone or E-mail) the RICS or AM personnel who will have a control base on the tax account and ask if the erroneous refund was caused by ID-theft. Notate the conversation and results on the case history sheet.
If there is a credit balance caused by a second TC 700 and was caused by RICS or AM and it truly is an ID-Theft case:	Complete a Form 3809 and reverse the first posted TC 700 (Doc. Code 58, blocking series 950-999) and return the "false credit" back to the 1540 account. Notate actions on the case history sheet. Make contact with the appropriate individual in IRM 3.17.80.2.6(3) table, Resolving Unpostable Identity Theft Cases Where There is Duplicate TC 841, and have them follow their appropriate ID-theft procedures to initiate their procedures.
If there is a credit balance caused by two TC 700's and both have a blocking series of 745 - 749:	Complete a Form 3809 and reverse the second posted TC 700 and return the "false credit" back to the 1545 account. Notate actions on the case history sheet.

(4) The case History Sheet **Must** reflect that the 3 month reviews are being performed. Refer to the below chart:

Month Case was 1st Received/ Reviewed	2nd Month To Review Case	3rd Month To Review Case	4th Month To Review Case
January	April	July	October
February	May	August	November
March	June	September	December
April	July	October	January
May	August	November	February

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Month Case was 1st Received/ Reviewed	2nd Month To Review Case	3rd Month To Review Case	4th Month To Review Case
June	September	December	March
July	October	January	April
August	November	February	May
September	December	March	June
October	January	April	July
November	February	May	August
December	March	June	September

(5) For semi-annual (6 month) reviews, refer to the below chart:

Month Case was 1st Received/Reviewed	2nd Month To Review Case
January	July
February	August
March	September
April	October
May	November
June	December
July	January
August	February
September	March
October	April
November	May
December	June

(6) If no correspondence is pending with the taxpayer. File the case if:

a. No reply is received 45 days after the second or any additional notification or correspondence is sent to the taxpayer, and no Form 2209 was sent to the Technical/Collection function.

b. Form 2209 is closed by Technical/Collection without securing repayment, a signed waiver or a recommendation for Civil Suit.

(7) Enter on the History Sheet the interest start date (date of demand or date of refund).

(8) Mail the Letter 510-C, Letter 3414-C or Letter 3064-C to the taxpayer with a return envelope. Place a copy of the letter in the case file.

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a. Determine when the ERSED expires, and annotate the ERSED date on the outside of the case file folder and on the History Sheet in the box labeled ERSED.

b. If the erroneous refund balance is $600.00 or more notify the taxpayer, before the end of the calendar year in which the ERSED expires, that a Form 1099-C will be issued, if not repaid. Include the below verbiage but revise it for the correct dates: **The statute for collection on your erroneous refund will/has expired on Month DD, YYYY. We will continue to accept voluntary repayment. However, if we do not receive repayment by Dec. 31, YYYY, we will issue a Form 1099-C, Cancellation of Debt. You will be required to report the amount you owe to the IRS on your federal income tax return.**

Note: The 1099-C notification is required but it is also a courtesy to the taxpayer, and must be sent in the same year the statute expires. Do not include this notification on the interest letter.

c. See IRM 3.17.80.1.30, *Forms 1099 - Unrecoverable unassessable erroneous refunds*, for Form 1099-C procedures.

d. Annotate the History Sheet with all action taken.

e. Notate the case file for the next follow-up.

(9) Although it will rarely occur, if there are excess credits on the taxpayers account (e.g., because misapplied payments have posted to the account where there is a full-paid erroneous refund, continue closing the case but input a TC 570 and ensure it posts before inputting the closing TC 845.

Note: There will also be a situation where the taxpayer is not aware that their erroneous refund is fully-paid and the taxpayer continues to send payments. If this appears to be the situation, correspond with the taxpayer and ask if the taxpayer would like a refund of the excess payments or if they would like the excess payments applied to another tax year/tax module. Close the case after correspondence has been received informing the IRS what the taxpayer wants with the excess credits. If the case is held over another quarterly (balance $600.00 or over) or semi-annual (balance $599.99 or less) review, close the case with a TC 845 and write a final Letter 3414-C or Letter 510-C informing the taxpayer that we are returning the excess credits and did not receive any correspondence after the previous request for information.

(10) If a Letter 510-C is returned as undeliverable, search for a more current address (for example: IDRS, ENMOD, INOLE, IRPTR, or access Accurint with the assistance of Accounting's Unidentified Team.) and document actions on History Sheet. If a better address is found, include Form 8822 , change of address, with the re-mailing of the letter. Completion of this form by the taxpayer authorizes an address change and re-mail. If a notice is returned as undeliverable again and:

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case on a quarterly (balance $600.00 or over) or semi-annual (balance $599.99 or less) basis for offset of credits which will become available. When all applicable Statutes have expired, refer to IRM 3.17.80.1.29, Write-Off Procedures for Unrecoverable Erroneous Refunds.

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required in IRM 3.17.80.1.22(11) and IRM 3.17.80.1.22.1 (12), Maintaining Case Files, below.

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      c.   Notate the History Sheet and file.

(11)   Form 2209 :

      a.   If the Statute expiration period is less than 3 months and the amount is

            and file (after letter(s) has or have been mailed) pending possible offset or write-off.   #

            or more, route copies to the Collection function with Form 2209. Annotate Form 2209 as Erroneous Refund Case. Specify ERSED statute expiration date under remarks: Civil Suit Statute Expires (Month, DD, YYYY), Unassessable Take No Enforcement Action. Be sure to use TCIS cashed date and if not available, use TC 846/840 date on IDRS for 2 year ERSED on Form 2209. Watch for accelerated cycles. Refer to IRM 21.4, Refund Inquiries, for cycle and check dates.   #

      c.   Annotate History Sheet with actions taken.

      d.   Note the case file with the next review date (90 days).

(12)   Initiate follow-up action using Form 2209-A when Form 2209 was issued over 90 days prior, if appropriate.

   Note: For all of the above Form 2209 instructions, it is permissible to access/use Integrated Collection System (ICS) as another option of making contact with the appropriate Field Collection area.

(13)   When a case indicates the applicable 2 or 5 year ERSED has expired and the Internal Revenue Service no longer has the legal right to recover the Erroneous Refund:

      a.   Refer to IRM 3.17.80.1.29, Write-Off Procedures for Unrecoverable Erroneous Refunds.

      b.   Annotate on case History Sheet: ERSED expired, no letter sent to taxpayer.

   Exception: If the Erroneous Refund is $600.00 or more and the ERSED expired in the current calender year, issue a voluntary repayment letter.

(14)   Remove repaid case, move to the "closed" file when TC 845 is input to release the Erroneous Refund Freeze, if appropriate.

(15)   Retire the closed Erroneous Refund case file according to the guidelines in Document 12990, *Records Control Schedules*.

3.17.80.1.22.1
(06-13-2023)
Maintaining Electronic
Case Files On
SharePoint

(1)   Maintain the electronic case files on the Category D Erroneous Refund Share-Point located at: *https://irsgov.sharepoint.com/sites/JKQSGYZD/SitePages/ Home.aspx, Category D Erroneous Refunds (sharepoint.com)*

   Note: Effective July 1, 2023 all campuses are required to maintain their new case files electronically.

(2)   Create an electronic case file folder, name the file folder with the following information in the below order:

    •   DOC ID
    •   Name Control

- EIN/SSN Last 4 Digits Only
- MFT/Tax Period
- ERRF Amount
- ERSED
- Next Review Date

(3)   The electronic case file folder will contain the following documentation:

Note: When preparing documents always **Print/Save as a PDF** and add the **DATE** to the end of the pdf document name (Example: **510-C mm-dd-yyyy, F-3809 mm-dd-yyyy, etc.**), this will keep the most current listed first in the electronic case file folders.

a.   Complete a case history sheet, name as **01 History Sheet**, this will keep the history sheet as the first document in the electronic case file folder.

   Note: All actions must always be dated and recorded in detail on the History Sheet, they must be legible. GAO has requested that the case history sheet must have documented narratives that **read as if they are reading a book.** However, Communications & Liaison has developed guidelines to enable the IRS to use abbreviations following guidelines found at: *IRS Style Guide - Abbreviations and acronyms* Therefore, abbreviations will be used only when following these guidelines.

b.   If received, an original, full TXMOD pdf print must be maintained in the electronic case file folder. If there is no new activity in the posted or pending transaction sections do not reprint the TXMOD. Annotate on the history sheet, "No Activity on TXMOD" If there is new activity in the posted or pending transaction section, print/save to pdf only the TXMOD pages showing the new activity (add date) and maintain in the electronic case file folder, showing the new activity on the account. (See IRM 3.17. 80.1.22 (3) and IRM 3.17.80.1.22.1 (4), See note below).

   Note: The **Original TXMOD** print must always be kept in the electronic case file, this will show the original account activity prior to being worked by the Erroneous Refund function.

c.   Place the original Erroneous Refund case package in the case file folder, **rename adding the date received** (Information from the identifying area, Form 12356, Letter 510-C, TXMOD print, any other supporting documentation, etc.)

d.   Complete a campus Error Feedback Form, attach copy of the history sheet showing the Erroneous Refund functions actions and the original Form 12356 case file package, route to the Exhibit 3.17.80-15 BOD POC, Email subject line will include the BOD and campus, Example: **Error Feedback Erroneous Refund SP 09**, etc.

e.   Each time an action is taken on an account place all pdf prints and/or copies associated with the actions in the electronic case file folder.

f.   Complete a balance sheet, name as **02 Balance Sheet**, showing the balance on the Erroneous Refund, maintain in the electronic case file and update with each transaction (this will keep the balance sheet as the second document in the case file folder).

g.   Form 3809 (copies or original forms) must be maintained in the case file folder, with a journal number clearly printed on each form (add date to

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end of document name), Example: **F3809 mm-dd-yyyy** this will keep the most current listed first in the electronic case file folders.

(4) Pull the case for review every 3 months (if the balance is $600.00 or more) or 6 months (if the balance is $599.99 or less). Cases will be pulled based on the previously-established review date for each case. Continue corresponding with the taxpayers every 3 months or 6 months or until the 2 or 5 year ERSED expires, (See IRM 3.17.80.1.29, Write-Off Procedures for Unrecoverable Erroneous Refunds (for General Ledger 1530, 1535, 1543), for write-off procedures). Perform the following actions when performing the 3 month (balance over $599.99), quarterly/semi-annual (balance under $599.99), review:

a. Follow-up reviews (primarily for credits that are available to be applied to the tax module) and issuance of follow-up taxpayer correspondence (generally, a Letter 510-C or Letter 3414-C Letter) must be done within 3 months or 6 months and 10 work-days of the previous correspondence action.

b. Review the case every 3 or 6 months as identified above.

c. When reviewing the case and it is noticed that there are ID-theft indicators on the tax account, verify if another TC 700, false credit has attempted to post to the account and causing a credit balance on the account. Complete the following actions under this situation:

If-	Then-
If there is a credit balance caused by a second TC 700 with a blocking series of 745 - 749:	Refer to points of contact listed in IRM 3.17.80.2.6(3) table, Resolving Unpostable Identity Theft Cases Where There is Duplicate TC 841, and contact (telephone or E-mail) the RICS or AM personnel who will have a control base on the tax account and ask if the erroneous refund was caused by ID-theft. Notate the conversation and results on the case history sheet.
If there is a credit balance caused by a second TC 700 and was caused by RICS or AM and it truly is an ID-Theft case:	Complete a Form 3809 and reverse the first posted TC 700 (Doc. Code 58, blocking series 950-999) and return the **false credit** back to the 1540 account. Notate actions on the case history sheet. Make contact with the appropriate individual in IRM 3.17.80.2.6(3) table, Resolving Unpostable Identity Theft Cases Where There is Duplicate TC 841, and have them follow their appropriate ID-theft procedures to initiate their procedures.

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If-	Then-
If there is a credit balance caused by two TC 700's and both have a blocking series of 745 - 749:	Complete a Form 3809 and reverse the second posted TC 700 and return the **false credit** back to the 1545 account. Notate actions on the case history sheet.

(5) The case History Sheet **Must** reflect that the 3 month reviews are being performed. Refer to the below chart:

Month Case was 1st Received/ Reviewed	2nd Month To Review Case	3rd Month To Review Case	4th Month To Review Case
January	April	July	October
February	May	August	November
March	June	September	December
April	July	October	January
May	August	November	February
June	September	December	March
July	October	January	April
August	November	February	May
September	December	March	June
October	January	April	July
November	February	May	August
December	March	June	September

(6) For semi-annual (6 month) reviews, refer to chart below:

Month Case was 1st Received/Reviewed	2nd Month To Review Case
January	July
February	August
March	September
April	October
May	November
June	December

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Month Case was 1st Received/Reviewed	2nd Month To Review Case
July	January
August	February
September	March
October	April
November	May
December	June

(7) If no correspondence is pending with the taxpayer. File the case if:

    a. No reply is received 45 days after the second or any additional notification or correspondence is sent to the taxpayer, and no Form 2209 was sent to the Technical/Collection function.

    b. Form 2209 is closed by Technical/Collection without securing repayment, a signed waiver or a recommendation for Civil Suit.

(8) Enter on the electronic History Sheet the interest start date (date of demand or date of refund).

(9) Mail the Letter 510-C , Letter 3414-C or Letter 3064-C to the taxpayer with a return envelope. Place a copy of the letter in the electronic case file folder.

    a. Determine when the ERSED expires, and annotate the ERSED date on the electronic case file folder and on the pdf History Sheet in the box labeled ERSED.

    b. If the erroneous refund balance is $600.00 or more notify the taxpayer, before the end of the calendar year in which the ERSED expires, that a Form 1099-C will be issued, if not repaid. Include the below verbiage but revise it for the correct dates: **The statute for collection on your erroneous refund will/has expired on Month DD, YYYY. We will continue to accept voluntary repayment. However, if we do not receive repayment by Dec. 31, YYYY, we will issue a Form 1099-C, Cancellation of Debt. You will be required to report the amount you owe to the IRS on your federal income tax return.**

        Note: The 1099-C notification is required but it is also a courtesy to the taxpayer, and must be sent in the same year the statute expires. Do not include this notification on the interest letter.

    c. See IRM 3.17.80.1.30**, Forms 1099 - Unrecoverable unassessable erroneous refunds**, for Form 1099-C procedures.

    d. Annotate on the pdf History Sheet all actions taken.

    e. Notate the electronic case file folder with the pull date for the next follow up review.

(10) Although it will rarely occur, if there are excess credits on the taxpayers account, e.g., because payments have posted to the account where there is a full-paid erroneous refund, (research payments to ensure they are not misapplied creating another erroneous refund) continue closing the case but input a TC 570 and ensure it posts before inputting the closing TC 845.

Note: There will also be a situation where the taxpayer is not aware that their erroneous refund is fully-paid and the taxpayer continues to send payments. If this appears to be the situation, correspond with the taxpayer and ask if the taxpayer would like a refund of the excess payments or if they would like the excess payments applied to another tax year/tax module. Close the case after correspondence has been received informing the IRS what the taxpayer wants with the excess credits. If the case is held over another quarterly (balance $600.00 or over) or semi-annual (balance $599.99 or less) review, close the case with a TC 845 and write a final Letter 3414-C or Letter 510-C informing the taxpayer that we are returning the excess credits and did not receive any correspondence after the previous request for information.

(11) If a Letter 510-C is returned as undeliverable, search for a more current address (for example: IDRS, ENMOD, INOLE, IRPTR, or access Accurint with the assistance of Accounting's Unidentified Team.) and document actions on pdf History Sheet. If a better address is found, include Form 8822, change of address, with the re-mailing of the letter. Completion of this form by the taxpayer authorizes an address change. and re-mail. If a notice is returned as undeliverable again and:

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case on a quarterly (balance $600.00 or over) or semi-annual (balance $599.99 or less) basis for offset of credits which will become available. When all applicable Statutes have expired, refer to IRM 3.17.80.1.29, Write-Off Procedures for Unrecoverable Erroneous Refunds.

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required in IRM 3.17.80.1.22 (11) and IRM 3.17.80.1.22.1 (12), Maintaining Case Files, below.

c. Notate actions on the pdf History Sheet and file.

(12) Form 2209

a. If the Statute expiration period is less than 3 months and the amount is

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Issued, and file (after letter(s) has or have been mailed) pending possible offset or write-off.

#

or more, route copies to the Collection function with Form 2209. Annotate Form 2209 as Erroneous Refund Case. Specify ERSED statute expiration date under remarks: Civil Suit Statute Expires (Month, DD, YYYY), Unassessable Take No Enforcement Action. Be sure to use TCIS cashed date and if not available, use TC 846/840 date on IDRS for 2 year ERSED on Form 2209. Watch for accelerated cycles. Refer to IRM 21.4, Refund Inquiries, for cycle and check dates.

c. Annotate actions taken on the pdf History Sheet.

d. Notate the electronic case file folder with the next review pull date (90 days).

(13) Initiate follow-up action using Form 2209-A when Form 2209 was issued over 90 days prior, if appropriate.

Note: For all of the above Form 2209 instructions, it is permissible to access/use Integrated Collection System (ICS) as another option of making contact with the appropriate Field Collection area.

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(14)   When a case indicates the applicable 2 or 5 year ERSED has expired and the Internal Revenue Service no longer has the legal right to recover the Erroneous Refund:

    a.   Refer to IRM 3.17.80.1.29, Write-Off Procedures for Unrecoverable Erroneous Refunds.

    b.   Annotate on case pdf History Sheet: ERSED expired, no letter sent to taxpayer.

        Exception: If the Erroneous Refund is $600.00 or more and the ERSED expired in the current calender year, issue a voluntary repayment letter.

(15)   Move the repaid electronic case file folder from the open file to the **closed** retention file in the SharePoint when TC 845 is input to release the Erroneous Refund Freeze, if appropriate.

(16)   Retire the electronic closed Retention Erroneous Refund case files on Share-Point according to the guidelines for retention and disposal in Document 12990, **Records Control Schedules**.

3.17.80.1.22.2 (06-13-2023) **Maintaining Case Files** **Only)**	less will be worked as follows: # *Note:* Effective July 1, 2023 all campuses are required to maintain their new case # files electronically.

    a.   Prepare electronic case files only, refer to IRM 3.17.80.1.22.1, Maintaining Case Files.

    b.   Monitor the case for payments and/or credits for 45 days after the first Demand Letter 510-C.

    c.   If not fully repaid after 45 days, initiate 2nd Demand Letter 510-C or **Interest** letter (within 10 work-days after the 45th day).

    d.   Send no more letters after the 2nd Demand or **interest** letter listed in **c** above.

                                                                                                              #
    #
    #
    #

    e.   Pull the case every 6 months to review if any credits are available and apply any available credits.

    f.   If fully repaid, follow procedures in IRM 3.17.80.1.20.4, *Taxpayer Repays in Full*.

    g.   If there is no reply or if a partial payment is received, at the ERSED, follow normal write-off procedures and no more collection actions will be taken.

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    a TC 606. If there are other outstanding balances follow normal write-off procedures.

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3.17.80.1.22.3
(12-06-2017)
Working the Monthly TC 844 (-U Freeze) Listing

(1) On a quarterly basis, MITS provides each site with a Control-D file containing newly input TC 844's. The purpose of this file is to ensure that all new erroneous refund cases have a TC 844 (-U Freeze) input prior to being received in Accounting as instructed in IRM 21.4.5, *Refund Inquiries, Erroneous Refunds*.

(2) Open the file and click on your site corresponding tab on the lower left corner of the spreadsheet.

(3) There must be a TIN on the spreadsheet for each erroneous refund case received in Accounting from the functional area (AM, TAS, etc.). The listing must be worked as follows:

    a.   If there is a TIN on the listing and no corresponding case file, research must be conducted to verify the validity of the TC 844. If there was never a case file after research, the TC 844 will be reversed.

    b.   If there is no TIN on the listing but a case file is present, notify the originator that a TC 844 must be input.

3.17.80.1.22.4
(04-06-2018)
Working the Accounts Maintenance Research (AMRH) 15, ST15, and X-15 Transcripts

(1) Although these transcripts are mentioned in IRM 21.2.4, Systems and Research Programs - Master File Accounts Maintenance, they will be worked by the Submission Processing Erroneous Refund teams.

(2) IRM 3.13.62-13 exhibit, Transcripts Received from Computer Branch provides instructions for these transcripts to be sent to the SP Erroneous Refund team.

    a.   Verify each tax account listed within the transcripts to ensure the -U freeze is released if there does not appear to be an erroneous refund situation.

    b.   If there is credit on the account when releasing the -U freeze (inputting a TC 845), communicate to any other area that will be monitoring the account about the freeze release.

    c.   Leave an IDRS history item regarding any action taken to the account (e.g., AM15 no action; ST15 reverse 844, etc.).

    d.   If there is an erroneous refund case that can be associated with the transcript, leave a note within the case file for whatever transcript was received (identify the type of transcript received) and any action taken (e.g., credit applied to the erroneous refund).

    e.   Look for ID-theft erroneous refunds and follow the instructions in IRM 21.2.4.3.19, Transcripts with Identity Theft (IDT) Involvement, if there are ID-theft conditions.

(3) Use caution when releasing any credits and be sure to observe/recognize the Refund Statute Expiration Date.

(4) Close any AMRH, ST15, or X-15 open control base(s) when completing the review of each case.

3.17.80.1.23
(11-23-2021)
Refund Cancellation, Repayments and Replies to Correspondence

(1) When replies are received from the taxpayer in response to the Letter 510-C, pull case file and research.

(2) If the taxpayer returns the original refund check the category code on TXMOD history will update to 3913. If you receive the returned check forward to Refund Inquiry to be batched and sent to the Regional Financial Center. Monitor

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account for the TC 841 to post. The cancellation credit will generate a TC 777 for the amount of credit interest in the refund. Update case History Sheet and IDRS control base.

(3) If you receive a payment and the Erroneous Refund is not fully repaid, reply to taxpayers correspondence giving the new balance due, arrangements for a payment plan, etc. (See IRM 3.17.80.1.20.5, *Processing Partial Payments*)

    a.   When payments post to the Master File prepare the Form 3809 for the TC 702 as appropriate.

    b.   If it is determined that the taxpayer must be assessed debit interest, verify that a TC 777 posted for the correct amount. If the credit interest is incorrect input a TC 772.

(4) Prepare Form 3809 for a TC 702 to reverse TC 700:

- TC 700, 58 Document Code, 950-999 Blocking Series (or 850 - 899 if using the 1543 General Ledger).
- TC 702, 58 Document Code, 900-949 Blocking Series (or 800 - 849 if using the 1543 General Ledger).

(5) If the Erroneous Refund is fully repaid and there is additional credit remaining on the tax account, assess interest as follows:

    a.   If the available credit exceeds the interest due, assess the full amount of interest and allow the remaining credit to refund.

    b.   If the interest due exceeds the available credit by less than $25.00, assess interest only for the amount of available credit and close the case.

    c.   If the interest due exceeds the available credit by $25.00 or more, assess interest for the amount of available credit and use Letter 285-C, Letter 3414-C, Letter 672-C or Letter 3064-C to notify the taxpayer of the amount of interest still due

(6) **When the Erroneous Refund is fully repaid, if applicable, verify TC 702 has posted:**

    a.   **Input TC 845 using CC REQ77 and close control base.**

    b.   Release TC 470 when other balances are due.

    c.   If the account is overpaid, release any applicable Freezes (Refer to Document 6209).

    d.   Annotate History Sheet with payments and other actions and close case.

Note: **If a TC 777 generates to reverse credit interest that has already been manually reversed via TC 772, correct the account by using TC 770 prior to closing case.**

(7) If the taxpayer claims non-receipt of the check(s), See IRM 21.4.2, *Refund Inquiries, Refund Trace and Limited Payability*.

Note: Prior to initiating IDRS CHKCL actions , verify that the refund was not fully offset through the TOP (TC 898's) for the same amount.

    a.   After inputting CC CHKCL, a photocopy of the check(s) is subsequently received from Bureau of Fiscal Services (BFS, formerly known as Financial Management Service (FMS)) Check Claims with an BFS Form

1133, BFS Form 3858, indicating proper endorsement by the taxpayer. Send the taxpayer a photocopy of the negotiated check(s) and BFS Form 1133.

(8)   When there is no response from the taxpayer within 45 days, and the

   #

   initiate Form 2209 procedures, if not already completed, include the following when mailing Form 2209:

   a.   The taxpayer's initial correspondence;
   b.   The photocopy of the check; and
   c.   History Sheet.

   Note: Accessing Integrated Access System (ICS) is an optional method to contact Field Collections instead of issuing Form 2209.

   #

   3.17.80.1.22, IRM 3.17.80.1.22.1 or IRM 3.17.80.1.22.2, Maintaining Case Files.

(10)   If photocopy of the check(s) received from Check Claims, with an accompanying BFS Form 1133 and BFS Form 3858 indicate different endorsement(s).

   a.   Send the taxpayer a photocopy of the negotiated check(s), BFS Form 1133, and a Letter 206-C or Letter 3414-C as appropriate.
   b.   Explain per the taxpayer's request, a copy of the refund check(s) is attached and BFS Form 1133 for each check.
   c.   Taxpayers must complete the Form 1133 for each check and send back to the Erroneous Refund function, in the self-addressed envelope provided.

(11)   If no response from the taxpayer within 45 days and the interest letter has not already been sent then follow procedures in IRM 3.17.80.1.22, IRM 3.17.80.1.22.1 or IRM 3.17.80.1.22.2 Maintaining Case Files.

(12)   When the taxpayer returns completed Form 1133 , follow procedures in IRM 3.17.80.2, *Processing Payments Over Cancellation*.

(13)   If the taxpayer requests to pay by installments, and the ERSED is still open, accept the offer made by the taxpayer and send the taxpayer pre-addressed envelopes to make payments.

(14)   If the taxpayer requests to pay by installments, but no offered amount is provided by the taxpayer, determine the status of the 2 or 5 ERSED. Divide the amount of the Erroneous Refund by the number of months it would take the taxpayer to repay before the ERSED expires. **The payment plan will not be extended beyond the ERSED.**

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a.   A suggested payment schedule is shown in Figure 3.17.80-20.

	150.00	**Erroneous refund amount**
÷	**3**	**Number of months until statute expires**
=	**50.00**	**Suggested amount of monthly payments**

Figure 3.17.80-20

Note: **Each case must be considered individually. Consult with lead/manager.**

(15)   Send the taxpayer a Letter 3414-C or Letter 3064-C.

(16)   If the taxpayer requests to pay after the ERSED (2 or 5 years from the date of the refund), inform the taxpayer that voluntary payments are accepted. However:

a.   Inform the taxpayer that they are not legally obligated to repay.
b.   Inform the taxpayer if the amount is not repaid and the amount is $600.00 or more, the IRS will consider the amount as income and the IRS will issue Form 1099-C, Cancellation of Debt.
c.   Process as outlined in IRM 3.17.80.1.27, Repayments after ERSED Expires.

(17)   Monitor installment payments. If the taxpayer defaults on an installment, continue to send the quarterly (balance $600 or above) or semi-annual (balance $599.99 or less) reminder letters until the ERSED expires. Then, if necessary, follow the write-off procedures. If the balance due is over $20,000 and it is within six-months of the ERSED, communicate with Collection Field Function via Form 2209 or ICS and inform them there has been a default on the installment payment agreement and request that a Revenue Officer make contact with the defaulting taxpayer. If requested, forward taxpayers original request for installments and brief explanation of case to the Collection or CSCO function. Retain a copy of letter from the taxpayer in the Erroneous Refund case file.

(18)   Monitor items where follow-up action is needed.

(19)   When the 15XX Account is written off and there is a debit balance due on the taxpayers installment account, assess interest only on the amount of the Erroneous Refund from either:

•   the date of demand
•   or the date of refund (TC 840 or TC 846 Transaction Code date)

Interest will be calculated to the 23C date of the cycle that TC 340 is input. Establish in the control base of TXMOD on IDRS and indicate on the History Sheet. Input the date you computed interest to and amount on module.

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(20)   Send taxpayer a Letter 3414-C stating another area is handling the remaining balance due on their account. Forward taxpayers original request for installments and brief explanation of case to the appropriate Collection Field Function group. Retain a copy of letter from the taxpayer in the Erroneous Refund case file.

(21)   If an erroneous refund involving a direct deposit has been returned or refused from a bank but the bank has taken bank fees, there is still an outstanding balance from the original erroneous refund:

   a.   Look at the tax module to determine if the case involved ID-theft or suspected ID-theft because the taxpayer has an address belonging to an IRS Processing Center.
   b.   See instructions in Figure 3.17.80-21a and Figure 3.17.80-21b below:

If ID-Theft	If Not ID-Theft
Make contact with the appropriate point of contact in IRM 3.17.80.2.6(3) table, Resolving Unpostable Identity Theft Cases Where There is Duplicate TC 841, and ask them 1) what must be done with the remaining erroneous refund balance or 2) need of determining the taxpayer's correct mailing address. If no better address is found, follow normal procedures through the time when the ERSED has expired.	Release the TC 844 and proceed to write off the remaining amount after the Erroneous Refund Expiration Date.

Figure 3.17.80-21a

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```
ADJ54 000-00-0123        MFT>30    PLAN>000    TX-PRD>20XX12      NM-CTRL>HOLL
SQ#>1      BLK>05   DT-TRANSFR>           CORRSP-DT>          INT-CMP-DT>
CASE-STS-CD>     IRS-RCVD-DT>          CTRL-CAT>       2%-INT-DT>
ACTIVITY>54-TAX-ADJ    PYE-DT>          TCB-DT>          CR-INT-TO-DT>
RET-PROC-DT>          RVRSN-DT>           OVERRIDE-CD>      RFSCDT>
DB-INT-TO-DT>011420XX       COMP-INT-AMT>                    OTN>      -
DATA-REF-1>       REF-CHG-1>            DATA-REF-2>      REF-CHG-2>
N-PER>        N-AMT>                N-BEG>          N-END>          N-MFT>
*****************************TRANSACTION CODES********************************
TC>270 AMT>.00             TC>340 AMT>37.52             TC>     AMT>
TC>    AMT>              TC>     AMT>
******************************************************************************
SRCE-CD>2   RSN-CDS>074-  -  -015  RCA-IND>    MTH-ERR-CDS>   -     FLC>
HOLD-CD>3   PRT-CD>    PSTNG-DLAY-CD>   CP-NTC-SUPP-IND>    AMD-CLMS-DT>
ACK-LTR?>   TRANS-REG-IND>   DMF-AG>     SUB-AG>     XREF TIN>   -
*********** ITEM-REF-CDS/ABST-CDS/CR-REF-CDS/FUTA-STATE-CD/DRI-CD ************
CD>    AMT>            CD>     AMT>                CD>     AMT>
CD>    AMT>            CD>     AMT>                CD>     AMT>
CD>    AMT>            CD>     AMT>
******************************************************************************
CIS-IND>   SOURCE-DOC-ATTACHED?>N  REMARKS>INT ON ERRF REPAYMENT
```

C#,INT0114XX,M

(Update your control base activity as shown for future reference.)

Figure 3.17.80-21b

3.17.80.1.24
(12-06-2017)
Replies to Form 2209 Cases from Collection Field Function

(1) When replies are received from the Collection Field Function, note the information from Form 2209 on History Sheet

Note: Integrated Collection System will be used as an option to Form 2209 requests or replies. So, consider using ICS instead of Form 2209 and Form 2209-A for all the below instructions in IRM 3.17.80.1.24 , Replies to Form 2209 Cases from Collection Field Function.

(2) If the reply indicates the taxpayer will not repay, note on the History Sheet whether or not civil suit was recommended or an extension was signed. Associate with the case file. Store case file in the "Suspense" file.

Note: **IRC 6159 only authorizes installment agreements for the payment of "tax". Extensions under IRC 6532(b) must always contain an expiration date and must be obtained only when (1) the taxpayer is willing to repay the Erroneous Refund but needs time beyond the ERSED, or (2) the taxpayer disputes that the refund is erroneous and the amount at issue is significant (i.e., the IRS will file an Erroneous Refund civil suit if the taxpayer does not repay the Erroneous Refund).**

(3) Hold the case in the "Suspense" file until a credit becomes available for offset (2 or 5 year). When offset(s) have satisfied the 15XX Account or the 2 or 5 year statute has expired, input TC 845 using CC REQ77, close the IDRS

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control base and file the case in the closed file. If no offset(s) become available or the 2 or 5 year statute expires, write-off the unrecoverable refund as outlined in IRM 3.17.80.1.29, Write-Off Procedures for Unrecoverable Erroneous Refunds (for General Ledger 1530, 1535, 1543).

Note: **Be sure and follow procedures for interest considerations in IRM 3.17.80.1.16, Interest Considerations, before you close case.**

(4) If the taxpayer claims non-receipt of the refund check, the Collection Field Function will retain Form 2209 , but will return Form 2209-A, Status Report, and the taxpayer's statement (if practical). Initiate CC CHKCL or SF 1184 for an unavailable check cancellation and attach the taxpayer's statement, if available. Photocopy all information for the case file. When a reply is received from inquiry to CHKCL Form 1184, notify the originator of the status.

   a. If the reply to SF 1184 indicates the cancellation or that Treasury will take further action, prepare Form 2209-A to recall the original Form 2209. Retain the case in the file.

   b. If the photocopy of the check indicates a proper endorsement, forward the photocopy to the originator of the Form 2209-A.

   c. Annotate the History Sheet of the Letter 510-C, photocopy the document and retain the case in the file.

(5) If a repayment agreement has been accepted, retain case in the cycle file under a review date for the date payments are expected.

   a. As payments are received, process as outlined in IRM 3.17.80.1.22, IRM 3.17.80.1.22.1 or IRM 3.17.80.1.22.2, Maintaining Case Fiels, and re-file under the new anticipated payment date.

   b. When full payment is achieved, input TC 845 using CC REQ77, close the IDRS control base, annotate History Sheet, and place the case in the closed case file.

   c. If there has been payment default for 2 or more months, communicate with the Collection Field Function via Form 2209 F and inform Collection Field Function there has been a payment default. Collection Field Function will return Form 2209-A providing an update.

3.17.80.1.25
(12-06-2017)
Processing 844 Transcripts (TRANS-844) (-U Freeze)

(1) **Background:** When a TC 844 is input to a taxpayer's module, it Freezes the entire account (-U Freeze) for credits becoming available for offset. No credits are refunded to the taxpayer or offset to another outstanding balance within the account until the (-U Freeze) is released by a TC 845. TC 845 has restricted input by Accounting/Erroneous Refund employees only. TC 845 must be input on the same module where the TC 844 is present.

   a. See IRM 3.17.80.1.19 (1) c Note, General Overview - Category D, Unassessable Erroneous Refunds, for TC 844 actions.

   b. TC 844, Erroneous Refund Freeze (-U Freeze) transcripts (Trans-844) electronically generated via Control-D for Accounting/Erroneous Refund function, when credits become available on the frozen account.

   c. If no case file, research account to determine area responsible for identifying the Erroneous Refund or for other Freeze conditions or status codes.

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      d.   If case is a Category D, Unassessable Erroneous Refund, and has not been sent to the Erroneous Refund Unit, contact the responsible area by phone/E-mail and request case documentation history unless there is enough credit to full pay the Erroneous Refund then process accordingly. If only partial credit is available then offset and request documentation. Maintain TC 844 transcript as a case file. Update IDRS and history sheet.

      e.   If case is <u>NOT</u> a Category D erroneous refund, forward transcript to appropriate area. Update IDRS with actions taken and the area it was forwarded to.

(2)   Verify that the taxpayer's account has an open control base.

      a.   If another site has an open control base and the case was not transferred to your site, notify them of the available credit by faxing the Transcript. (See Exhibit 3.17.80-4, Erroneous Refund Coordinators)

      b.   If no 15XX Account or case reference is found, input TC 845 to release the Freeze.

(3)   Determine if the credit is available for transfer to the 15XX Account. Other liability Freezes will be involved. If the credit is not available for transfer, associate the transcript with the case file. Inform the appropriate function of the available credit.

(4)   If a TC 150 is not present on the transcript, the credit is not available for transfer unless the payment is designated for the ERRF repayment (payment was misapplied).

(5)   Transfer the available credit for the amount of the Erroneous Refund, plus any interest due, to the period involved. Input CC ADD24 or CC ADC24 with appropriate Transaction Code per IRM 2.4, *IDRS Input Instructions* . (See Figure 3.17.80-22)

```
DRT24 000-00-9876   MFT>30  TX-PRD>20XX12        RPN>     NM-CTRL>WHEA
---DEBIT---  NON-IDRS-IND>    EFTPS-ELEC-DPST-IND>
TRANS-DT>041520XX   TC>820       AMT>2,435.38     REVERSE-DPC>   PSTNG-DLAY-CD>
OVERRIDE-DT>         TC>570      AMT>
CASE-STS-CD>A    IRS-RCVD-DT>*         CTRL-CAT>ERRF  ACTIVITY>CRED-TRANS
*************************************************************************
---CREDIT---  NON-IDRS-IND>=
     000-00-9876   MFT>30  TX-PRD>20XX12        RPN>     NM-CTRL>WHEA
TRANS-DT>041520XX   TC>700  AMT>2,435.38-       DESG-PYMT-CD>00  PSTNG-DLAY-CD>
OVERRIDE-DT>         TC>      AMT>
CASE-STS-CD>   IRS-RCVD-DT>         CTRL-CAT>      ACTIVITY>CRED-TRANS
FLC>    TRANS-REG-IND>   SPOUSE-IND>   BYPASS-IND>0
REMARKS>NSD TO TR CR TO 20XX12 ERRF CASE 20XX-17-0714
```

Figure 3.17.80-22

(6)   If the -U Freeze (TC 844) has not been released, transfer available credit to the 15XX Account, to the debit balance held in the 15XX Account. (See Figure

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3.17.80-23) The remaining credit, is applied to the debit balance including any interest due on the tax module. Notify the taxpayer using the Letter 285-C.

Miscellaneous Adjustment Voucher   **①** U.L.C. _____

⑰ 00258-022-90301-X

DLN

Debit

Name and address

② Irene Rose

③ X-ref. TIN
000-00-6789

X-ref. MFT
④ 30

Route to **⑤** ✓ MF ☐ NMF

Plan Report Number

⑥ X-ref. tax per.
20XX12

Transaction date
09-06-20XX **⑦**

⑧ 1st T.C.
702

Debit amount
$100.00 **⑨**

2nd T.C.   Amount

3rd T.C.   Debit amount

Credit

Name and address

⑩ 15XX ACCT

TIN   MFT

Route to ☐ MF **⑪** ✓ NMF

Plan Report Number

Tax period

Transaction date
09-06-20XX **⑫**

1st T.C.

Credit amount
$100.00 **⑬**

2nd T.C.   Amount

3rd T.C.   Credit amount

Explanation

⑭ **Partial repayment of erroneous refund**
ERRF CASE #20XX-38-2100

Split Refund Indicator ☐

Bypass Indicator ☐

Prepared by
0017405044 **⑮**

Date prepared
01-22-20XX **⑯**

Form **3809** (Rev. 8-2012)   Catalog Number 22475R   Part 1 - Credit Copy
Dispose of all prior issues

Department of the Treasury
Internal Revenue Service

Form **3809** (Rev. 8-2012)   Catalog Number 22475R   Part 2 - Debit Copy
Dispose of all prior issues

Department of the Treasury
Internal Revenue Service

① Universal Location Code

② Name and address – Debit side (Remember to <u>underline</u> the name control on the side that posts to the Master File; address is optional.)

③ X-ref. TIN – Taxpayer's TIN

④ X-ref. MFT

⑤ Route to – Always check MF

⑥ X-ref. tax period

⑦ Transaction date – Date of TC 700, used for 15XX Account

⑧ 1st TC – Always use TC 702 to reverse original TC 700

⑨ Debit amount (if full payment is received, reverse original TC 700; if partial payment is received, reverse TC 700 by payment amount only.)

⑩ Always 15XX Account

⑪ Route to – Always check NMF

⑫ Transaction date – Date of original TC 700

⑬ Credit amount – Must be the same as the debit amount

⑭ Explanation or Remarks (i.e., Partial repayment of erroneous refund. ERRF CASE #_____ .)

⑮ Prepared by – Your name and employee number

⑯ Date Prepared

⑰ DLN is obtained from BBTS and constructed as follows

Digits 1-2	Universal Location Code
Digits 3	Tax Class
Digit 4-5	Doc Code 58
Digits 6-8	Current Julian Date
Digits 9-11	Blocking Series 900
Digits 12-13	Serial number beginning with 00
Digits 14	List Year

Figure 3.17.80-23

(7)   If the statute for offset (ERSED 2 or 5 years) expired and a TC 700 is on the account, input the TC 845 using CC REQ77 to release the (" -U" Freeze). Do not transfer the credit to the 15XX Account without approval from the taxpayer. If approval is not received, initiate action to write-off the unrecovered amount in

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the 15XX Account, per IRM 3.17.64.4.10, *Accounting Control*. Follow write-off procedures outlined in IRM 3.17.80.1.29, *Write-Off Procedures for Unrecoverable Erroneous Refunds*.

(8) Notate the case History Sheet that a TC 844 transcript was received and what actions were taken.

(9) Release TC 844 Freeze when the 15XX Account is repaid, or when written off and annotate History Sheet with actions taken. Follow procedures for interest in IRM 3.17.80.1.16, Interest Considerations. Close IDRS control base and file in the closed case file.

(10) A TC 130 will be used to legally offset the issuance of the refund to the Erroneous Refund 15XX Account. Although TC 844 is usually sufficient if the ERSED has not passed, the TC 130 is needed to Freeze a refund on an account other than that which had the Erroneous Refund such as:

   a. Cases where a joint account received an Erroneous Refund and taxpayers are now filing separate returns or filing under a different Social Security Number.
   b. If a judgment or waiver has been secured without any limitation to time (for example: for Court-Ordered Restitution Cases, there is no expiration of the 10 year Collection statute).

(11) If a manual refund is prepared for any remaining credit, follow IRM 21.4.4, Refund Inquiries, Manual Refunds, manual refund procedures and you must research for:

   a. Any outstanding balances (OBL's).
   b. Balance due or open control bases or a "V" Freeze on the account.
   c. Centralized Authorization File (CFINQ)" If the refund must be issued to the representative?"

(12) Releasing TC 844 (-U Freeze) for offset.

   a. TC 845 is restricted to Accounting/Erroneous Refund IDRS organization codes.
   b. Other areas desiring to release an Erroneous Refund Freeze must request (-U Freeze) release in writing or by a phone call.
   c. State actions requiring release of (-U Freeze) if the Erroneous Refund was not repaid nor credit was offset.
   d. Copy of completed History Sheet with closing actions taken.
   e. Current TXMODA showing all posted actions.
   f. IDRS Employee number and area requesting input of TC 845.
   g. IDRS Employee number of employee inputting TC 845.
   h. Update IDRS History Item on TXMODA with requestor of TC 845 and reason.
   i. Update History Sheet in Case file and retain if future questions arise pending expiration of statutes or write-off actions.

(13) Annotate the case file. Maintain in the closed case file.

3.17.80.1.26 (12-06-2017) **Dishonored Check Erroneous Refund Repayments**	(1) Upon notification of a dishonored refund repayment from the Dishonored Check Unit, research file, 15XX Account, etc., to determine if the case is still active.

(2) If the Erroneous Refund case is active, research TXMOD and case file to determine the status of the dishonored check. Verify that:

  a. The dishonored check has been reversed;
  b. The debit has been applied to the 15XX Account; and
  c. TC 844 is on the module, re-input if necessary.

(3) Determine if a Letter 510-C has been issued to the taxpayer and the status of the 2 or 5 year statute.

(4) If the 5 year statute has not expired and the Letter 510-C has not been issued, monitor case for 45 days, awaiting a reply to Form 2287 (c) notice, Check Not Accepted By Bank (issued by the Dishonored Check Unit). If no repayment is received within 45 days, send taxpayer a second Letter 510-C as outlined in IRM 3.17.80.1.22, IRM 3.17.80.1.22.1 and 3.17.80.1.22.2, Maintaining Case Files.

(5) If the 5 year Statute has not expired and the Letter 510-C has been issued, follow instructions in IRM 3.17.80.1.26(4), Dishonored Check Erroneous Refund Repayments, above, except do not send Letter 510-C. Send Letter 3064-C to taxpayer, using open paragraphs as follows: "The check you submitted for repayment of an Erroneous Refund issued to you has been dis-honored. Form 2287 (c) has been issued to you requesting payment. Therefore, your account remains in balance due status, accruing penalties and interest until paid in full." The issuance of a Letter 3064-C is limited to the specifications of the 5 year Statute.

(6) If the 5 year statute has expired, follow write-off procedures as outlined in IRM 3.17.80.1.29, Write-Off Procedures for Unrecoverable Erroneous Refunds (for General Ledger 1530, 1535, 1543).

(7) Notate History Sheet with actions taken and re-file case for follow-up.

3.17.80.1.27 (11-23-2021) **Erroneous Refund Repayments After the ERSED Has Expired**	(1) When a repayment is received, or when credit has been available, after the 2 or 5 year recovery Statute has expired, follow procedures below:

  a. Notify the taxpayer that the IRS no longer has a legal right to recover the Erroneous Refund (e.g., Letter 3414-C).
  b. However, the taxpayer will choose to apply the money to the Erroneous Refund liability or
  c. The taxpayer will designate the payment be applied to an outstanding tax liability or refunded.
  d. The taxpayer will also insist on repayment of the erroneous refund itself.

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(2) If the taxpayer **repays** any/all of the credits will be sent to Excess Collections:

a. Reopen case file and establish IDRS control base.
b. Post repayment to taxpayer's account as a TC 720. Reverse TC 700 on the account with a TC 702 to the 15XX/6920 Account.
c. Update case file with actions taken. Transfer any/all of the credits to Excess Collections per IRM 21.2.4.3.10, Applying Unresolved Credits for AMRH.
d. Monitor case for transactions and repayments from the taxpayer to post.
e. When all transactions post, re-close control and re-file in closed case file.

(3) **If the taxpayer chooses not to repay the Erroneous Refund after expiration of the ERSED**:

- Review the case file and ensure that the taxpayer was advised that if they fail to repay the Erroneous Refund, the ERSED has expired and the Erroneous Refund balance is $600.00 or more, the IRS will consider the amount income and issue Form 1099-C, Cancellation of Debt. If documentation exists that the taxpayer was adequately advised (the same year the ERSED expired in) , forward to area to issue IRM 1099-C for the Erroneous Refund amount (Follow write-off procedures at IRM 3.17.80.1.29, Write-Off Procedures for Unrecoverable Erroneous Refunds (for General Ledger 1530, 1535, 1543)).

    Note: Even if the taxpayer was not adequately advised, Form 1099-C must be issued for any balance $600.00 or higher.

(4) If repayments are received after the ERSED has expired and when the taxpayer is making payments, the IRS will continue to issue a Letter 510-C or Letter 3414-C to the taxpayer on a quarterly (balance $600.00 or over) or semi-annual (balance $599.99 or less) basis until the erroneous refund is paid.

(5) If repayments are received after the Form 1099-C was issued, initiate requests and prepare a corrected Form 1099-C via the 1099 software that is made available to the Site Accounting Operations:

a. Adjust the 15XX/4910/6920 Accounts as appropriate.
b. Monitor case for posting actions. Reverse the 15XX/4910/6920 Accounts accordingly as payment or posting documents are received (reverse TC 700 with 702, as necessary).
c. Post repayments as TC 720. Once transactions post, close case and re-file.

(6) "**If the taxpayer does not reply:**"

a. After monitoring account for 45 days, update IDRS and History Sheet.
b. Reverse the TC 700 for the amount of the credit.
c. Follow write-off procedures as outlined in IRM 3.17.80.1.29, Write-Off Procedures for Unrecoverable Erroneous Refunds (for General Ledger 1530, 1535, 1543), for any remaining Erroneous Refund balance due.

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(7) The procedures above leave a proper audit trail of repayments.

3.17.80.1.28
(12-06-2017)
Treasury Offset Program (TOP) Erroneous Refund Cases

(1) TOP erroneous refunds can occur before or after the creditor agency reports to IRS that they made a refund to the taxpayer of an IRS offset.

   a.   Errors will result from the reversal of a Debtor Master File (DMF) offset.
   b.   See IRM 21.4.6, *Refund Inquiries - Refund Offset*, for instructions.

(2) Refer to IRM 21.4.6.5.22.1, *Injured Spouse Returned Refunds*.

(3) TOP erroneous refunds that occur after BFS reported that they issued a refund of the offset are processed using Erroneous Refund procedures found in IRM 21.4.5, *Refund Inquiries, Erroneous Refunds*.

(4) Erroneous Refunds occur on TOP offsets when:

   a.   a manual refund was issued, that also required reversal of an offset made in error.
   b.   the creditor agency reports a refund of the offset that posts as a TC 131 on ENMOD with the year of offset the same as the offset being reversed.
   c.   the offset reversal, TC 897, attempts to post after the cycle of the TC 131 and the amount is greater than the offset available for reversal (TC 896 TC 131).
   d.   an Unpostable Code (UPC) 142 results.

(5) These erroneous refunds will occur on TOP offsets when:

   a.   a manual or systemic refund was issued that required reversal of a TOP offset
   b.   the creditor agency or BFS made a refund of the offset (TC 899, type 2 or 3) or BFS has already initiated an offset reversal as a result of a Check Claim, undelivered refund, etc.
   c.   the offset reversal, TC 766 with OTN, Offset Trace Number, attempts to post after the TC 899 posts, the amount is greater than the offset available for reversal and a manual refund was issued; or, the TC 766 posts and BFS rejects the reversal because an agency refund or Check Claim is being processed.
   d.   TC 766 will cause a UPC 189 if the amount is greater than the offset available for reversal. If the TC 766 is rejected in whole or in part by BFS, it will appear on the BFS TC 766 Reject Listing. Refer to IRM 21.4.6, Refund Inquiries, Refund Offsets procedures, subsection, entitled Tax Refund Offset.

Note: See Figure 3.17.80-24 and Figure 3.17.80-25.

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Internal Revenue Manual

3.17.80.1.28

```
TXMODA000-00-4444     MFT> 30   TX-PRD>20XX12              NM-CTRL>SWAL
00221-091-44413-X>DLN                                     BOD-CD>WI
                                MF-XTRCT-CYC>20XX31    SC-REASON-CD>H
SC-STS>    MOD-BAL>       .00    CYC>20XX34
MF-STS>    MOD-BAL>  2,400.00    CYC>20XX34    TODAYS-DT>08/02/20XX
   PENDING TRANS      LAST-NOTICE>504                PRIMARY-LOC>0001

                              FIDO-CD>00
--------------------------
ASED> 041520XX FRZ>  -A ¦                 COLLECTION-ASGMT>0001000000
CSED> 041520XX INTL>    ¦                     MOD-YLD-SCOR>024
RSED> 041520XX          ¦
--------------------------

CS-CTRL-INFO> ONE OPEN CASE
--------------------CONTROL BASE AND HISTORY INFORMATION-------------------
C# STATUS   ACT-DT   ACTION-EMP   ACTIVITY    RCVD-DT    ASSIGN-TO  CAT   ORG
01   A     080520XX  0000000000  UNPOSTABLE  071620XX  0060199999 NLUN
--------------------------POSTED RETURN INFORMATION------------------------
RET-RCVD-DT>041520XX
FS>1   NUM-EXEMPT>01
-----------------------------RETURN TRANSACTION---------------------------
     T/C      POSTED    TRANS-AMOUNT    CYC       T           DLN
     150     042320XX     1,013.00    20XX15      D     00221-091-44413-X
     806     041520XX     3,484.00-   20XX15            00221-091-44413-X

Employee   #0011312345    PAGE 001 of 003   PAGE 002
```

```
TXMODA000-00-4444     MFT>30      TX-PRD>20XX12          NM-CTRL>SWAL
--------------------------POSTED TRANSACTIONS SECTION-----------------------
     T/C      POSTED    TRANS-AMOUNT    CYC-DAY   T          DLN
     846     042320XX     2,471.00    20XX1503         00221-091-44413-X
     898     042320XX         .00     20XX1601         00277-114-06927-X
             DEBTOR-TIN>000-00-4444        OFFST-AMT>2,440.00
             OTN-CD>20048-42719
     840     052620XX     2,400.00    20XX3404         00245-147-92000-X
     899     082720XX        0.00-    20XX3501         00277-239-99999-X
                                              OFFST-AMT>1,000.00
             OTN-CD>20048-42719     OFFST-REC-TYPE>2
--------------------------PENDING TRANSACTION SECTION-----------------------
UP189  290  052620XX        0.00     20XX3602         00254-146-05000-X
             ADJ-RSN-CD>086-    -  -              CORRESP-DT>071420XX
                                                 OTN-CD>20048-42719
UP189  766  052620XX     2,400.00-   20XX3602         00254-146-05000-X
                                                 OTN-CD>20048-42719
--------------------CONTROL BASE AND HISTORY INFORMANTION-------------------
C# STATUS   ACT-DT   ACTION-EMP   ACTIVITY    RCVD-DT   ASSIGN-TO  CAT   ORG
```

Figure 3.17.80-24

3.17.80.1.28   *Internal Revenue Manual*   Cat. No. 47865P (11-29-2023)
                    47865204   Any line marked with a #
                                                    is for **Official Use Only**

```
TXMODA000-00-3333      MFT> 30    TX-PRD>20XX12              NM-CTRL>TEAK
00221-091-33313-X>DLN                                       BOD-CD>WI
                                    MF-XTRCT-CYC>20XX31    SC-REASON-CD>H
SC-STS>    MOD-BAL>       0.00     CYC>20XX34
MF-STS>    MOD-BAL>   2,471.00     CYC>20XX34    TODAYS-DT>08/02/20XX
   PENDING TRANS      LAST-NOTICE>504                   PRIMARY-LOC>0001


                                    FIDO-CD>00
-------------------------|
ASED> 041520XX FRZ>  -A |                    COLLECTION-ASGMT>0001000000
CSED> 041520XX INTL>    |                          MOD-YLD-SCOR>024
RSED> 041520XX          |
-------------------------|
CS-CTRL-INFO> ONE OPEN CASE
--------------------CONTROL BASE AND HISTORY INFORMATION--------------------
C# STATUS   ACT-DT   ACTION-EMP    ACTIVITY     RCVD-DT   ASSIGN-TO  CAT   ORG
01   A      080520XX  0000000000   UNPOSTABLE   071620XX  0057599999 NLUN
------------------------POSTED RETURN INFORMATION-----------------------
RET-RCVD-DT>041520XX
FS>1   NUM-EXEMPT>01
-----------------------------RETURN TRANSACTION-----------------------------
     T/C      POSTED    TRANS-AMOUNT     CYC      T           DLN
     150      042220XX     1,013.00    20XX15     D     00221-091-33313-X
     806      041520XX     3,484.00-   20XX15           00221-091-33313-X


Employee   #0011312345    PAGE 001 of 002   PAGE 002
```

```
TXMODA000-00-3333      MFT>30        TX-PRD>20XX12          NM-CTRL>TEAK
--------------------------POSTED TRANSACTIONS SECTION-----------------------
     T/C      POSTED    TRANS-AMOUNT    CYC-DAY   T          DLN
     846      042220XX     2,471.00    20XX1503        00221-091-33313-X
     898      042220XX          .00    20XX1601        00277-107-06600-X
                                               OFFST-AMT>2,400.00
            OTN-CD>20048-42719
     840      052020XX     2,471.00    20XX3401        00245-147-92056-X
-------------------------PENDING TRANSACTION SECTION-----------------------
UP189  290   052620XX         0.00    20XX3402        00254-146-05000-X
             ADJ-RSN-CD>086-    -   -                CORRESP-DT>051520XX
                                                     OTN-CD>20048-42719
UP189  766   052620XX     2,471.00-   20XX3402        00254-146-05000-X
                                                     OTN-CD>20048-42719
--------------------CONTROL BASE AND HISTORY INFORMATION--------------------
C# STATUS   ACT-DT   ACTION-EMP    ACTIVITY     RCVD-DT   ASSIGN-TO  CAT   ORG
01   A      080520XX  0000000000   UNPOSTABLE   071620XX  0057599999 NLUN
```

Figure 3.17.80-25

3.17.80.1.29
(11-23-2021)
Write-Off Procedures for Unrecoverable Erroneous Refunds (for General Ledger 1530, 1535, 1543)

(1) Unrecoverable Erroneous Refund disbursement losses are written off when the 2 or 5 year ERSED expires unless one of the exceptions below is present.

- A judgment or extension has been secured on the erroneous refund
- The taxpayer is on a payment plan for the erroneous refund and indicates payments will continue
- A signed waiver by the taxpayer has been obtained

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(2)   The conditions below must be met to prepare the case for the Accountable Officer.

    a.   History Sheets must be current.

    b.   IRM 3.0.167, *Losses and Shortages*, provides specific instructions for requesting relief of the Accountable Officers.

    c.   Expired Statute or uncollectible cases must be transferred from the 1530, 1540, or 1543 Account to the 4910 Account when relief is requested.

        Note: For Statute Barred Refunds described in IRM 3.17.80.1.19(6), General Overview - Category D, Unassessable Erroneous Refunds, no credit was taken from Account 1540 so, no transfer will take place to the 4910 or 6920 Account. It will only be necessary to be sure to include these losses within the report described in the IRM 3.0.167,*Losses and Shortages*.

    d.   Once relief is granted, transfer from the 4910 Account to the 6920 Account.

    e.   See Exhibit 3.17.80-3, Erroneous Refund Accounts 1530, 1540, and 1543.

Note: When an Erroneous Refund, Direct Deposit account owner cannot be identified, and the BFS Form 150.1 has been returned stating that fact, you will choose to take write-off actions immediately, as long as there is reasonable assurance that employee fraud is not involved. This will be a local decision, but must receive a next management level of review for approval.

(3)   When reviewing or working an Erroneous Refund case and the 2 or 5 year ERSED has expired, follow the procedures below unless an exception in (1) above is met.

Note: **See IRM 21.4.5.15.1,** *Statute of Limitations - Expiration Date for Category D Erroneous Refunds*.

    a.   Prepare and process Form 3809 to debit and credit the appropriate accounts. (See Figure 3.17.80-26)

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Miscellaneous Adjustment Voucher

DLN

Debit

Name and address

4910 ACCT

X-ref. TIN		X-ref. MFT
Plan Report Number		
X-ref. tax per.	Transaction date **02-03-20XX**	
2nd T.C.	Amount	

Route to ☐ MF ☑ NMF

| 1st T.C. | Debit amount **1,000.00** |
| 3rd T.C. | Debit amount |

Credit

Name and address

1540 ACCT

TIN		MFT
Plan Report Number		
Tax period	Transaction date **02-03-20XX**	
2nd T.C.	Amount	

Route to ☐ MF ☑ NMF

| 1st T.C. | Credit amount **1,000.00** |
| 3rd T.C. | Credit amount |

Explanation

**ERRF #20XX-15-0200
BILL BOXWOOD
000-00-6275**

Split Refund Indicator **0**

Bypass Indicator ☐

Prepared by **0011312345**

Date prepared **080320XX**

Form **3809** (Rev. 8-2012)   Catalog Number 22475R   Part 1 - Credit Copy   Department of the Treasury **Internal Revenue Service**
Dispose of all prior issues

Miscellaneous Adjustment Voucher

DLN

Debit

Name and address

4910 ACCT

TIN		MFT
Plan Report Number		
Tax Period	Transaction date **02-03-20XX**	
2nd T.C.	Amount	

Route to ☐ MF ☑ NMF

| 1st T.C. | Debit amount **1,000.00** |
| 3rd T.C. | Debit amount |

Credit

Name and address

1540 ACCT

X-ref.TIN		X-ref.MFT
Plan Report Number		
X-ref. tax per.	Transaction date **02-03-20XX**	
2nd T.C.	Amount	

Route to ☐ MF ☑ NMF

| 1st T.C. | Credit amount **1,000.00** |
| 3rd T.C. | Credit amount |

Explanation

**ERRF #20XX-15-0200
BILL BOXWOOD
000-00-6275**

Split Refund Indicator ☐

Bypass Indicator ☐

Prepared by **0011312345**

Date prepared **080320XX**

Form **3809** (Rev. 8-2012)   Catalog Number 22475R   Part 2 - Debit Copy   Department of the Treasury **Internal Revenue Service**
Dispose of all prior issues

Figure 3.17.80-26

Note: **The amount on Form 3809 is the amount in the 15XX Account.**

b.   If the ERSED has expired in the current calendar year, send the taxpayer a Letter 510-C, Letter 3414-C, or Letter 3064-C via IDRS.

c.   Also explain that the taxpayer is no longer legally obligated to repay the Erroneous Refund amount, however, if the ERSED expired in the current calendar year and erroneous amount is $600.00 or more the IRS considers the amount income and will issue Form 1099-C, Cancellation of Debt if it is not repaid by December 31st. (See IRM 3.17.80.1.22 (8) b or IRM 3.17.80.1.22.1 (9) b, Maintaining Case FIles, for suggested wording)

Note: **Management may choose to review a sampling of the letters before being mailed to the taxpayer. However, it is not mandatory since Quality Review also takes a sampling of the letters.**

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3.17.80.1.29

d.   Before closing case, review for possible accruals of Interest. If accruals are present and in error, input TC 340 (.00). Attach back-up documentation.

e.   Monitor the case file until the 15XX Account amount posts.

f.   Input a TC 845 using CC REQ77 if a TC 844 (-U Freeze) is still on the module.

g.   Update the IDRS control base for write-off.

h.   Ensure the case is marked as a "Write-Off" on the outside of the folder in black marker.

i.   Update case History Sheet.

j.   Send a Form 2209-A to recall Form 2209, if there is still one outstanding. (See Figure 3.17.80-27)

   Note: It is optional to use Integrated Collection system (ICS) instead of issuing/recalling Form 2209.

3.17.80.1.29   Internal Revenue Manual   Cat. No. 47865P (11-29-2023)
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Status Report

Date of Form 2209 ❹ 11-28-XX   Date of this report 03-03-XX ❺

Name of taxpayer
❶ Bill Boxwood

Identifying number
000-00-6275 ❻

Address as shown on Form 2209
❷ 666 Larch Ave, Columbia, SC 29201

New address, if different
❸ 123 Coolidge St, Riverside, CA 92502

General Instructions

1. If the investigation is being transferred to another office, complete in duplicate as follows:

   a. Original - To office originating the investigation

   b. Duplicate - To transferee office with Form 2209

2. Otherwise:

   a. Original - To addressee office
   b. Duplicate - To be retained

❼

Internal Revenue Service
Manager, Collection Operations
777 Lucas St.
Attn: Reno, NV 89510

(For use of office investigating Form 2209)

☐ Taxpayer moved from the address shown above. Investigation is being transferred to the office shown below. ❽

☐ Address shown on Form 2209 is not in this jurisdiction. Investigation is being transferred to the office shown below. ❾

☐ Investigation cannot be completed within the prescribed period. See explanation and anticipated completion date under "Remarks." ❿

(For use of office originating Form 2209)

Payment received as indicated at right. This payment should be considered in completing the investigation.

Payment $

Date

Information or documents necessary for completion of the investigation received on date indicated at right. Please return investigation.

Date

Additional information, as indicated under "Remarks," requested in connection with prior investigation.

Note: If an *interdistrict* investigation is involved, the address at which the original investigation was to be conducted must be given to permit the receiving district to route the Form 2209-A to the proper area office.

Remarks

❶❶   Erroneous refund case closed, recall Form 2209.

(Fold)

Address of transferee office *(Enter only if investigation is being transferred)*

Address of office making report
❶❷ I.R.S.
Accounting Operations
P.O. Box 24551 Stop 6262
Kansas City, MO 64131

Signature of investigating officer

Internal Revenue Service
I.R.S.
Accounting Operations
P.O. Box 24551 Stop 6262
Attn: Kansas City, MO 64131

Assignment code and phone number of investigating officer

Form **2209-A** (Rev. 1-1995)   Cat. No. 21520Z   Department of the Treasury-Internal Revenue Service

---

❶ **Name of taxpayer (Name on Form 2209)**

❷ **Address as shown on Form 2209**

❸ **New address, if different**

❹ **Date of Form 2209**

❺ **Date of this report**

❻ **Identifying number (Taxpayer's TIN)**

❼ **Area Office address from original Form 2209**

❽ **Payment received and date (if applicable)**

❾ **Information or documents necessary for completion (if applicable)**

❿ **Additional information requested in "Remarks"**

❶❶ **Remarks (e.g. for additional follow-up, recalling original Form 2209, etc.)**

❶❷ **Address of office making report**

Figure 3.17.80-27

(4)   If Erroneous Refund repayments are received after write-off actions have taken place (Refer to IRM 3.17.80.1.27, *Erroneous Refund Repayments After the 2 year or 5 year Statute Has Expired*).

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3.17.80.1.30
(11-23-2021)
**Form 1099 -
Unrecoverable
Unassessable Erroneous
Refunds**

(1) Unrecoverable erroneously paid refunds will be considered income to the recipient. Form 1099-C, Cancellation of Debt, or Form 1099-MISC, Miscellaneous Income, are issued to IMF and BMF taxpayers receiving such refunds instructing them to include these amounts as income on their returns for the year indicated on the 1099s.

(2) In situations where the unassessable erroneous refund is income in the year it is received, a Form 1099-C must not be issued for any year. Instead the IRS must issue a Form 1099-MISC, Miscellaneous Income, with respect to the year the unassessable erroneous refund is received and include the unpaid amount of the erroneous refund under line item entry number 3, "Other Income".

  a. A taxpayer does not have income if the taxpayer returns the check to the government within the same tax year.
  b. If a taxpayer cashes the unassessable erroneous refund check, but repays the amount within the same tax year received, it is not income.
  c. Most unassessable erroneous refunds are not income in the year they are received.

(3) Erroneous Refunds, whether Assessable or Unassessable, must not be reported on Form 1099–C in the year the Erroneous Refund was received if:

  a. the IRS intends to recover these amounts,
  b. various periods for collection (CSED and ERSED) have not yet expired,
  c. and collection activity, including offsets, will continue.

(4) Careful case review is necessary to determine which year to report erroneous refunds of more than $600.00 on Form 1099-C or Form 1099-MISC.

(5) Enterprise Computing Center (ECC) - Martinsburg, Information Returns Program (IRP) publishes annual revisions to the Instructions and Specifications for preparing Form 1099, Form 1098, Form 5498 and Form W2-G Reporting (Publication 1220).

  a. The Headquarters Erroneous Refund Analyst will transmit information to IRS, ECC, as described in the instructions using the appropriate transmittal, Form 1096, Annual Summary and Transmittal of U.S. Information Returns, for fewer than 250 items reported. The due date for filing information returns is generally by February 28, annually.
  b. The Site Accounting Operations will retain copies of Form 1099-C and Form 1099-MISC for 4 years.
  c. The Site Accounting Operations will ensure that Form 1099-C and Form 1099-MISC are issued by January 31 annually.

(6) Review case files. Prepare Form 1099-C, Cancellation of Debt, if the outstanding Erroneous Refund balance is $600.00 or more.

  a. Report the **amount** of the discharged debt in Box 2 of Form 1099-C.
  b. Enter the **date** of the discharge in Box 1.
  c. Review the case file to ascertain that the taxpayer was notified in the year of the Statute expiration that this amount would be considered income and reported to IRS if not repaid.
  d. The Restructuring and Reform Act of 1998 (RRA 98), Section 3705(a) requires a contact name, and telephone number in the event the taxpayer has questions about the document. Include the appropriate site Unit's telephone number in the Form 1099-C and Form 1099-MISC box entitled" Creditor's name, address ". If this is not a toll-free telephone

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number, indicate not toll-free. This will ensure that the taxpayer will reach the appropriate area to pose questions.

(7) When no reply is received from a taxpayer after the second letter is sent and/or if Form 2209 is closed by Technical or Collections without repayment, and/or if the statutory periods have expired (or about to expire).

1. Review cases to determine the year in which the Erroneous Refund would be considered income to the taxpayer.
2. If correspondence or notification of the IRSs intent to issue Form 1099-C or Form 1099-MISC was sent to the taxpayer in the year the ERSED expired a Form 1099-C or Form 1099-MISC will be issued.
3. If correspondence or notification of the IRS's intent to issue Form 1099-C or Form 1099-MISC cannot be determined, review by manager is required.

(8) For cases where it has been determined that a Form 1099-C or Form 1099-MISC, it is considered as additional customer service to send a Letter 3414-C , Letter 510-C or a Letter 3064-C to remind the taxpayer(s) they will receive some type of a Form 1099.

Note: There is no statutory requirement that the IRS must issue a letter regarding the taxpayer's potential receipt of a Form 1099.

a. Determine whether a Form 1099-INT for interest paid was or will be issued.
b. If Form 1099-INT has already been or will be issued for the interest amount but the Erroneous Refund principal has not been recovered, photocopy the 1099-C notification letter. Note the copy for issuance of the Form 1099-C, principal amount only, and forward to the appropriate area.
c. If Form 1099-INT have not or will not be issued, follow the instructions in IRM 3.17.80.1.19 (4), above to issue Form 1099-C or Form 1099-MISC for the Erroneous Refund Principal and Interest. Add the following statement in Box 5, Debt Description - Erroneous Refund dated 06/21/20XX for $1,100.00 Notice Dated 07/15/20XX. (See Figure 3.17.80-28)

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Figure 3.17.80-28

(9)   Complete the Form 1099-C or Form 1099-MISC:

   a.   Always use "**Detroit Computing Center**" in first name line.
   b.   Always use "**Internal Revenue Service**" in the second name line.

   Note: **Important:** Include the contact title, last name and telephone
          number of the unit "not a toll-free number" in name line. This is
          required by RRA 98, Section 3705.

   c.   Always use Submission Processing site Address (Where the Form
        1099-C originates) as the Filer's address.

   e.   Debtor's name and identification number: taxpayer name, SSN or EIN
   f.   Box 1: Enter the date the debt was cancelled. Use format MMDDYY.
   g.   Box 2: Enter amount of the cancelled debt.
   h.   Box 3: Enter Interest amount which is included in the cancelled debt (Box
        2), if appropriate. Use for Form 1099-MISC.
   i.   Box 4: Enter erroneous refund date and amount as a description of the
        origin of the debt.
   j.   Box 5: Enter **X**, since the debtor was personally liable for the repayment of
        the debt.
   k.   Box 6: Enter "C" or other applicable identifiable event code.

(10) Part A of all paper Form 1099 copies must be sent to IRS with Form 1096,
      Annual Summary and Transmittal of U.S. Information Returns; Part B is
      furnished to the taxpayer/debtor unless this process has been automated by
      your site.

(11) A copy of Form 1099 must be kept for, at least, 4 years from the due date of
      the return, or sufficient information to be able to reconstruct the data (case file)
      must be retained for, at least, 4 years from the due date of the return.

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3.17.80.1.31
(03-01-2019)
Forms 1099 MISC. and Whistleblower Activities (Ogden Only)

(1) When the RACS team receives the Whistleblower package there are three items:

- Memo signed by the Submission Processing Director for the award payment and one for funds transfer to special funds receipt. The second one releases money from the whistleblower account to the 4625 informant account.
- Memo for funds transfer to special funds receipt, releasing money from the Whistleblower account to the 4625 Informant account.
- Manual refund form which is processed by the Manual Refund team.

(2) For each informant, a Form 1099-MISC. must be completed and sent to the taxpayer no later than the last work-day of the month of January.

(3) For cases where it has been determined that a Form 1099-C or Form 1099-MISC, it is considered as additional customer service to send a Letter 3414-C , Letter 510-C or a Letter 3064-C to remind the taxpayer(s) they will receive some type of a Form 1099.

Note: There is no statutory requirement that the IRS must issue a letter regarding the taxpayer's potential receipt of a Form 1099.

3.17.80.1.32
(12-06-2017)
Researching and Resolving Undeliverable Forms 1099-C

(1) If the undeliverable letter has received a Return address containing an IRS address, the tax return will involve ID-theft. Make contact with the appropriate point of contact in the IRM 3.17.80.2.6, Resolving Unpostable Identity Theft Cases Where There is Duplicate TC 841, or *http://serp.enterprise.irs.gov/databases/who-where.dr/idt-liaison-listing.html, SERP - IDT Liaison Listing - Who/Where (irs.gov)* SP Specialized IDT Units and make any address update based on those communications.

(2) Research Undeliverables using CC ENMOD, CC NAMES, CC NAMEI, CC IMFOLE, CC BMFOLE, CC IRPTR, CC TPIIP, or access Accurint with the assistance of Accounting's Unidentified Team, and RTR (submitted checks often contain a more current address). Check ENMOD, BMFOLE, or IMFOLE for recently-posted or pending address changes some are made by the National Change of Address (NCOA) Program and are indicated by the presence of TC 014 and the unique DLN of xx26399599999Y, with "xx" representing the IRSC of each campus. Update the Form 1099-C using the more current address or the pending change-of-address. Do not change the address on CC ENMOD

Note: Any change created by National Change of Address (NCOA) will update the taxpayer's entity information.

Note: CC TPIIP researches for taxpayer account information using components/ fields other than the full SSN.

(3) If a yellow USPS forwarding label is attached, verify the address on the label using CC ENMOD and CC NAMES.

(4) Perfect any new address by entering into USPS.COM - Zip Code Finder at *https://tools.usps.com/go/ZipLookupAction!input.action, ZIP Code™ Lookup | USPS*.

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(5) If a better address is found, include Form 8822, Change of Address, with the re-mailing of the Form 1099-C. Completion of this form by the taxpayer authorizes an address change.

(6) Use CC ACTON to enter a history item, "8822toTP"if CC TXMOD is present on IDRS. Do not create a dummy module to input a history item.

(7) If no better address is found:

   a. E-filed tax returns involving the erroneous refund: void ("X" through) the Form 1099-C.
   b. After a second undelivered Form 1099-C has been returned and a paper tax return is involved with the erroneous refund: attach Form 9856, Attachment Alert, to send the Form Form 1099-C (along with envelope and any stuffer's) to Files to be associated with the return.
   c. Each time (no more than 2) a Form 1099-C is returned undelivered, use CC ACTON to enter a history item, "UNDL1099C"if CC TXMOD is present on IDRS. Do not create a dummy module to input a history item

3.17.80.1.33
(12-06-2017)
Release Claim Form Secured by Secret Service

(1) When Form 1081 Treasury Receivable Accounting, and Collection System (TRACS) and Bureau Fiscal Services (BFS) 1133R (Release of Claim Against the United States for Proceeds of a Government Check) are received in Accounting, follow the procedures outlined in IRM 3.17.80.1.29, *Write-off Procedures for Unrecoverable Erroneous Refunds*.

(2) If the taxpayer's response to Letter 510-C or by telephone inquiry is: they did not cash the refund check, or did not understand when they signed the release Form BFS 1133R (provided by Secret Service), follow the instructions outlined below.

   a. Inform the taxpayer to submit a signed letter to the IRS stating that they did not understand the claim form they signed or did not cash the check in question.
   b. Upon receipt of the taxpayer's correspondence, prepare and send a 2 way memo or Form 3864 (See Figure 3.17.80-29) explaining the situation to BFS. Attach the following information:

Note: Attach the Letter from the taxpayer, attach copy of the Check in questions and attach Release Claim Form secured by the Secret Service.

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DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE
AGENCY RECERTIFICATION FOLLOW-UP
DATE _____ **07-19-20XX** ❶

PART A. STOP REQUEST INFORMATION (type)

CHECK SYMBOL NO	CHECK SERIAL NO
❷ 3145	10,123,456 ❸

CHECK DATE	CHECK AMOUNT
❹ 04-22-20XX	2,556.00 ❺

STOP REASON CODE	DAS DATE STATUS CODE

PAYEE NAME
Walter Oak ❻

Internal Revenue Service
❿ **Accounting Ctrl/Srv Operation**
PO Box 9950 Stop 6273
Ogden, UT 84409
Attn: Randall Green

AGENCY   TYPE RETURN ADDRESS

AGENCY/PAYEE ID NO
000006754 ❼

AGENCY LOCATION CODE (ALC)
20090000 ❽

AGENCY REFERENCE NO
0091221211 ❾

PART B: AGENCY REASON FOR FOLLOW-UP   (fold)

1 ☐ "Duplicate Stop" message received from second stop, furnish status of first stop request
2 ☐ Status of EXCEPTION processing requested
⓫ 3 ☐ Items to be provided based on status code message have not been received
4 ☐ Claims Document received   a ☐ without photocopy of paid check   b ☐ without Claim Form (when applicable)
   c ☐ with WRONG check photocopy
5 ☐ Claims Document indicating overpayment received   a ☐ without check photocopy(s)   b ☐ without Claim Form
   c ☐ with WRONG check photocopy(s)
6 ☐ Completed Claim Form submitted _____, Claims Disposition Notice not received
   (date)
7 ☐ Final Claims Disposition Notice not received. Copy of previous Claims Disposition Notice attached
8 ☐ Cancellation credit for outstanding check not received
9 ☐ Reclamation credit not received, Claims Disposition Notice dated _____
   (date)
10 ☐ No response to previous Follow-up, copy attached
11 ☐ OTHER

PART C. RESPONSE TO AGENCY
1 ☐ Stop entered on _____, status code is _____
   (date)
2 ☐ EXCEPTION status is _____
3 ☐ Requested information   a ☐ was sent on _____   b ☐ is attached
   (date)
4 ☐ Completed Claim Form   a ☐ received and being processed
   b ☐ not received, check photocopy(s) and Claim Form attached
5 ☐ Final Claims Disposition Notice not yet available, claim still being processed
6 ☐ Account credited on _____ by SF 1081/215 No _____
   (date)   (number)
7 ☐ Follow-up submitted too soon
8 ☐ Receipt of Agency Follow-up acknowledged, response will follow
9 ☐ OTHER

DEPARTMENT OF THE TREASURY
ADJUDICATION DIVISION
CORRESPONDENCE BRANCH 800-D
PO BOX 1840
HYATTSVILLE, MD 20788

AGENCY   MAILING ADDRESS

DIRECTOR, ADJUDICATION DIVISION
(Check Claims)

By _____

Date _____

TFS Form 3864 (rev 11-86) – AGENCY RECERTIFICATION FOLLOW-UP   ORIGINAL Forward to Adjudication Division

TFS Form 3864 (rev 11-86) – AGENCY RECERTIFICATION FOLLOW-UP   COPY 1 - Forward to Adjudication Division

TFS Form 3864 (rev 11-86) – AGENCY RECERTIFICATION FOLLOW-UP   COPY 2 - Retain in Agency

❶ Current date
❷ Check Symbol No.
❸ Check Serial No.
❹ Check Date
❺ Check Amount
❻ Taxpayer(s) name as shown on check
❼ Taxpayer's TIN
❽ Agency Location Code (ALC) (e.g., 20090000)
❾ Your employee number
❿ Address of submission processing campus requesting follow-up.
⓫ Part B – Check appropriate Reason. If "Other," be specific. Attach any pertinent information.

Figure 3.17.80-29

c.   Send the taxpayer an interim letter stating their correspondence has been received and was forwarded to BFS for further investigation.
d.   Update the IDRS control base.

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(3) Monitor the case for 60 days. If no reply after 60 days:

    a. Follow-up with BFS on Form 3864 or 2 way memo allowing 30 days for a reply.
    b. If no reply from BFS to the follow-up, call the BFS Check Information telephone answering unit at (855) 868-0151. Have the following information available: check number, check symbol, check date, payee's name, and the dates the initial follow-up information was sent to BFS.

Note: This information can be obtained from IDRS using CC IMFOL#.

(4) If the reply to Form 3864 or 2 way memo indicates the taxpayer benefited from the proceeds of the check:

    a. Resume the manual billing process and send a Letter 2218-C informing the taxpayer of Bureau Fiscal Services' decision that they benefited from the proceeds of the check and they must repay the amount.
    b. Inform the taxpayer that their only recourse is through civil suit action through the courts system.

(5) If the taxpayer did not benefit from the check and BFS indicates that a future Form 1081/TRACS or a Limited Payability credit will be issued to IRS:

    a. Inform the taxpayer that their account is being settled.
    b. Monitor for the credit to be sent from BFS. Close the case file and IDRS control base once the credit has been reversed.

        Note: **If the situation in IRM 3.17.80.1.33(5), Release Claim Form Secured by Secret Service, above occurs and the debit is in the 15XX Account, reverse the appropriate debit back to the taxpayer's account before posting TC 841.**

3.17.80.1.34
(01-01-2015)
Transferring Category D, Unassessable Erroneous Refund Cases

(1) Identify Unassessable types of erroneous refunds and determine the correct Accountable Officer for recovery actions. These procedures serve as guidelines for transferring cases due to Director's accountability for Category D, unassessable erroneous refunds.

    a. Manual refunds (TC 840) are usually considered the Erroneous Refund when there are duplicate generated system refunds (TC 846) or duplicate manual refunds. Erroneous Refunds are generally caused due to improper monitoring of accounts and failure to intercept duplicate generated refunds. When the TC 846 went to the incorrect individual or is part of the Refund Intercept Program the TC 846 is considered the Erroneous Refund.
    b. If a duplicate TC 846 (due to a duplicate or reprocessed return), use the latest TC 846 date.
    c. Submission Processing site codes in the Refund Schedule Number (RSN) for TC 846 and TC 840 determine the site with recovery responsibilities for the Erroneous Refund. The former use of the Document Locator Number (DLN) or the File Location Code (FLC) will be overruled by the sort by Refund Schedule Number.
    d. Amounts will be required to be reported as a disbursement loss if not repaid or recovered, and will also require issuance of Form 1099-C, Cancellation of Debt. (See IRM 3.17.80.1.30, *Forms 1099 - Unrecoverable unassessable erroneous refunds*)

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e. However, if it is determined that the Erroneous Refund was caused by another location due to improper monitoring and actions, the DLN area of the transaction causing the Erroneous Refund will be held responsible for documenting the circumstances for the loss.

f. Review cases for completeness and be on the lookout for cases identified as misapplied credit or estimated payments. Ensure appropriate actions have been taken to properly allocate payments on the appropriate accounts.

(2) If Unassessable Category D Erroneous Refund cases must be transferred to another site:

a. Contact the gaining site Erroneous Refund Coordinator by fax or phone,

b. Prepare accurate transfer documentation,

c. Update IDRS with actions taken to maintain control of the case.

d. Send the taxpayer a letter (e.g. Letter 86-C) stating that the case is being transferred. Provide the name, telephone number and address of the gaining site Erroneous Refund Coordinator. (See Exhibit 3.17.80-4, Erroneous Refund Coordinators)

e. Do not transfer original returns or original posting vouchers.

f. Retain complete copy of file (including pertinent check copies) in the closed case file for 2 years.

(3) The losing SP site must:

1. Contact the gaining site Erroneous Refund Coordinators. (See Exhibit 3.17.80-4)

2. Update IDRS, CC TXMOD, showing the transfer, e.g., **TRSFTO63.**

3. Ensure/Update status to "A." Do not close control base.

4. Do not input TC 845 or TC 700.

5. Take actions to prevent erroneous or duplicate notices to taxpayer.

6. Prepare Form 3210, Document Transmittal and maintain record of cases transferred to and received from other sites.

Note: Issue transfer letter to the taxpayer, attach TXMOD print, attach all taxpayer correspondence or Form 4442 (if applicable), attach updated History Sheet, and attach all other pertinent information.

7. Update status *only after the receiving site updates existing control base on IDRS and acknowledges receipt of Form 3210.*

8. Provide documentation related to the case (History Sheet from the point the Erroneous Refund was discovered, Letter 510-C, Form 2209, Form 3809, correspondence, transcripts, etc.).

9. Monitor the gaining site CC TXMOD via IDRS (IMFOL, C, Refund Research Screen) until the case is updated.

Note: Follow-up must be made for transfer requests not acknowledged by the gaining site within 30 days from the Release Date on Form 3210 (Refer to IRM 3.17.243, Miscellaneous Accounting).

10. Transfer cases to the site of the Accountable Office as soon as possible no matter the date of the first Letter 510-C.

Exception: If the ERSED is expired and no Letter 510-C was issued, transfer the account immediately. Ensure that Form 12356, TC 470 CC 93, TC 971 AC 663, and TC 844 are input. Do not input TC 700.

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(4)   The gaining SP site must:

    1.   Update existing IDRS control base within 30 days.
    2.   Acknowledge (sign) receipt of Form 3210 and return copies to originator within 30 days from the Release Date on Form 3210.

Note: If case(s) are forwarded to an incorrect site for processing, reject the cases to the originator and include feedback that the case(s) belong(s) to another site and Accountable Officer.

    3.   Input a **NEW** TC 844. This allows the TRANS-844 transcript to generate to the Submission Processing site maintaining the account.
    4.   Do not return cases. Communicate with the originator to secure necessary documentation.
    5.   Input TC 700 and TC 844.
    6.   Determine if a Letter 510-C has been issued. If a second Letter 510-C is due, issue the second Letter 510-C.

Exception: If the ERSED is expired, do not issue any notices or correspondence unless the unpaid Erroneous Refund balance is $600.00 or more and the ERSED expired in the current calender year then issue Letter 3414-C advising of Form 1099-C issuance. Input TC 700 and TC 844 and prepare case for relief request. See IRM 3.17.80.1.29, Write-Off Procedures for Unrecoverable Erroneous Refunds and IRM 3.0.167, *Losses and Shortages*.

(5)   Cases already in Litigation are exempt from these procedures and will not be transferred.

(6)   TC 844 transcripts must be forwarded to the appropriate Submission Processing site.

(7)   Before closing cases with TC 845, research account(s) and IDRS to determine whether any other open control bases exist.

3.17.80.1.35
(01-06-2023)
Monthly Reporting
Category D Erroneous
Refunds

(1)   Management must report feedback to business or functional areas Points of Contact (See Exhibit 3.17.80-15) when employee actions cause the occurrence of erroneous refunds. This will be the result of lack of actions such as failure to monitor accounts or the originators of manual refunds (TC 840) who inadequately research accounts and fail to stop a system-generated refund (TC 846).

    a.   Management's interest in the causes of erroneous refunds became elevated as a result of the 1998 TIGTA erroneous refunds audit report.
    b.   It is suggested reports be centralized at the Operation level or Director's level.
    c.   Reports at the sites will support documentation that we have provided notification to the areas causing the errors for corrective actions. Similar reviews have been performed by the Government Accountability Office (GAO), TIGTA, the Annual Assurance process and Filing Season Readiness process.

Note: Identity-theft erroneous refunds will not be included within these reports.

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> d. The calendar-year, monthly Erroneous Refund report is due to Headquarters 10 business days after the last business day of the month (i.e., January report due in February , February report due in March , June report due in July , etc.).
>
> e. A copy of every monthly Erroneous Refund report will be shared with the Accounting Operation Chief, the Accounting P&A Analyst(s), and the P&A Chief (for sharing with the other Site Operation Chiefs).

(2) **Only the following descriptions of errors will be included when submitting the monthly reports to Headquarters (HQ)**:

- Bankruptcy
- Credit Card Charge-back
- Dishonored Check/Stopped Payment/Insufficient Funds
- Duplicate Filed Return
- Duplicate Refund (TC 840 and TC 846-TC 840 in error)
- Duplicate Refund (TC 840 and TC 846-TC 846 in error)
- Duplicate Refund (Two TC 840's)
- Duplicate Refund Systemic
- Encoding Error
- Fraudulent Return (TC 840/841)
- Health Coverage Tax Credit (HCTC)
- Failure to code or input Computer Condition Code (CCC)"O"

   Note: If a Submission Processing Site has failed to code or input the CCC, always send error feedback to the Site's SP P&A Chief in addition to the appropriate area causing the error. Refer to this instruction when doing so.

- Fraudulent Returns (TC 840/841)
- Health Coverage Tax Credit (HCTC)
- Identity Theft- Thief Benefitted
- Identity Theft - Taxpayer Benefitted include a specific reason (i.e., Child Support or Offset to an Agency) that needs to be included within the description
- Incorrect Adjustment
- Incorrect Hold Code
- Incorrect Credit Interest
- Incorrect Credit Transfer
- Incorrect Manual Refund (TC 840)
- Incorrect Withholding
- Internet Tax Scheme
- Misapplied Payment — Account #
- Misapplied Payment — Master File Tax (MFT)
- Misapplied Payment — Routing #
- Misapplied Payment — Tax Year
- Misapplied Payment — TIN
- Misapplied Payment Lockbox — Account #
- Misapplied Payment Lockbox — MFT
- Misapplied Payment Lockbox — Routing #
- Misapplied Payment Lockbox — Tax Year
- Misapplied Payment Lockbox — TIN
- Mixed Entity
- Omitted/Improper Monitoring

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- • Other-Field Error (describe in detail)
- • Other-Service Center Error (describe in detail with above or below causes)
- • Payment Over Cancellation (POC)
- • Return Preparer Misconduct (RPM) - Taxpayer Benefitted)
- • Refund Before Assessment
- • Refund Intercept Processing Error
- • Re-sequencing - not systemic
- • Statute Expired Credit Release

Note: Always use TCIS to research the actual refund date. If TCIS has no information, use the TC 846 date on IDRS.

- • Systemic causes (describe in detail)
- • TAS-claimed Taxpayer Hardship The actual cause of the erroneous refund must be listed **after** the, "TAS-claimed Taxpayer Hardship verbiage."

  Note: This will be used when credit was available but released because of the hardship, and any remaining credits did not pay off the ERRF

(.)

Functional area or other cause of the error	Description of the error	Corrective actions taken	Volume of cases	Dollar amounts
Taxpayer Advocate Service (Fresno Submissions Processing Campus)	Omitted/Improper Monitoring	Discussed importance of monitoring and stopping a generated (TC 846) when expediting a Manual Refund (TC 840) due to a hardship in team meeting	3	$25,750.28
Accounts Management (Ogden Submission Processing Campus)	Misapplied Payment — TIN	Lead went over transferring procedures in a team meeting; also discussed importance of applying payments to correct taxpayer account	56	$325,756.47
Data Conversion (Integrated Submission and Remittance Processing)	Misapplied Payment — Tax Year	Provided feedback on importance of transcribing information correctly in a group meeting.	24	$36,500.00

Note: The monthly reports must mirror the above table in an Excel. Do not send the monthly report with any other variation than the above. Your local Management will request a variation of this report but, do not send any variation to HQ. When describing the business or functional area, descriptions, and corrective actions taken, be sure to provide clear and concise descriptions in

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the appropriate report fields. (See example of report above and descriptions found in IRM 3.17.80.1.35 (2), Monthly Reporting Category D Erroneous Refunds, above.

(3)   Always forward a copy of this report to the site Submission Processing P&A Chief and the P&A Accounting Analyst with a short explanation about the monthly report and be sure to note that these are not cases that have been written-off.

(4)   When feedback is received and there is disagreement on who caused the erroneous refund, and if it is discovered the error feedback must have been sent elsewhere (i.e., a previous month lockbox error was really a taxpayer error), prepare an updated monthly report and send it to the HQ Erroneous Refund Analyst the same time the regularly scheduled monthly report is due.

(5)   For lockbox cases that are being written-off, the above described report and copies of the cases must be sent to the HQ Losses and Shortages Analyst.

(6)   Uploading Multiple Reports go to the Category D Erroneous Refund Share-Point site at: *https://irsgov.sharepoint.com/sites/JKQSGYZD/SitePages/Home. aspx, Category D Erroneous Refunds (sharepoint.com)*

    a.   From the Category D Erroneous Refund SharePoint Site home page click on the Erroneous Refund Reports link at the top of the screen.
    b.   Select (click on) the appropriate Report folder.
    c.   Select (click on) the appropriate Site for loading your report.
    d.   Select (click on) the appropriate Site for loading your report.
    e.   Select (click on) the appropriate month of your report.
    f.   On the top of the screen under the Erroneous Refund Tab, select Upload Document and from the drop-down list select Upload Document.
    g.   Select the monthly erroneous refund report/file that you want to upload and select OK.
    h.   Select Yes on the pop-up box and your file will be uploaded and be view-able within the Category D Erroneous Refund SharePoint Site.

(7)   Deleting Reports go to the Category D Erroneous Refund SharePoint Site at: *https://irsgov.sharepoint.com/sites/JKQSGYZD/SitePages/Home.aspx, Category D Erroneous Refunds (sharepoint.com)*

    a.   From the Category D Erroneous Refund SharePoint Site home page click on the Erroneous Refund Reports link at the top of the screen .
    b.   Select (click on) the appropriate Report folder.
    c.   Select (click on) the appropriate Site for loading your report.
    d.   Select (click on) the appropriate Site for loading your report.
    e.   Select (click on) the appropriate month of your report.
    f.   Select the report that is to be deleted.
    g.   Move your pointer over the item you want to delete and a box will appear around the item.
    h.   To the right of the item there will be 3 small dots, click on the 3 dots and a drop-down menu will appear.
    i.   Select Delete from the list, and then click on OK.

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3.17.80.1.35.1
(01-06-2023)
**Monthly Reporting and
Error Feedback for
Duplicate, Manual,
Erroneous Refunds
(DMER)**

(1) TIGTA, GAO, and other management internal control reviews cited a high
     incidence of duplicate refunds. Because of this, the Wage and Investment
     Commissioner has asked for additional focus on duplicate, manual, erroneous
     refunds.

(2) Refer to IRM 21.4.5.5.6, Duplicate, Manual, Erroneous Refund (DMER), for
     identifying and initial actions that anyone must take if/when a DMER is identi-
     fied.

     a. Accounting Erroneous Refund team employees must be able to identify
         DMER cases!
     b. A Duplicate Manual Erroneous Refund (DMER) is 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. This definition applies regardless
         of taxpayer intent or whether the error that caused the DMER was made
         by the IRS, the taxpayer, or a third party.
     c. Because of the seriousness of this kind of erroneous refund it is impera-
         tive for you to know the IRM 21.4.5.5.6, Duplicate, Manual, Erroneous
         Refund (DMER), information.

(3) Form 14165, Erroneous TC 840/TC 846 Report, will be included with all
     duplicate, manual, erroneous refund (DMER) cases forwarded to the
     Erroneous Refund Teams. (See IRM 21.4.5.5.6.1, Duplicate Manual Erroneous
     Refunds (DMER) Report, and Figure 3.17.80-2) Lines 1 through 10 of the
     Form 14165 must be completed by the organization that forwards the case to
     the Erroneous Refund Teams.

Note: If the Form 14165 (boxes 1-9) are not fully completed, complete the entries
         for the area if possible. If completion of the entries is not possible, contact
         the generating area for the information and complete the Form 14165. If the
         information is not supplied to the erroneous refund team/employee within 5
         business days of contacting the area, do not reject the form or case. Instead,
         proceed to report the case(s) to the HQ Submission Processing Erroneous
         Refund Analyst who will make contact with the appropriate Business
         Operating Division point of contact to ask the appropriate forms/
         documentation be sent to the appropriate Erroneous Refund team. Generally,
         the forms will be completed properly as outlined in IRM 21.4.5.5.6.1,
         Duplicate Manual Erroneous Refunds (DMER) Report, Form 14165,
         Erroneous TC 840/TC 846.

(4) The Erroneous Refund Teams will complete lines 11 through 13 of the Form
     14165 that must be included with each DMER case.

     a. **Box 11 must be entered and include the manual refund Approver's
         SEID.**
     b. **Box 12 must be entered and include the manual refund preparer's
         name and phone number.**
     c. **Box 13 must be entered and include the Manual Refund request
         date of approval.**

(5) Any complete DMER case received during the month will be reported to SP
     Headquarters in the same month when the case was received by the site (e.g.
     a case received on May 15th will be reported within the May report, a case
     received on June 29th will be reported on the June report, etc.)

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(6)   By the 1st of each month, the Business Operating Division (BOD) Points of Contact (See Exhibit 3.17.80-15) will receive a copy of newly-identified DMER cases from HQ AM who researches Masterfile for erroneous refunds.

(7)   The BOD Points of Contact (POC's) have until the 18th day of the month (unless the 18th day falls on the weekend, then it will be the Friday before the 18th day e.g. if the 18th day falls on a Sunday then the POC's will have until the 16th day of the month) to:

   a.   Review and provide feedback to the DMER HQ AM Analyst, if the BOD POC does not agree with the DMER list. If no feedback is received from the BOD POC, all DMER cases shown on the list will be loaded to the DMER SharePoint site for inclusion in the Duplicate Refund Report (DRR) that is completed by Submission Processing HQ Erroneous Refund Analyst.
   b.   Forward all cases to the DMER originator(s)/preparer with instructions for them to: 1)Take the necessary corrective actions – including the instructions from the DMER AM HQ Analyst (basically, follow IRM 21.4.5, Refund Inquiries, Erroneous Refunds, instructions). 2) Scan complete case(s) to the BOD POC (send the BOD POC's a complete copy of the DMER case with appropriate Forms).
   c.   Create each DMER case file name using the following naming convention: The Refund Schedule Number (RSN) and the last four digits of TIN are provided in the DMER log from AM HQ Analyst (See below example where the file name is **2014094175W_6081**).

RSN provided by HQ AM Analyst	Last 4-digits of TIN provided by AM HQ Analyst
2014094175W	6081

(8)   After the DMER originator/preparer e-mail's the completed, scanned file(s) back to the BOD POC's, the POC's will upload the file onto the New Category D Erroneous Refund SharePoint in the appropriate Report, Fiscal Year and monthly folder (i.e., February, if the due date is February 15th)

Note: Access is very limited to BOD POC's, SP Erroneous Refund Work Leaders, and HQ Analysts involved with DMER reports. The Category D SharePoint is located at: *https://irsgov.sharepoint.com/sites/JKQSGYZD/SitePages/Home. aspx, Category D Erroneous Refunds (sharepoint.com)*

(9)   AM HQ Analyst will send a reminder to the BOD POC's 5 days before the due date to ensure timely submission of cases to the Category D Erroneous Refund SharePoint.

(10)   Daily, using the 8th and 9th digits of the Refund Schedule Number (RSN), all SP Erroneous Refund Work Leaders will identify their site's DMER cases in the Category D Erroneous Refund SharePoint. Below is the listing of Submission Processing Center aligning with 8th and 9th digit of the RSN:

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8th and 9th digits of RSN:	Site:
18	Austin
07, 08, 09, 89	Kansas City
17, 19, 28, 29, 49	Ogden

(11)   Erroneous Refund Work Leaders or designated individuals need to follow Step 10 **daily** until the 18th day of each month (from the 1st through 17th, excluding weekends). After the 18th of each month, review the Category D Erroneous Refund SharePoint weekly to determine if there are additional cases for your Site.

(12)   Begin the process of reviewing every DMER case for completeness. Then, rename the uploaded files:

   a.   Move your pointer over the item you want to rename.
   b.   To the right of the item there will be 3 small dots, click on the 3 dots and a drop-down menu will appear.
   c.   Select Rename from the list, and add "- completed" or **-incomplete** to the end of the name (See example below) and then click on OK.

Original Name File	Re-Named File
2014093081_6081	*2014093081_6081_Completed*
2014093081_6081	**2014093081_6081_Incomplete**

(13)   If the case is complete, add the DMER case file(s) information to the DMER Monthly Report Log on the Category D Erroneous Refund SharePoint Report folder located at: *https://irsgov.sharepoint.com/sites/JKQSGYZD/SitePages/ Home.aspx, Category D Erroneous Refunds (sharepoint.com)*

   a.   Select the appropriate month (e.g., If you've just completed the March report then next month you'll be working on the April report, you'd select the month of April).
   b.   Download case(s) marked completed and assign for processing.
   c.   Move your pointer over the item you want to download.
   d.   To the right of the item there will be 3 small dots, click on the 3 dots and a drop-down menu will appear.
   e.   Select download copy.

(14)   Repeat step 13 for all complete cases.

   Note: This process including the below instructions needs to begin, daily, by the 7th day of each new month (or the Friday before the 7th day if the 7th day falls on a weekend) and continue through the 18th day of each month (or the Friday before the 18th (or the Friday before the 18th if the 18th falls on a weekend). Be sure to check if there are new cases every 3 days after the 18th day (or the following Monday if the 18th falls on a weekend day.

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(15) Click on the Reports tab, DMER Monthly Log folder located in the Category D Erroneous Refund SharePointsite at:*https://irsgov.sharepoint.com/sites/ JKQSGYZD/SitePages/Home.aspx, Category D Erroneous Refunds (sharepoint.com)*) .

(16) Select the tab for your site, select the current month (e.g. If you've just completed the March report then the next month you'll be working with is the April report, select "April").

(17) Update DMER log notating the critical documents received for AM HQ-Identified DMER's

(18) Add/upload **Self-Identified** DMER's (an example of a self-identified DMER would be a case where Accounting has identified they are the cause of the DMER and they have to follow IRM 21.4.5.5.6, Duplicate Manual Erroneous Refunds (DMER), to start the erroneous refund process for DMER's) and critical documents received to DMER log (these are true DMER cases that belong to your site but were not identified by the AM HQ Analyst and communicated out to the BOD POC's).

(19) For cases with "Incomplete" documentation.

   a.   Move your pointer over the case(s) you want to rename.
   b.   To the right of the item there will be 3 small dots, click on the 3 dots and a drop-down menu will appear.
   c.   Click on rename and add **-incomplete** to the end of the name (See example below).

Original named document:	Revised named incomplete document:
2014093081_6081	*2014093081_6081_Incomplete*

(20) Click on the Reports tab, DMER Monthly Log folder located in the Category D Erroneous Refund SharePoint site located at *https://irsgov.sharepoint.com/ sites/JKQSGYZD/SitePages/Home.aspx, Category D Erroneous Refunds (sharepoint.com)*.

(21) Select the tab for your site, select the current month (e.g., If you've just completed the March report then the next month you'll be working with is the April report, select "April").

(22) Update DMER log notating the <u>missing</u> critical documents (e.g. Form 14165, Form 12356, IDRS transcript, etc.).

(23) Contact (e-mail) the appropriate Business Operating Division (BOD) Point of Contact (See Exhibit 3.17.80-15) for any DMER cases where it is believed their Division employees did not follow IRM 21.4.5.5.6, Duplicate Manual Erroneous Refunds (DMER), in determining whether the case is/is not a a true DMER case. When contacting the BOD Point of Contact, be sure to send a copy of the case in question. Carbon Copy the Submission Processing HQ Erroneous Refund Analyst with all questionable cases.

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a. Unless instructed by the Submission Processing HQ Erroneous Refund Analyst, always report it as a DMER erroneous refund following the below instructions.

(24) For any "Self-identified" DMER, the Erroneous Refund Teams will notate on every case's Form 14165 whether the taxpayer repaid the erroneous refund within the 21 day demand date time frame.

(25) Use ONLY Form 14165-A, Duplicate Manual Erroneous Refund Feedback, when preparing error feedback for this type of erroneous refund. Do not issue any additional error feedback (locally-developed) other than Form 14165-A which is found in Publishing's web site at this location: *http://publish.no.irs.gov/cat12.cgi?request=CAT1&catnum=59099, Product Catalogue Information for Form 14165-A*.

a. Complete boxes 1–9 on Form 14165-A
b. Using the Point of Contact information in Exhibit 3.17.80-15 , send the Form 14165-A (with boxes 1-9 completed) and a copy of the completed Form 14165 to the appropriate Business Operating Division (BOD) point of contact via secure encrypted E-mail correspondence.
c. The Form 14165-A must be completed and submitted no later than 10 business-days after receipt of the DMER case within the Erroneous Refund team.

Erroneous TC 840/846 Report

1. To (check the box for the campus where the manual refund was generated)	2. Enter the name, organization, and phone number of the employee who discovered the erroneous refund
☑ Austin Submission Processing Center (AUSPC)	Name **Steve Beech**
☐ Cincinnati Submission Processing Center (CSPC)	
☐ Fresno Submission Processing Center (FSPC)	Organization **AM**
☐ Kansas City Submission Processing Center (KSPC)	
☐ Ogden Submission Processing Center (OSPC)	Phone number **512-555-1498**

3. Taxpayer name and address	4. Tax Form **1040**	5. SSN/EIN **000-00-9662**
Jose & Maria Yucca **2064 Coolidge Blvd** **San Antonio, TX 78287**	6a. Date of erroneous refund (mm/dd/yy) **02/07/XX**	6b. Discovery date of duplicate erroneous refund (mm/dd/yyyy)
	7. Identified by: ☑ Employee ☐ Bank ☐ Taxpayer ☐ Other	

8. Erroneous TC 840/846 refund data	9. Originating Business Operating Division (BOD)	
a. Amount of erroneous TC 840/846 excluding interest **1,000.00**	☐ LB&I	☑ W&I-SP
	☐ SBSE	☐ RICS
b. Interest **39.10**	☐ TAS	☐ Appeals
	☐ TEGE	☐ ICE
c. Total erroneous TC 840/846 (lines 8a+8b) **1,039.10**	☐ W&I-AM	
	☐ W&I-Compliance	

10. Remarks

Taxpayer using 2 TINs

This Section is Completed by the Accounting Function

11. Manual Refund Approver's SEID **AE4Z9**	12. Manual Refund Preparer's name and phone number **Steve Beech 512-555-1498**	13. Date signed (mm/dd/yy) **07/10/XX**

Instructions

A report must be prepared for all Erroneous TC 840/846 Refunds. See IRM 21.4.5, Refund Inquiries – Erroneous Refunds for instructions on how to complete this form.

The identifying area is responsible for completing boxes 1-10. Box 10 remarks must identify the cause of the duplicate refund. Only SP Accounting Operations will complete boxes 11-13.

Form **14165** (Rev. 1-2013)   Catalog Number 55377E   publish.no.irs.gov   Department of the Treasury - Internal Revenue Service

Figure 3.17.80-30

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| 3.17.80.2
(11-23-2021)
Resolving Unpostable Identity Theft (IDT) Cases | (1) | Following are procedures that are to be followed for resolving the Unpostable codes (UPC) 138 cases. |
| | (2) | All tasks completed in relation to an IDT case must be reported under OFP 710-01047. |

3.17.80.2.1
(11-23-2021)
Resolving Unpostable Identity Theft Cases Processed as Erroneous Refunds

(1) The following procedures apply to the stolen identity theft cases processed as an erroneous refund. The Unpostable TC 720 or TC 740 will be for accounts that have a TC 841, or a TC 700 posted.

Note: Every effort must be made to resolve Unpostable conditions within 4 weeks of assignment.

(2) The Unpostables function assigns a control on IDRS (CC TXMOD) to the Accounting Erroneous Refund Team's generic IDRS number for UPC 138-0 which cannot be resolved in Unpostables.

Note: These items remain in the Unpostable inventory for four cycles/weeks while Accounting works the document. Any inventory not worked within the specified timeframe will be 1 coded to Accounting.

(3) The Erroneous Refund Team will receive a Case Control Activity (CCA) Report showing the unpostable documents. These Unpostables will have the category RTCK (returned check).

(4) If there is an existing open control base by another area, notify the other area of the actions being taken.

(5) The CCA report and any supporting documentation must be maintained for a three (3) month period.

3.17.80.2.2
(11-23-2021)
Resolving Cases with TC 841 Posted

(1) The Erroneous Refund Team will verify TC 841 on taxpayer's account.

(2) The Erroneous Refund Team prepares a Form 3245 for a TC 843 to debit the taxpayer's account. Assign a DLN using Doc code 45 and a 540-549 blocking to the debit portion. Prepare Form 813.

(3) Prepare a Form 3809 for the credit side to the RRACS GL Account, include the taxpayer's TIN, money and transaction date and in explanation field include Doc-ID. Prepare Form 813 and forward to RACS.

Note: Research to determine which GL account the TC 841 money is journaled to (1545, 6905, 9998).

- Debit the taxpayer (4120/4220) account using from Form 3245.
- Credit either the 9998, 6905, or 1545 accounts using the Form 3809.
- RACS will journal using a 400 window for the 9998 or 6905 accounts and a 480 window for the 1545 account.

(4) Stamp or write the 400/480 journal number on Form 3425, Form 3809 and Form 813.

(5) RACS will hand carry Form 3245 and Form 813 to Batching under cover of Form 3210 so that the Form 3245 can be batched and sent to ISRP for transcription.

(6)   RACS will give the Form 3809 credit side to the area maintaining the General Ledger account on the credit side of the document.

(7)   The Erroneous Refund Team will monitor weekly, on Friday, to look for the TC 843 posting to the taxpayer's account and ensure TC 470 or STAUP actions are taken to stop an incorrect notice.

(8)   Once the TC 843 has posted, notify the Unpostables Team, using CC UPDIS, that they can post the Unpostable TC 720 or TC 740 to process the refund cancellation. Close the control base.

3.17.80.2.3
(11-23-2021)
Resolving Unpostables on Identity Theft Cases Processed by Another Site

(1)   There will be cases where the TC 841 posted by one site and the subsequent input of a TC 720, TC 740 or a TC 841 input by another site is going Unpostable. The following scenario and procedures explain the actions needed to resolve this Unpostable.

- Site A had a TC 841 input and journaled to their 1545 Account.

  Note: Research to determine which GL account the TC 841 money is journaled to (1545, 6905, 9998) as it will have been moved from the GL 1545.

- Site B has input a transaction (TC 720, TC 740 or TC 841) as the money has been returned from the bank or BFS. The input transaction goes Unpostable.
- The Unpostable is assigned to Site B's Accounting function.
- Site B will advise Site A that the original action must be reversed. Site B must call or email the appropriate contact in Site A. If a phone call is made, supporting documentation must be faxed following the phone call.
- Site A will need to immediately prepare the necessary documentation to input a TC 843 to reverse the TC 841 and also need to reverse the journal action in their 1545 account.

Note: Input a History item on IDRS when the form to post the TC 843 has been released for transcription.

Note: These items must be worked expeditiously. All sites need to prepare and release the TC 843 documentation to ensure posting within two (2) weeks.

- Site B will monitor the account for posting of the TC 843 and Site B will advise the Unpostable Team to go ahead and post the transaction.

3.17.80.2.4
(11-23-2021)
Resolving Cases with a TC 700 Posted

(1)   The Erroneous Refund Team will verify the TC 700 is posted on the taxpayers' account.

(2)   The Erroneous Refund Team prepares a Form 3809, using a Doc Code 58 and blocking series 790-799 to post a TC 702 (debit) to the taxpayers' account and credit the applicable general ledger account. Prepare a Form 813 and forward to RACS.

Note: Research to determine which GL account the TC 700 money is journaled to (1545, 6905, 9998).

- Debit the taxpayer (4120/4220) account using from Form 3809.

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3.17.80.2.4

- Credit either the 9998, 6905, or 1545 accounts using the Form 3809.
- RACS will journal using a 400 window for the 9998 or 6905 accounts and a 480 window for the 1545 account.

(3) Stamp or write the 400/480 journal number on Form 3809 and Form 813.

(4) RACS will hand carry Form 3809, Form 813 to Batching under cover of Form 3210 so that the Form 3809 can be batched and sent to ISRP for transcription.

(5) RACS will give the Form 3809 credit side to the area maintaining the General Ledger account on the credit side of the document.

(6) The Erroneous Refund Team will monitor daily for TC 702 posting to taxpayer's account and ensure TC 470 or STAUP actions are taken to stop an incorrect notice.

(7) Once TC 702 has posted, contact the Unpostable Team and tell them to process request to post TC 720 or TC 740, Unpostable (code 138 0) to process refund repayment. Close the control base.

3.17.80.2.5
(11-23-2021)
Resolving Unpostable Identity Theft Cases Where the TC 840/849 Has Been Transferred to Another SSN or an IRSN

(1) The Unpostables function will assign a control on IDRS (CC TXMOD) to the Accounting Erroneous Refund Team's generic IDRS number for UPC 138-0 which cannot be resolved in Unpostables.

Note: These items remain in the Unpostable inventory while Accounting works the document.

(2) The Erroneous Refund Team will receive a Case Control Activity (CCA) Report showing the unpostable documents.

(3) If there is an existing open control base by another area, notify the other area of the actions being taken.

(4) The Erroneous Refund Team will verify TC 841/848 and that there is no TC 971 AC 663 present.

(5) The Erroneous Refund Team will review IDRS to locate a TC 971 showing the XREF-TIN.

(6) If present, prepare a Form 12857 to debit (TC 840) the true taxpayers' account and credit (TC 841) the cross-reference TIN. In most cases, this will be an IRSN.

- Assign a DLN, Prepare Form 813 and forward to the RACS Team for journal action. Journal using RRACS Window 400.
- RACS will hand carry both sides of Form 12857 to Batching.

(7) If the XREF-TIN is not present, prepare Form 2275 to request the original Form 12857 from files, using the DLN of the posted TC 841. This will give you the XREF-TIN.

(8) Ensure TC 470 or STAUP actions are taken to stop issuance of incorrect notices and monitor daily for TC 840 to post to the taxpayers' account stop an incorrect notice.

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(9) Once TC 840 has posted, contact the Unpostable Team and tell them to process the request to post TC 720 or TC 740, Unpostable (code 138-0). Close your control base.

3.17.80.2.6
(11-23-2021)
Resolving Unpostable Identity Theft Cases Where There is Duplicate TC 841

(1) The Unpostable operation will 8 code the duplicate TC 841 to the Rejects operation.

(2) Rejects will immediately work these cases. The Rejects function will perform a Reject 630 (4–0) and prepare a Form 4028 (0–2) for the duplicate TC 841, so that this item can be deleted from SCF. Rejects will route the case and Form 4028 under cover of a Form 3210 Accounting.

(3) The Accounting operation will:

- Data Control will input the SCF adjustment to delete the item from SCF.
- For cases where the TC 841 posted using the manual process, you will pull both copies of the Form 3809 out the packs of work. This will include the copy that is in the Erroneous Refund Team and in the team that is/was performing the balancing.

   Note: Void the Form 3809 to ensure it is not reprocessed.

- The Form 813 will be modified to show the case(s) that were pulled. The item count and the money amounts must be adjusted on the Form 813. The campus has the option of using an alternative method, such as a spreadsheet, to document the adjustments that are made to the money and item count for each block. If an alternative method is used in lieu of documenting the Form 813, you must ensure that all pertinent information is maintained and attached to the Form 813.
- The RACS Team will reverse the original journal action. Journal the total amount of each unpostable document using a 480 window to debit either 4120 (BMF) or 4220 (IMF) and credit the 1545 account. **The same document number used in the original 480 journal to open the case MUST be used to reverse the unpostable items.**
- A copy of the journal must be given to the team that is performing the balancing for association with the original package.
- The rejected (reversed) items will be listed on a transmittal that is sent back to the originating employee, for all functions **except** AM or RICS/ IVO (AMTAP).
- All items that have been reversed for AM or RICS/IVO because of the duplicate TC 841, must be listed on a transmittal that is to be sent to the point of contact listed below for each site.

Receipts From:	Return Rejects To:	Phone Number	Email Address
All AM Contact	Ronald Reece	(737)800-7120	*Reece.Ronald. E@irs.gov*
RICS-IVO Contacts			
Primary RICS-IVO	Aleena Wise	(801)620-4572	*Wise. Aleena@irs.gov*

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Receipts From:	Return Rejects To:	Phone Number	Email Address
Back-up RICS-IVO	Jennifer Welsch	(512)693-5754	*Welsch. Jennifer.L @irs. gov*

<table>
<tr><td>3.17.80.2.7
(11-23-2021)
Duplicate Identity Theft (IDT) TC 841 or TC 700 Posting Identified by Originators</td><td>

(1)   When Non-Accounting Operations identify duplicate posting of a TC 841 or TC 700.

Note: These items will be forwarded to Accounting for corrective actions.

(2)   Non-Accounting Operations will:

- **For duplicate TC 841:**
- Prepare a Form 3245 with a TC 843 as a debit.
- Also, prepare a Form 3809 credit to RRACS General Ledger (GL) account with taxpayer's TIN, money, transaction date and Doc ID in the explanation field.
- **For duplicate TC 700:**
- Prepare a Form 3809 debit with a TC 702 to the taxpayer's account with the duplicate TC 700. Credit the RRACS GL account with taxpayer's TIN, money, transaction date and the Doc Id in the explanation field.

Note: Research to determine which GL account the TC 841 or TC 700 money is journaled to (1545, 6905, 9998).

Note: A copy of the TXMOD with the duplicate transaction must accompany the Form 3809 and Form 3245, if not these items will be rejected back to the preparer.

Note: The Form 3245 with a TC 843 will have a blocking series 540–549 with Doc. code 45.

Note: The Form 3809 with a TC 702 will have a blocking series 790–799 with a Doc. code 58.

(3)   The Erroneous Refund Team will:

- Review documents for required information.
- Verify copy of TXMOD with duplicate transaction is attached to corrective Form 3809.
- Assign ID theft DLN's to the Form 3809 and Form 3245 for pipeline processing and RRACS journals.

</td></tr>
<tr><td>3.17.80.2.8
(11-23-2021)
Duplicate Identity Theft (IDT) TC 700 Posting Identified by Accounting</td><td>

(1)   Due to systemic programming, duplicate TC 700 transactions will post to the taxpayers' module and will result in an erroneous refund. If the Accounting operation identifies cases where there is a duplicate TC 700, they will take the following actions.

(2)   If the TC 700 has posted on the account and a credit balance remains:

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- • Input a TC 570 to freeze the account.
- • Pull the Form 3809 for the second transaction from the suspense file.
- • Contact the originator and advise them that the transaction appears to be a duplicate. Request that the originator submit the necessary documents, which are stated above, to reverse this transaction.
- • Once the documents are received, assign the DLN(s), have the necessary RRACS journal actions completed, and submit the form for pipeline processing.

(3) If the TC 700 has posted on the account and a refund has been issued:

- • Pull the Form 3809 for the second TC 700.
- • Contact the originator to advise them that there appears to be an erroneous refund on the tax module.
- • Advise the originator that the duplicate Form 3809 will be returned and inform them that they must initiate erroneous refund procedures.
- • All duplicates that are being returned to the originators must be returned under cover of a Form 3210.

3.17.80.2.9
(11-28-2022)
Identify Theft Actions to be Taken by the Erroneous Refund Team

(1) Once extracts are received (IRM 3.17.64.16.4.8), Account 6905 ID Theft Erroneous Refund Write-Off(Nominal Account, DR Normal Balance), pull Form 3809 copies for the corresponding cases identified on the extracts.

Note: In the event an item has an expired statute expiration date but is not captured in the extract (e.g., new case), add it to the extract and update the volume and amount.

(2) Verify volume and totals of cases listed on extracts with the Form 3809 copies.

(3) Verify 5 year statute expiration date has expired, which is determined by the transaction date.

(4) Add a column for the Doc ID on each extract.

(5) Update the extract with the Doc ID for each case, ensuring the Doc ID format is input correctly so that cases are grouped correctly.

(6) Sort extract by Doc ID. This sorting process will ensure all Form 3809 copies from the same Doc ID will be captured and grouped together on the spreadsheet.

(7) Prepare and submit the memorandum along with the extract for ID theft cases for approval and signature from the Accounting Operation Manager.

- • Accounting Operation Manager will sign the memorandum only and return to ERRF.
- • The ERRF Team will forward the signed memorandum, extracts and Form 3809 copies to the RACS Team for journaling.

Note: These losses do not impact Director's Accountability or cause an irregularity in the accounts of the Campus Field Director's. **Submission to the HQ Losses and Shortages Analyst is not required.**

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3.17.80.2.10 (11-28-2022) **Actions to be Taken by the RACS Team**	(1)	Receive signed memorandum and extracts with corresponding Form 3809 copies. Once the journal actions are completed, RACS will forward a copy of the memorandum, extracts and Form 3809 copies to the function maintaining the documents, if not RACS, for balancing and GAO audit file as a closed case.

3.17.80.3
(11-28-2022)
Identity Theft (IDT) Erroneous Refunds Forms 3809

(1) Effective February 01, 2014, originators will no longer submit the Form 3809 to Accounting for the Individual Master File (IMF) ID theft erroneous refunds. They will complete the credit transfer using IDRS command codes IDT48 or IDT58.

(2) The IMF systemic processing will produce a daily automated Batch Journal 171 to RRACS which will debit account 1545 and credit account 4220. The EOD 1640 will produce the summary (amounts and volumes) of the transactions and a new report EOD 1622, which lists the detailed information (taxpayer identification) of each transaction, will also be available on Control D. See IRM 3.17.64.17.10, *Monthly Balancing Procedures*, for procedures used to balance the GL1545.

3.17.80.3.1
(11-23-2021)
Processing the Non-Master File (NMF) Receipts

(1) When NMF identity theft is identified, prepare a **Form 3809** to credit the tax account and debit the GL 1545. The designated team in Accounting will number the Form 3809.

    a. The **Form 3809** with a TC 841 will have a blocking series 945-949 with Doc Code 48. The tax class is "6".

    b. The **Form 3809** with a TC 700 will have a blocking series 745-749 with Doc Code 58. The tax class is "6".

(2) Once the forms are numbered, prepare a **Form 813** and forward to the RACS Team for journalization.

(3) RACS will receive identity theft erroneous refund Form 3809 and three Form 813.

(4) Within 24 hours of receipt, the RACS Team prepares a Form 8166 using Doc ID and item count, listing each money amount separately from the **Form 3809.** The total amount listed on the **Form 8166** must equal the **Form 813** total. The DOC ID input to RACS will be 15 digits as follows: DOC ID = DLN of **Form 813** (without sequence number) plus two-digit year plus total volume on **Form 813. e.g., XX000000000XXXX.**

(5) The RACS Team will:

    a. Journal the TOTAL amount of the **Form 813** listed on the Form 8166, using the 480 window to debit 1545 account and credit non-master file 4420 account. For the prepare date on RRACS, use the date of the journal.

    b. Stamp or write the 480-journal number on Form 3809 and /or Form 813.

    c. Send the Debit copy of **Form 3809** and copy of **Form 813** to the area that maintains the 1545 account. Form 3809 will be maintained until the five- year statute period has expired.

    d. Input the Form 813 information for the credit side into ANMF using the Form 813 Block Control screen and route to the NMF function for input to the ANMF system. A copy of Form 813 is provided to Data Control to establish the credit on SCCF.

3.17.80.3.2 (11-28-2022) **Maintaining the Receipts**	(1)	After the RACS Team has journalized the Form 3809 copies and forwarded them for processing, the general ledger (GL 1545) side of the Form 3809 is forwarded to the Erroneous Refund Team. The Erroneous Refund Team will:
		• Maintain the Form 3809 in a suspense file by month and statute date.
	(2)	Once the 5-year erroneous refund statute expiration date (ERSED) has passed, the cases will be identified via an extract listing. When the extract is received, prepare a write off memo.
	Note:	Identify theft Erroneous Refunds have a five (5) year erroneous refund statute expiration date (ERSED) and cannot be written off to the GL 6905 until the five years have passed.
	(3)	Forward the write off cover memo to the Accounting Operation manager for signature. An example of the write-off cover memo has been added. See *https://irm.web.irs.gov/Part3/Chapter17/Section80/IRM3.17.80.aspx#3.17.80-19,IRM 3.17.80, Accounting and Data Control - Working and Monitoring Category D, Erroneous Refund Cases in Accounting Operations (irs.gov)* , Exhibit 3.17.80-19.
	(4)	Forward the signed memo and listing to RACS for journalization, using a 490 window, to credit 1545 and debit 6905 using the same DOC ID as when the case was opened.
3.17.80.3.3 (11-23-2021) **Inventory Control**	(1)	On a daily basis, the RACS Team will drop a UPC for the total of Form 3809 copies received that day (receipts). A total of Form 3809 copies are released to Batching that day (production) using OFP 710-01047.
3.17.80.3.4 (11-23-2021) **Monthly Balancing Procedures**	(1)	Use the DOC ID and total amount of the Form 813 on the monthly trial balance spreadsheet to balance to Redesign Revenue Accounting Control System (RRACS).
	(2)	The RRACS report 0155 will not show a true case volume. Therefore, to get the true case volume to report on the Form 3997:
		a. Add the number of DOC ID's previously input to 1545 account (e.g., ITER2012090014).
		b. For the manual case ID numbers- **e.g., XX000000000XX75**, take the last two digits of the DOC ID and add them all together. In this example, the volume would be 75.
		c. For systemic, use the EOD 1622 total volume for each day.
		d. Add the totals from a and b, and c above to get the grand total.
3.17.80.4 (01-01-2019) **Processing Payments Over Cancellation (POC) - Preliminary Processes before an Erroneous Refund**	(1)	A "Payment Over Cancellation (POC)" case occurs when a taxpayer files a claim for non-receipt of a refund check, a replacement (Recertified) check is issued, and it is determined that both checks were cashed. The taxpayer must have received only one (not both) refunds. Therefore, there is an erroneous refund, POC condition.
	(2)	When a taxpayer files a claim for non-receipt of a refund, the Bureau Fiscal Services (BFS) issues one of the following to the IRS:

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a. **Credit SF 1081 or IPAC Bill** - When the first check is still outstanding (not cashed or expired), the BFS issues SF 1081 to return the credit to the IRS for application to the taxpayer's account and issuance (Recertification) of a second refund. The original check remains negotiable until it expires.

b. **Debit SF 1081 or IPAC Bill** - When the original check is listed as cancelled (expired) and BFS issued the credit back to the IRS, but the BFS later concludes the original check was actually cashed, the BFS will issue SF 1081 requesting that the IRS apply a debit to the taxpayer's account for recovery as an erroneous refund. (See Figure 3.17.80-31)

c. **Payment Over Cancellation notification** - When a replacement refund is issued and it is concluded by BFS that both checks were cashed, BFS issues a Payment Over Cancellation notification to the IRS. The site receives a Claims Document Package which includes a BFS Form 3858 (Claims Document), BFS Form 1133 (Claim Against the United States for the Proceedings of a Government Check), and a photocopy of the front and back side of the refund check(s). (See Figure 3.17.80-33, Figure 3.17.80-34, and Figure 3.17.80-35).

Note: Images of endorsed refund checks can be obtained via the Treasury Check Information System (TCIS) and Payment Claims and Enhanced Reconciliation (PACER) systems. A TCIS navigation job-aid can be found in the Erroneous Refund Job aid, 2493-701, found in the Submission Processing Design Center's list of Accounting courses at *https://program.ds.irsnet.gov/sites/WILESPInstCrnr/SitePages/Home.aspx*.

Note: Although it is rare in occurrence, there will be an occasion if F-1133 shows a check that is not a US Treasury check, send the forms back to BFS stating, the second check is not a US Treasury check, please research for a second US Treasury check.

3.17.80.4   Internal Revenue Manual   Cat. No. 47865P (11-29-2023)
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RECEIVED BY YOUR ALC
ALL TRANSACTIONS RECEIVED BY: 20XXXX00
INCLUDES THIRD PARTY SUBMITTER DATA

START DATE: 07/01/20XX END DATE: 07/06/20XX

Originating ALC	Customer ALC	Submitter ALC	COLLECTION
20XX0009	200XXX00		

Transaction Description
Reversal - - Message: This IPAC Bill
Reverses credits to your Agency for a
Previous SF-1081 or IPAC Bill.

Miscellaneous Information
Payee Name: Ziebach BANK Payee ID
0090063

STANDARD FORM 1081
Revised September 1982
Department of the Treasury
I TFRM 2-2500

**VOUCHER AND SCHEDULE
OF WITHDRAWALS AND CREDITS**

CHARGE AND CREDIT WILL BE REPORTED ON
CUSTOMER AGENCY STATEMENT OF TRANSACTIONS
FOR ACCOUNTING PERIOD ENDING   071520XX

Transaction Date
070220XX
Document No.
7000000

CUSTOMER AGENCY		BILLING AGENCY	
Agency Location Code (ALC)	Customer Agency Voucher No.	Agency Location Code (ALC)	Billing Agency Voucher No.
20090000		20180009	
DEPARTMENT	DEPARTMENT OF TREASURY	DEPARTMENT	DEPARTMENT OF TREASURY
BUREAU	FINANCIAL MANAGEMENT SERVICE	BUREAU	FINANCIAL MANAGEMENT SERVICE

(MUST AGREE WITH BILLING AGENCY TOTAL)	TOTAL	$1,843.13	(MUST AGREE WITH BILLING AGENCY TOTAL)	TOTAL	$1,843.13

Details of charges or reference to attached supporting documents

THIS CHARGEBACK IS BEING FUNCTIONED
TO OFFSET THE PAYMENT OF ORIGINAL
CHECK(S) PREVIOUSLY CANCELLED

Figure 3.17.80-31

Cat. No. 47865P (11-29-2023)   Internal Revenue Manual   **3.17.80.4**
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```
SC: 00            TRACS LISTING : RECLAMATION CREDITS        MISCELLANEOUS     PAGE NO : 001

SERVICE CENTER   : 00                              JOB : 00311  PASS : PI        CYCLE – 20XX26
SCHEDULE NUMBER : X00009818                                                     DATE : 20XX/06/25
                      TAX      NAME               CHECK   SERIAL    CHECK ISSUE
     TIN     MFT    PERIOD   CONTROL    D.O.      SYMBOL  NUMBER       DATE         AMOUNT
                                                  2300 ④ 00006594    04/14/20XX     $6,308.00

TOTAL ITEMS      :              1
TOTAL AMOUNT     :        $6,308.00              ┌─────────────────────────┐
                                                │  Only the Check Symbol and │
                                                │   Serial Numbers provided.  │
                                                └─────────────────────────┘
```

┌──────────────────────────────────────┐
│ IMFOLC2300-00006594 <Page Up>   │
└──────────────────────────────────────┘

```
IMFOLC000-00-7452 3020XX12P01  IMF TAX MODULE        NM CTRL:CASS
00254-544-18016-0  REFUND CHECK NUM:2300-00006594   SPSSN              UP-CYC:33
MONICA CASS                                          TOT EXEMPTIONS:03 FMS  :
                                                     STATUS DATE:041420XX AIMS :0
NEXT  CSED:04-15-20XX ASSESSD BAL         Tax Module found 00 SETTL DATE:041420XX LIEN :
LAST  CSED:04-15-20XX TOT INTERS     on Master File  INTEREST DATE:080220XX BWI  :
FIRST CSED:04-15-20XX INT ASSESSD.               .00 DISASTER RDD :        BWNC :0
      ASED:04-15-20XX INT PAID:                  .00 DISASTERSTART:        CC81 :0
      RSED:04-15-20XX FTP TOTAL:                 .00 GOVRN SC:18 HIST LC:35 CC85 :0
    FREEZE:      -    FTP ASSESSD:              .00 MATH IN: TDA COPY:      TC914:0
INDICATORS:                                                                CAF  :
EFT-IND:0 DDRC :00PDC-CD:00                                                ARDI :0

TC     DATE     AMOUNT        CYCLE        DLN              VARIABLE DATA
150 041420XX          .00  20XX1408  00209-082-00257-X  RECEIVED-DATE: 041520XX
806 041520XX    1,258.00-  20XX1408  00209-082-00257-X
766 041520XX    1,068.00-  20XX1408  00209-082-00257-X  REF-NUM:336
768 041520XX    3,982.00-  20XX1408  00209-082-00257-X
846 041420XX    6,308.00   20XX1408  00209-082-00257-X  RFND-INT:         .00
                                                        DD:0 RSN:20XX091001
```

┌──┐
│ IMFOLC2300-00006594 ④   │
│   │
│   REFUND RESEARCH DATABASE   │
│   │
│   TIN: 000007452   │
│   MFT: 30   ┌────────────────────┐│
│   TAX PERIOD: 20XX12 │ Tax Module not found││
│   │   on Master File   ││
│   CHECK NUMBER   └────────────────────┘ │
│   ④ 2300-00006594   PAYMENT ISSUE DATE   │
│   04-14-20XX   │
└──┘

Figure 3.17.80-32

3.17.80.4   *Internal Revenue Manual*   Cat. No. 47865P (11-29-2023)
                          47865255   Any line marked with a #
                                                                       is for **Official Use Only**

```
CC USE ONLY
REPORT(S)
SEARCH (OVERPAYMENT) 072320XX
ATTACHMENT
1133
DISTRIBUTOR
V & A
```

CLAIMS DOCUMENT

CHECK CLAIMS Hyattsville, MD 20788
AGENCY REF   00 30WOLV01291092-09-119   9

```
230273411111            987.00        05/20/20XX
JANICE WOLVERINE                      AGENCY
000007651        20090000             987.00   I
L21643001564819                       NEW

JANICE WOLVERINE
3745 BLACK SHEEP LANE
CHEYENNE,  WY 82001
```

↑ PAYEE ADDRESS ↑

INSTRUCTIONS TO PAYEE

1. Pull perforated strip off right hand side of form. ➡
2. See Page 3 for specific instructions for completing both sides of FMS 1133 Claim Form (Page 4).
3. Keep Page 3 for your records
4. Complete and return the FMS 1133 immediately to ensure timely processing of your claim.

STOP REASON   **D SETTLEMENT – AGENCY WILL RECERTIFY
                   AFTER STATUS**

☐ PAYMENT RECERTIFIED

STATUS   **65 PAYMENT OVER CANCELLATION-REVERSAL OF PREVIOUS CREDIT TO RFC BY SF 215
              SF –215 NO. 131594, PHOTOCOPY AND CLAIM ATTACHED.**

SYMBOL	SERIAL NO			
2302	73411111			

CHECK DATE	CHECK AMOUNT	PAYEE NAME		
05/20/20XX	987.00	WALTER WOLVERINE	3745 BLACK SHEEP LANE	

PAYEE ID NO	AGENCY	AGENCY LOCATION CODE	AMOUNT TO BE RECLAIMED	DATE OF DEATH
000007651	I	20090000	987.00	

LOCATOR NUMBER(S)

1   L216430015164819   2   00000 00000000

3   4

5

CC REMARKS

DECEDENT

```
DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
KANSAS CITY SUB. PROC. CAMPUS
ATTN: ACCOUNTING OPERATIONS
PO BOX 24551, STOP 6250
KANSAS CITY, MO   64131
```

AGENCY

SEE PAGE 2 FOR INSTRUCTIONS

KEEP PAGE 1 FOR YOUR RECORDS

**DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE**

FMS FORM **3858**
     4-94

↑ AGENCY ADDRESS ↑   EDITION OF 7-89 IS OBSOLETE

PAGE 1

Figure 3.17.80-33

Cat. No. 47865P (11-29-2023)   Internal Revenue Manual   **3.17.80.4**
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PART 1   OMB No. 1510-0019
                                                                    Exp. 12/31/00

CLAIM AGAINST THE UNITED STATES
FOR THE PROCEEDS OF A GOVERNMENT CHECK

Your Social Security Account Number and the other information are being requested in order that the Department of the Treasury can process your claim for a government check. The authority to consider your claim is found in part, at 31 United States Code, Sections 528, and 561-564. If you cannot or will not furnish the information, the processing of your claim may be delayed. The estimated average burden associated with this collection of information is 10 minutes per respondent or recordkeeper, depending on individual circumstances. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Financial Management Service, Facilities Management Division, Property and Supply Section, Ardmore East Business Center, 3361-L 75th Avenue, Landover, Md. 20785 or the Office of Management and Budget, Paperwork Reduction Project (1510-0019) Washington, D.C. 20503.

```
2302 73411111              987.00      05/20/20XX
JANICE OAK                             AGENCY
000007651       200090000  987.00    I
K0182 00200095032

JANICE OAK
3745 GRANT LANE
CHEYENNE, WY  82001
```

WARNING: Title 18, Sec. 287, U.S. Code: "Whoever makes or presents to any person or officer in the civil, military, or naval service, of the United States, or to any department or agency thereof, any claim upon or against the United States, or to any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent, shall be fined not more than $10,000 or imprisoned not more than five years, or both."

1. Did you receive this check?	
2. Did you sign your name on this check?	
3. Did you cash this check?	
4. Did you deposit this check in a bank, credit union other financial organization? Did someone else deposit this check to an account that you could use?	
5. Was this check cashed with your permission?	
6. Did you receive any money or benefit in any way from this check (e.g. household expenses, child support, etc.)? If so, explain, (include amount if known.)	
7. If your present name is different from that on the face of the check, explain why.	
8. If you are making claim for this check and it is not made out to you, state your relationship to the payee. Explain why the payee cannot sign.	

THIS CLAIM IS MADE FOR THE PROCEEDS OF THE ABOVE CHECK. IF YOU CASH BOTH THE ORIGINAL AND ANY SETTLEMENT CHECKS, THE OVERPAYMENT MUST BE PROMPTLY REFUNDED. FAILURE TO DO SO COULD RESULT IN LEGAL ACTION. BE SURE TO INCLUDE THE ABOVE CHECK AND SYMBOL NUMBERS WITH YOUR REFUND.

SIGN HERE	Payee's Signature	2nd Payee's Signature *(If check drawn to two payees)*
	Your assigned I.D. No. *(SSA, VA, IRS, Etc.)*	2 nd Payee's assigned I.D. No. *(SSA, VA, IRS, Etc.)*
	Signature of Witness *(ONLY if Payee(s) Signed by Mark)*	

FMS FORM 4-94 **1133** EDITION OF 7-89 IS OBSOLETE   DEPARTMENT OF THE TREASURY
                                                                FINANCIAL MANAGEMENT SERVICE

                                                                PAGE 4

Figure 3.17.80-34

3.17.80.4   *Internal Revenue Manual*   Cat. No. 47865P (11-29-2023)
                              47865165   Any line marked with a #
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PART 2   BACK

9. Did you ever live or receive mail at the address on the front of this check?	
10. What was your mailing address on the date this check was issued? If you moved, did you advise the Post Office and agency which authorized the payment?	Address_____Apt.____ _____Zip_____ ☐ Yes ☐ No
11. Did anyone other than yourself have the opportunity to receive your mail? If so, who?	
12. Did you lose any identification which might have been used by someone else to cash your check? Explain.	
13. Do you have any information concerning the cashing of the check? If so, explain. (Please use additional paper if necessary.)	
14. Where did you usually cash or deposit your check at the time this check was cashed?	
15. Clearly print your current mailing address.	Address_____Apt.____ _____Zip_____
16. If you are employed, give the name, address, and telephone number of your current employer.	Name_____ Address_____
I certify that all of the above questions have been answered truthfully to the best of my knowledge.	_____ Telephone No. ( )
SIGN HERE Payee's Signature	2nd Payee's Signature *(If check drawn to two payees)*
Date	Date
Give your home address, telephone number and/or a number where you can be reached.	Address_____Zip.____ _____ Telephone No. ( )_____ Other No. ( )_____

To expedite the settlement of your claim, sign your name three (3) times below for handwriting comparison.
Payee's Signature   2nd Payee's Signature

1._____   1._____

2._____   2._____

3._____   3._____

Be sure to detach and retain the payee instruction page for your records. If you move before your claim is settled, send your new address along with the check and symbol numbers to the agency given on the instruction page, and advise the Post Office of your forwarding address. COMPLETE BOTH SIDES OF THIS CLAIM FORM. You must return the check copy or we will be unable to process your claim.

LOST OR STOLEN CHECKS CAN BE AVOIDED!!
ASK YOUR LOCAL FINANCIAL ORGANIZATION ABOUT THE DIRECT DEPOSIT PROGRAM

Figure 3.17.80-35

Cat. No. 47865P (11-29-2023)   Internal Revenue Manual   **3.17.80.4**
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(3) You will receive the original Form 1081, an IPAC Bill or one of the following TRACS listings of SF 1081 cases which list refunds issued by both the IRS and BFS. (See Figure 3.17.80-32)

  a. TRACS Listing: Reclamation Credit (to apply a credit)
  b. TRACS Listing: Unavailable Check Cancellation (to apply a credit)
  c. TRACS Listing: Payment Over Cancellation (to apply a debit)

(4) If the case is complete and the taxpayer has not responded to the first notification within 45-days, follow-up within 10-workdays, with a 2nd letter, including interest due, and prepare Form 3809 to credit the taxpayer's account and debit the 1543 General Ledger account. Number Form 3809 and post the TC 700 with Document Code 58 in blocking Series 850 through 899 to display the literal Refund Balance Due notification on IMFOL and TXMOD. If reversing, post the TC 702 with Document Code 58 in Blocking Series 800 through 849

(5) Follow IRM 3.17.80.1.23 for repayment procedures and additional correspondence.

(6) Follow IRM 3.17.80.1.29 for write-off procedures.

(7) Follow IRM 3.17.80.1.30 for issuance of Form 1099-C.

3.17.80.4.1
(01-01-2015)
TRACS Listing Research

(1) If the TRACS listing provides only the check's "symbol" and "serial" numbers, use CC IMFOLC with the check "symbol" and "serial" number to retrieve the taxpayer information.

(2) Master File will display either the tax period from which the refund issued, or the Refund Research Database record for the check if no tax module exists. The later is common when your case involves the TIN of the secondary taxpayer on a jointly filed tax period where a refund occurred. (See Figure 3.17.80-35)

3.17.80.4.2
(01-01-2019)
Processing SF 1081 or TRACS Debits

(1) All processing for TRACS/GOALS transmission and TRACS listings must be completed within 10-workdays from the received date. The TRACS listing which is produced from ECC, provides an individual breakdown of the charges by taxpayer. Included on the listing is (See Figure 3.17.80-36 and Figure 3.17.80-37):

  a. SF 1081/TRACS Schedule number
  b. Date prepared
  c. Agency Location Code
  d. Budget Clearing Account being charged
  e. Agency Reference Information
  f. Check symbol
  g. Check number
  h. Check date
  i. Payee's name and TIN
  j. Applicable status code
  k. Amount being charged
  l. SF 215 number and date

(2) Review each TRACS/GOALS transmission with the TRACS listing, and the TRACS listing with the Payment Over Cancellation () Claims Package when received to ensure the following:

a.   Submission Processing site Agency Location Code (ALC) is correct.

b.   Taxpayer's TIN is provided.

c.   BFS Form 3858 with taxpayer's name and address are provided.

d.   Photocopies of the front and back of the check(s) are attached.

e.   The charge is intended for the correct Submission Processing site ALC.

f.   The total amount on the TRACS listing is the same as the amount of GOALS transmission.

g.   Account number is present.

Note: **Verify that all charges are for tax refunds.**

Cat. No. 47865P (11-29-2023)
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Internal Revenue Manual

3.17.80.4.2

STANDARD FORM 1081
Revised September 1982
Department of the Treasury
I TFRM 2-2500

**VOUCHER AND SCHEDULE
OF WITHDRAWALS AND CREDITS**

Transaction Date	070220XX
Document No.	7000000

CHARGE AND CREDIT WILL BE REPORTED ON
CUSTOMER AGENCY STATEMENT OF TRANSACTIONS
FOR ACCOUNTING PERIOD ENDING   071520XX

CUSTOMER AGENCY		BILLING AGENCY	
Agency Location Code (ALC)	Customer Agency Voucher No.	Agency Location Code (ALC)	Billing Agency Voucher No.
20090000		20180009	

DEPARTMENT	DEPARTMENT OF TREASURY	DEPARTMENT	DEPARTMENT OF TREASURY
BUREAU	FINANCIAL MANAGEMENT SERVICE	BUREAU	FINANCIAL MANAGEMENT SERVICE
ADDRESS	ACCOUNTING CTRL/SRVS OPERATIONS	ADDRESS	RM 700 E PGC-11
	PO BOX 24551		3700 EAST-WEST HWY
	KANSAS CITY, MO 64131		HYATTSVILLE, MD 20782

SUMMARY		SUMMARY	
APPROPRIATION, FUND, OR RECEIPT SYMBOL	AMOUNT	APPROPRIATION, FUND, OR RECEIPT SYMBOL	AMOUNT
20F38809	$1,843.13	0-2-20 A 1670	$1,843.13
(MUST AGREE WITH BILLING AGENCY TOTAL) TOTAL	$1,843.13	(MUST AGREE WITH BILLING AGENCY TOTAL) TOTAL	$1,843.13

Details of charges or reference to attached supporting documents

THIS CHARGEBACK IS BEING FUNCTIONED
TO OFFSET THE PAYMENT OF ORIGINAL
CHECK(S) PREVIOUSLY CANCELLED

BILLING AGENCY CONTACT:
PREPARED BY _____ Jason Hawk
APPROVED BY _____ Martin White
TELEPHONE NO. _____ 202-555-9876

CERTIFICATION OF CUSTOMER OFFICE

I certify that the items listed herein are correct and proper for payment from and to the appropriation(s) designated.

08-02-20XX
_____
(Date)

202-555-9876
_____
(Telephone No.)

Martin White
(Authorized administrative or certifying officer)

NSN 7540-00-634-4234
PREVIOUS EDITION NOT USABLE

Figure 3.17.80-36

3.17.80.4.2   Internal Revenue Manual   Cat. No. 47865P (11-29-2023)
47865084   Any line marked with a #
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```
           REPORT ID: CCTRR409                    FINANCIAL MANAGEMENT SERVICE                              PAGE: 2
        DATE PREPARED: 080220XX           TREASURY RECEIVABLE, ACCOUNTING AND COLLECTION SYSTEM
    ACCOUNTING PERIOD: 09/20XX                      SF - 1081 AGENCY LISTING
                                                   AS OF DATE: 09/09/20XX
  SF - 1081 NUMBER: 7000000                                        ALC: 20090000
                                                    BUDGETARY CLEARING ACCOUNT:   20F388009
    TO: INTERNAL REVENUE SERVICE
        KANSAS CITY SUBMISSION PROCESSING CAMPUS
        ACCOUNTING CTRL/SRVS OPERATIONS
        P.O. BOX 24551
        KANSAS CITY, MO
        64131

  DOCUMENT TYPE:  PAYMENT OF CANCELLATION

                                   CHECK                                       S                                    PREV       PREV
                             CHK   SERIAL   CHECK                              R    CHK   DOLLAR AMOUNT         DOCUMENT   DOCUMENT
  AGENCY REFERENCE NUMBER    SYM   NUMBER   DATE      PAYEE NAME               C  PAYEE ID  STAT CREDIT/CHARGE     NUMBER     DATE
  -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- -- --
  0056ILLION101200 20XX-09-116 2219  00000001  042220XX  JOHN ROSE            D  000001117  11      $121.30
  00230DUCK101101  20XX-09-120 2219  27677475  051720XX  WILL BLUE            D  000009112  11    $1,034.00
  00230LEP101201   20XX-09-147 2219  31194936  112120XX  PEGGY SIENNA         D  000001143  11      $424.00
  00230RACC111201  20XX-09-121 2219  26888528  052420XX  BILL COBALT          D  000010404  11      $264.00
                                                                                              _____
                                                                              TOTAL:          $1,843.30
                                                                                              ===========
```

Figure 3.17.80-37

(3)   Contact Check Claims Group (CCG) by telephone (855) 868-0151, Option 1, Sub-option 1, if any of the following discrepancies are found:

a.   Agency Location Code is incorrect.

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                                            47865085

b.   Account cannot be identified.
c.   Charge belongs to another agency or Submission Processing site.
d.   Charges are not for tax refunds.
e.   Taxpayer identifying information (SSN, EIN, name or address) is missing or incorrect.
f.   Amount of the TRACS/GOALS transmission does not equal the total amount of the detail on the TRACS listing.
g.   Photocopies of the check(s) are not provided.

(4)   Check Claims Group (CCG) will:

a.   Provide the missing date.
b.   Reverse the charge via SF 1081/TRACS and, if appropriate, issue a corrected SF 1081/TRACS.
c.   Take the necessary action to correct any differences when the amount shown on the SF 1081/TRACS Listing and SF 1081/TRACS Schedule differ.

(5)   Post either a TC 840 or a TC 843. If necessary, use CC IMFOLC to locate the tax period on which the related TC 846/TC 840 posted and take one of the following actions based on the circumstances described:

a.   Post TC 840 when the BFS issues a settlement (replacement) check, but later concludes that the taxpayer did, in fact, cash both checks. The IRS accounts for the duplicate refunds by posting the second refund as a TC 840 (Manual Refund) and IRS pursues recovery of the duplicated refund as a Category D Erroneous Refund with a 5 year Erroneous Refund Statute Expiration Date (ERSED).
b.   Post a TC 843 when a TC 841 was posted based on an earlier non-receipt claim on which, at the time, the first check had not been cashed, and the IRS issued a second refund. The BFS has now concluded that both checks have been cashed. The TC 843 moves the tax account into balance due status and the duplicated refund is pursued as a Category D Erroneous refund with a 5 year ERSED.

(6)   **TC 840 Procedures** - Copy of settlement check present:

a.   Prepare Form 3245 in triplicate to input TC 840 on the taxpayer's account. Use the date of the settlement check as the date of the TC 840 (Schedule date). (See Figure 3.17.80-38)
b.   Attach to both "Copy 1" and "Copy 2" of Form 3245, photocopies of the settlement check, the BFS form or listing, a CC TXMOD printout, and all other documentation.
c.   Use CC ACTON to update and close your control base, then deliver the package to the team that does the numbering.
d.   Retain and file your "Copy 3" of Form 3245 and back-up items according to local procedures.
e.   Once numbered, copy and retain one numbered set with your case file.
f.   Input a TC 470 CC 93 (Input TC 470 CC 93 only if prior TC470 CC 93 has expired or was not previously input) to hold balance due notices, then deliver the numbered sets to Data Control.

Posting Voucher –
Refund Cancellation or Repayment   Document Locator Number

SSN/TIN 000-00-7452	Tax Period 20xx12	Plan Number	MFT 30	Cancellation	Repayment

Name PANDORA WILLOW		Schedule Date 3-16-20XX	Date Received

	TC 840	Amt. of Check 611.06	TC	Amt. of Check

Remarks (Include Preparer Name, SEID and Date)
FMS Issued settlement from CFIF & sent debit 1081 to initiate stop pay. Close 4970 Account & Post settlement check.

	TC	Interest

Check Number	Date 6-25-20xx

Trace ID Number	SPL REF ☑0 ☐1 ☐2 ☐3	Schedule Number 0006167	Requestor SEID AA1H7	Approver SEID AZ66U

This voucher relates to: ☐ Refund Check
☐ SF 1184   ☐ SF 1098   ☐ Other __

Form **3245** (Rev. 2-2011)   Catalog Number 19414A   Copy - 1   Department of the Treasury–**Internal Revenue Service**

Check whichever applies.

Form **3245** (Rev. 2-2011)   Catalog Number 19414A   y–**Internal Revenue Service**

Form **3245** (Rev. 2-2011)   Catalog Number 19414A   Copy - 3   Department of the Treasury–**Internal Revenue Service**

Figure 3.17.80-38

(7) **TC 840 Procedures** - No copy of settlement check:

   a. Check CC TXMOD for a TC 971 with Action Code 078 or 079. If present, the Refund Inquiry Function has included a copy of the original refund check with their TC 290 for $.00

   b. Use the "Symbol" and "Serial" numbers from the original refund check (See Figure 3.17.80-39) to search the TCIS database for an image of the cross-referenced replacement check (settlement check). Erroneous Refunds Job Aid 2493-701 contains precise TCIS navigation instructions for this task.

   c. If still unable to locate an image of the settlement check, contact (call) BFS for obtaining a copy from the BFS.

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is for **Official Use Only**   47865256
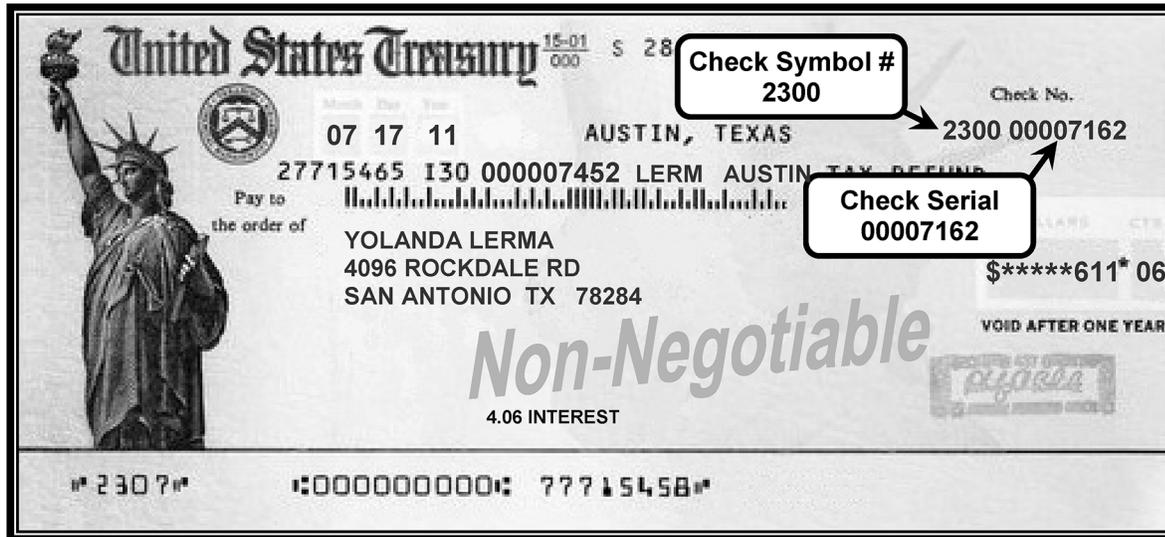
Figure 3.17.80-39

(8) **TC 843 Procedures** - follow the instructions in IRM 3.17.80.2.2 (6), Resolving Cases with TC 841 Posted, above, for TC 840's with a check copy except that:

    a.   Use Form 3245 to post a TC 843. (See Figure 3.17.80-38)
    b.   Form 3245 remarks will carry a different explanation.
    c.   There will be no settlement check copy.

(9) Monitor for posting. Once your TC 840 or TC 843 posts, return the case file to the work leader for reassignment. An examiner will correspond with the taxpayer requesting repayment of the settlement check and include a copy of the original refund check, a copy of the settlement check, and a Form 1133 package for each refund. The return address must be that of the Erroneous Refund team.

3.17.80.4.3
(01-01-2015)
Processing Debits, SF 1081, or TRACS Credit

(1) In most credit cases, you will only post a TC 841 to the affected tax period. Verify that the proposed credit amount on the SF 1081-TRAC-IPAC matches the refund in question. If they match, take the following actions:

    a.   Complete the triplicate Form 3245 Posting Voucher.
    b.   Attach copies of the SF 1081 or TRACS listing and a CC TXMOD printout to both copy 1 and copy 2 of Form 3245.
    c.   Use CC ACTON to update and close the IDRS control base.
    d.   Deliver the package to Accounting Operation's Numbering team.
    e.   Retain and file the third copy of Form 3245 and back-up items according to local filing procedures.
    f.   Once numbered, copy and retain one numbered set of Form 3245 with your case file and deliver the numbered sets to Data Control.

3.17.80.4.3.1
(05-31-2018)
Corrected SF 1081

(1) A corrected SF 1081 can be identified by Schedule Number "**B700. . .**". These items must also contain sufficient information to describe the initial GOALS transmission Schedule Number being reversed or corrected.

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(2)   BFS Accounts Branch attempts to maintain accurate end-of-month records of paper SF 1081 issued. Each ALC receives a listing of the paper SF 1081 for the prior accounting period. If SP sites do not receive this document to verify transmittals by the 15th of the month following the accounting period, contact the BFS Treasury Support at (877)440-9476.

(3)   Within 10 workdays of receipt of the SF 1081, using the SF 1081 listing, prepare a Form 3245, Posting Voucher-Refund Cancellation or Repayment, for each taxpayer listed. This will input a TC 843 to the tax module reversing the corresponding TC 841. (See Figure 3.17.80-42)

(4)   Not all required information to complete Form 3245 appears on the SF 1081. The DO or ULC code and Schedule date need to be researched on IDRS, IMFOL or specific MFTRA.

Note: **IMFOL must be used instead of MFTRA whenever possible.**

(5)   Control on IDRS. Include a History item showing the Schedule Number.

ACTON	**ACTON**
C#, 1081/843, A, MISC	**H, (SF1081 Number)**
*, (SF1081 Received Date)	

(6)   After research is complete and Form 3245 is prepared, close the IDRS control base.

ACTON

C#, 843TOPOST, C

(7)   Verify amounts of Form 3245 listed with the SF 1081 listing for balancing. Maintain a log of Form 3245 by DLN and date.

(8)   Photocopy (1 copy) of Form 3245, the SF 1081 listing and any back-up provided (copies of checks, 1133 claims forms, etc.). Make 2 copies of the SF 1081 Schedule.

(9)   Prepare Form 813, Document Register, listing all Form 3245 containing the same DO or ULC and tax class codes. Verify amounts for balancing. (See Figure 3.17.80-40)

(10)   Prepare Document Transmittal (to debit Master File). Attach the original SF 1081 Schedule, copy two of the Form 813 and a tape verifying the money amounts to the Document Transmittal. Route to the Redesign Revenue Accounting Control System (RRACS) Unit for journal action.

(11)   Hold all other documents until the RRACS Unit returns the Document Transmittal with the journal number. Then:

a.   Route the original Form 813 with Form 3245 to Batching and Numbering for processing.

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    b.   Route a photocopy of the SF 1081, listing and back-up to the Refund Inquiry Unit. Note that a TC 843 will be input to the tax module to reverse the TC 841.

    c.   Maintain a photocopy in Accounting of the SF 1081 Schedule, the original SF 1081 listing, any back-up, and a photocopy of all Form 3245.

(12) Occasionally, an SF 1081 is received stating that the taxpayer received and cashed both an original and recertified (substitute) check.

    a.   **DO NOT** order IMFOL/MFTRA.

    b.   Make two copies of the SF 1081 if additional copies are not already available.

    c.   Prepare Document Transmittal (FForm 3210). Route the Document Transmittal, the original plus a photocopy of SF 1081 to the RRACS Unit for journal action to the 4970 Account. Request that the duplicate SF 1081 be routed with the journal number indicated to the Erroneous Refund Unit.

    d.   Maintain one photocopy of the SF 1081 in Accounting.

Posting Voucher –
Refund Cancellation or Repayment   *00* ❶

Document Locator Number		*00245-281-55000-X* ❶ ⓯			

SSN/TIN ❷ *000-00-1117*	Tax Period *20XX12* ❸	Plan Number	MFT *30* ❹	Cancellation	Repayment
Name ❺ *Richard Ochre*				Schedule Date *041620XX* ❼	Date Received
				TC *843* ❽	Amt. of Check *121.30* ❾	TC	Amt. of Check

Name ❺ *Richard Ochre*

Remarks (Include Preparer Name, SEID and Date)

❻ *To reverse TC 841 per SF 1081*

Cancellation	Repayment
Schedule Date *041620XX* ❼	Date Received
TC *843* ❽	Amt. of Check *121.30* ❾
	TC	Interest
Check Number *33335001* ❿	Date *100720XX* ⓬

Trace ID Number	SPL REF	Schedule Number *7000001* ⓫	Requestor SEID ⓭ *JAR*	Approver SEID
	☐0 ☐1			
	☐2 ☐3			

	This voucher relates to: ☐ SF 1184 ☐ SF 1098	☐ Refund Check ☑ Other ___ *SF 1081* ⓮

Form **3245** (Rev. 2-2011)   Catalog Number 19414A   Copy - 1   Department of the Treasury–**Internal Revenue Service**

---

❶ Enter the two-digit UNIVERSAL LOCATION Code from ENMOD or CFOL.

❷ Enter the SSN or EIN.

❸ Enter the TAX PERIOD (YYYYMM).

❹ Enter the applicable MFT.

❺ Enter the taxpayer's first and last NAME and underline the NAME Control.

❻ Enter the REMARKS along with any appropriate information.

❼ Enter the DATE of the TC 841 (MMDDYYYY) as shown on TXMOD, MFTRA, or CFOL

❽ Enter "843".

❾ Enter the AMOUNT of the TC 843.

❿ Enter the CHECK SERIAL NUMBER.

⓫ Enter the SCHEDULE NUMBER of the SF 1081.

⓬ Enter the CURRENT DATE.

⓭ Enter the PREPARER'S INITIALS.

⓮ Check OTHER box and enter "SF 1081."

⓯ Stamp DLN as follows:

Digits 1-2	Universal Location Code
Digit 3	Tax Class
Digits 4-5	Doc. Code 45
Digits 6-8	Current Julian Date
Digits 9-11	Blocking Series 555
Digits 12-13	Serial Number, beginning with 00
Digit 14	Current list year

Figure 3.17.80-40

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Figure 3.17.80-41

3.17.80.4.4
(12-07-2020)
BFS Form 3858 - "GOALS" Automated Payments Over Cancellation

(1) When a Payment Over Cancellation (POC) is processed through "Government On–Line Accounting Link System (GOALS)", you will receive BFS FForm 3858 and Form 1133 from the BFS. Both transactions 841 and 843 must already be systemically generated on the tax account. The TC 841 will post in Blocking Series 88888. The debit TC 843 moves the account to balance due status by reversing the credit TC 841.

(2) Take the following steps within the first 10 business days of receipt, when working Payment Over Cancellation cases:

a. When researching the case's RSN and discovering the case has an RSN that indicates the case belongs to another site's Erroneous Refund team (need to transfer the case to another site), follow IRM 21.4.5.6.3, Routing Category D Erroneous Refund Packages.

b. Notate all actions taken on the Form 5706 Case History Sheet and maintain/retain supporting documentation. Ensure an up-to date Control Base on IDRS - including being in IDRS **A status.**.

c. Review the taxpayer's account to determine if the TC 841 (Blocking 88888) and the TC 843 are posted.

d. Determine whether the taxpayer repaid or returned either refund check, or if the BFS sent a "Recertified" credit (TC 841 Blocking 88888) to full

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47865090

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pay the account because forgery was established. A "returned" refund check will post with TC 841 in block and series 99999.

e.   If the account is in credit status and no freeze condition is present, research for any pending transactions or open control bases. If either is found, consult your Lead Examiner. If not, open a control base and input a TC 570 to prevent refunding until the TC 843 posts or the account moves to debit status.

f.   Use CC INTST to look for penalty and interest accruals. If present, and the accrual amounts are incorrect, input both Transaction Codes 270 and 340 for zero or 341 for credit (if posted on TXMOD) to remove and restrict the accruals.

g.   If the BFS sent the credit back, your IDRS control base will automatically close with category code "ST32" and the posting of a TC 841 in block and series 88888.

h.   While the posting of a TC 706 (automatic offset credit applied) will fully pay the account, it does not resolve the POC conditions. You will continue with standard POC processing. It will be necessary to reverse the offset at the conclusion of POC processing.

i.   Input a TC 470 CC 93 (Input TC 470 CC 93 only if prior TC470 CC 93 has expired or was not previously input) to prevent the issuance of balance due notices for 26 cycles.

j.   Use CC CHKCL to notify the BFS of the taxpayer's non-receipt claim, the refund(s) involved, and to request a Form 3858 and Form 1133 package from the BFS for inclusion in your taxpayer correspondence. Take the following steps.

1.   Use CC IMFOL# to determine the issue date of each check. (See Figure 3.17.80-42)

```
IMFOL#000-00-3917  30201112P01

   REFUND RESEARCH DATABASE

     TIN:   000003917
   MFT:   30
    TAX PERIOD:   201112


   CHECK NUMBER          PAYMENT ISSUE DATE
   2300-00004466          06-20-2012
   2300-00006294          04-11-2012
```

Figure 3.17.80-42

2.   If the issue dates are in different calendar months, use CC CHKCL. (See Figure 3.17.80-43)

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```
 CHKCLR<Page Up>
```

```
CHKCL 000-00-2468  30 000  201112 SWIF
IR]S                          +N1
CORA SWIFT                    +N2
POC REQ BY 0020045508         +N3
STOP 6250                     +N4
PO BOX 24551                  =ADD
KANSAS CITY, MO  64131     =CY/ST/ZIP
CHK ####
N 201210800ILLLL Y=GENERATE TC 971?
062012 I 001 DO
1,257.36$$ SRI>0

$$$$$$$$$$ SRI>#

$$$$$$$$$$ SRI>#
```

Different Issue Months?
Check's Serial Number
not necessary.

Refund Schedule Number
(RSN)

```
846  06302012        651.11  20122508    00221-177-11564-2
                                                         DD>0
         RSN>201210800
```

Figure 3.17.80-43

3. If the issue dates are in the same calendar month, use CC CHKCL with the "serial" number and issue month of the check requested. Do not enter the check "symbol" number. (See Figure 3.17.80-44)

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```
IMFOL#000-00-3917  30201112P01

      REFUND RESEARCH DATABASE

      TIN:   000003917
      MFT:   30
      TAX PERIOD:   201112


      CHECK NUMBER         PAYMENT ISSUE DATE
      2300-00002869 ❶      06-30-2012 ❷
      2380-00005267        06-11-2012
```

```
CHKCL 000-00-3917 30 000 201112 CAMD
INTERNAL REVENUE]SERVICE      +N1
FRANK CAMDEN                  +N2
POC                          +N3
0011303894                   +N4
PO BOX 934 STOP 6271 AUSC    =ADD
AUSTIN, TX  78767            =CY/ST/ZIP
00002869 ❶
N 201018700ILLLL Y=GENERATE TC 971?
❷063012 I 001 DO
651.11$$$$ SRI>0

$$$$$$$$$$ SRI>#

$$$$$$$$$$ SRI>#
```

❶ **Same Issue Month?**
Enter Check Serial Number

Figure 3.17.80-44

4.   If for some reason you need to cancel your CC CHKCL input, use CC TERUPC with the TIN, MFT, Tax Period, and Sequence Number to void your CC CHKCL transaction by close of business the same day. If necessary, Quality Review can reject the transaction the next day. After that, there is no way to prevent an "OOPS" update to your control base.

k.   If a TC 971 with Action Code 078 or 079 is present, check for a TC 290 .00 in blocking series 18 (for paper returns) or 05 (for electronic returns). That is the Refund Inquiry Unit's method of retaining, in files, source documents pertaining to a taxpayer's refund inquiry. Use CC ESTAB through the "Integrated Automated Technologies (IAT)" application to order that transaction. You will find check copies in the source documents.
l.   If you do not receive the Form 3858 and Form 1133 package within 60-days of its request, contact the BFS Check Claims Branch (or contact BFS Treasury Support 877-440-9476) to request the claims package.
m.   Issue correspondence requesting the taxpayer to either repay the duplicate refund, or complete and return the forms provided to claim non-receipt of the refund check.
n.   Update your Control Base to: **C#,1133TOTP,A,MISC** and file your case in the suspense files pending the taxpayer's reply.

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3.17.80.4.4.1
(01-01-2015)
Limited Payability

(1) U.S. Treasury checks are negotiable for one year. If not cashed and not returned undeliverable after 12 months, a TC 740 in block and series 66666 generates to the account reversing the refund. If you are working a POC case involving a check that is:

    a. Between 12 and 14 months old, and no TC 740 has posted to the account, use CC CHKCL to get a copy of the check and a Form 1133 package.

    b. More than 14 months old, and no TC 740 has posted, obtain a copy of the check through the TCIS (See Exhibit 3.17.80-16 and Exhibit 3.17.80-17) or PACER systems and send Form 13818, Limited Payability Claim, to the taxpayer.

       Note: Use CC CHKCL if the check is not found on either system.

(2) Remember to input a TC 971 with Action Code 011 whenever PACER is used.

(3) Refer to IRM 21.4.2.4.7 for further information on Limited Payability Rules.

3.17.80.4.4.2
(02-22-2018)
Undeliverable or No Taxpayer Reply

#

3.17.80.1.22.1, Maintaining Case Files (Cases # $50.00 # or Less Only).

(2) Otherwise, if the taxpayer does not reply within 45-days (60 for foreign addresses), process as a POC Erroneous Refund.

    a. Complete Form 12356, Erroneous Refund Worksheet (See Figure 3.17.80-45)

    b. Issue lLetter 510C

    c. Input TC's 844, TC 971 AC 663, and 470 CC 93 (Input TC 470 CC 93 only if prior TC470 CC 93 has expired or was not previously input).

    d. Refer to IRM 21.4.5.6.3, Routing Category D Erroneous Refund Packages, if the erroneous refund was issued from a site other than yours.

    e. If the case was issued from your site, monitor the case for payments and/or credits for 45-days after the first demand letter.

    f. If fully repaid, follow procedures in IRM 3.17.80.1.20.4, Taxpayer Repays In Full.

    g. If no reply or partial payment is received then follow Erroneous Refund procedures in IRM 3.17.80.1.20.5, Processing Partial Repayments.

Note: If the refund amount is $5.00 or less the system will reverse the amount with a TC 606. If there are other outstanding balances follow normal write-off procedures.

(3) If your correspondence returns undeliverable:

    a. Research IDRS and Master File for a corrected or more recent address.

    b. If a more current address is located or if the address can be corrected, re-mail the BFS Form 1133 claims package to the taxpayer.

    c. If a more current address is found, retain a photocopy of the address information and route the original envelope/mailing information with the new address to Submission Processing, Entity. Entity can update IDRS with the new address per IRM 3.13.2.4, BMF Addresses, IRM 3.13.5.65, Researching Addresses Using United States Postal Service (USPS) Web Page, and IRM 3.13.12.21, Undeliverable Mail.

    d. Update the IDRS control base using activity code "Re-mail 1133".

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e.   If a more current address is not available, input TC 844, TC 971 AC 663, and TC 470 CC 93 (Input TC 470 CC 93 only if prior TC470 CC 93 has expired or was not previously input), and treat the case as an erroneous refund.

f.   Complete Form 12356, Erroneous Refund Worksheet. (See Figure 3.17.80-45)

g.   Refer the case to the responsible site immediately after performing initial ERRF procedures.

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Erroneous Refund Worksheet

1. Discovering Function: _____ Date Discovered: _____

2. Function who created the erroneous refund: _____

3. Campus responsible for collecting erroneous refund: _____ ERRF Category: _____

4. Erroneous Refund is: ☐ TC 846   ☐ TC 840   Dated: _____

5. ERRF Refund DLN: _____ RSN: _____

6. ERSED: ☐ 2 years *(TP error)*   ☐ 2 Years *(IRS error)*   ☐ 5 years *(Fraud)*

7. 510 C Date: _____ 8. Date of Demand: _____ 9. ERRF Amount $ _____

10. TC 470 Date: _____ 11. TC 844 Date: _____ 12. TC 971/663 Date: _____

13. Identify taxpayer(s) and account(s) involved:

Erroneous Refund TP	X-REF TP if applicable
TIN:	TIN:
MFT/Period:	MFT/Period:
Name:	Name:
Address:	Address:

14. Provided a detailed explanation for the causes of, and the function responsible for, the erroneous refund:

a. ☐ Misapplied Payment   b. ☐ Hold Code/Freeze Release   c. ☐ Dishonored Check   d. ☐ Encoding Error

e. ☐ Both Manual and Computer Generated Refunds   f. ☐ Duplicate Refunds   g. ☐ Systemic (Programming)

Details *(continue on page 2 if necessary)*

_____
_____
_____
_____
_____
_____
_____

15. Disc. Function Emp. # _____ Phone # _____ Stop # _____ Date: _____

Signature of discovering function manager _____ Date _____

Route the case to the ERRF Coordinator for the campus identified on Line 3. (See IRM Exhibit 3.17.80-4).

16. ERRF Coordinator Signature _____ Date _____

Form **12356** (Rev. 12-2013) Catalog Number 28363G   publish.no.irs.gov   Department of the Treasury–Internal Revenue Service

#	Description
1	Discover's Team Title
1b	Date Discovered
2	Who created ERRF: • Enter the title of the functional area if caused by IRS error. • Enter "Taxpayer" if caused by taxpayer error.
3	Enter Responsible Campus
3b	ERRF Category (**IRM 21.4.5.4 & 3.17.80.1**).
4	Indicate whether the ERRF posted as a TC846 or TC840 and the transaction date.
5	Enter the DLN and RSN of the erroneous refund transaction.
6	Indicate which one of the ERSED periods applies.
7	Enter the date of the 1st 510C letter.
8	Enter Date of Demand
9	Enter the amount of the refund that is erroneous.
10	Enter the TC 470 date.
11	Enter the TC 844 date.
12	Enter TC 971/663 date.
13	Enter the TIN, MFT, Tax Period, and full name and address of the taxpayer to whom the erroneous refund was issued.
13b	Enter the same information for the X-REF taxpayer if one is involved.
14	Provide **detailed** written explanation of the **cause** of the erroneous refund.
15	Enter the IDRS, phone, and STOP numbers of the discovering function employee. Enter the Form 12356 completion date.
15b	The discoverer's manager signs and enters the date of referral to ERRF Coordinator.
16	ERRF Coordinator Signs and enters date of referral.

Figure 3.17.80-45

3.17.80.4.4.3
(01-01-2019)
**Taxpayer Repayments
and Replies to
Correspondence**

(1) If the taxpayer submits an incomplete Form 1133 package, use an IDRS letter to return the package to the taxpayer and to explain that he or she has 30-days to re-submit the completed claim package.

(2) If the taxpayer responds with a completed Form 3858, Form 1133 or Form 13818 package indicating that two refunds were not received:

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    a.   Photocopy the completed Form 1133 or Form 13818 for the case file.

    b.   Return page 2 of Form 3858, completed Form 1133, and a copy of the refund check to BFS. As long as the Form 3858 has a Stop Reason of "D", the package can be sent to BFS no matter how old it is.

    c.   Include the FMS (aka. BFS) Cover Sheet and highlight F"MS DO NOT ISSUE SETTLEMENT CHECK". Also write "DO NOT OPEN IN MAIL ROOM" on the outside of the envelope. (See Exhibit 3.17.80-10)

    d.   The Form 13818 package will go to the National Forensic Laboratory (NFL) to determine if the taxpayer's signatures are genuine.

    e.   Place the case in 90 day follow-up file.

    f.   Update Control Base to: **C#,1133TOBFS,A,MISC** or **C#,1133TONFL,A,MISC**

    g.   Issue Letter 206-C to notify the taxpayer that their Form 1133 package was forwarded to the BFS.

(3)   If the taxpayer indicates on Form 1133 that they did **NOT** live at or receive mail at the check address (item #9 on Form 1133), proceed with the following before forwarding to Check Claims for adjudication:

    a.   Complete a thorough research of all the taxpayer's tax modules and MFTRA research, including a review of the taxpayer's current, prior year and Erroneous Refund tax returns to determine why the check was issued to another address.

    b.   Review the returns for any attachments including W2's, etc.

    c.   If any evidence can be found to indicate that the taxpayer may have lived at the address in question, photocopy the evidence and forward it along with Form 1133 to FMS Check Claims as outlined in (2) above. Keep a file copy of the evidence in case it is not returned from Check Claims.

(4)   If the taxpayer responds either by telephone or written response that they did receive two refunds, but they do not have the funds to repay:

    a.   Inform the taxpayer of the obligation to repay.

    b.   Attempt to get the taxpayer to agree to a repayment plan.

    c.   Continue processing the case as an Erroneous Refund with a 5 year ERSED.

(5)   If taxpayer repays, consider the payment as an agreement from the taxpayer that they've received two refunds. Complete POC Erroneous refund. For full repayment:

    a.   Complete Form 12356, Erroneous Refund Worksheet.

    b.   Input TC's 844, TC 971 AC 663, and 470 CC 93 (Input TC 470 CC 93 only if prior TC470 CC 93 has expired or was not previously input).

    c.   Use CC INTST to look for penalty and interest accruals. If present, and the accrual amounts are incorrect, input both TC's 270 and 340 for zero or TC 341 for credit (if posted on TXMOD) to remove and restrict accruals.

    d.   Input TC 845 with a post delay 1.

(6)   For partial repayment:

    a.   Complete Form 12356, Erroneous Refund Worksheet.

    b.   Issue Letter 510-C.

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c.   Input TC's 844, TC 971 AC 663, and 470 CC 93 (Input TC 470 CC 93 only if prior TC470 CC 93 has expired or was not previously input).

d.   Refer to IRM 21.4.5.6.3, Routing Category D Erroneous Refund Packages if the erroneous refund was issued from a site other than your site.

e.   If the case was issued from your site, monitor the case for payments and/or credits for 45 days after the first demand letter following IRM 3.17.80.1.19, General Overview - Category D, Unassessable Erroneous Refunds.

3.17.80.4.4.4
(05-31-2018)
Bureau Fiscal Services (BFS) Determinations

(1)   If BFS determines the taxpayer did not receive two refund checks, they will issue a credit, TC 841. Once posted, reverse any offset credits applied (TC 706/700) and allow them to refund from their original tax period.

(2)   If a Claim Disposition Notice (CDN) is received from BFS stating "FORGERY ESTABLISHED", input a TC 971 with Action Code 078.

(3)   If BFS determines the taxpayer did receive two refund checks, process as an Erroneous Refund case. Complete Form 12356, Erroneous Refund Worksheet, and send the taxpayer a Letter 2218-C. Wait for 45 days and then route to the appropriate site.

(4)   If BFS or NFL determines that the endorsement on one or more refunds was forged, complete Form 3809 to post the TC 841 credit transaction. (See Figure 3.17.80-46)

Miscellaneous Adjustment Voucher	DOC CODE 48	BLK 890-899	DLN			
Debit — Name and address **6565 Acct CAT 1**	X-ref. TIN	X-ref. MFT	Route to	☐ MF	✔ NMF	
	Plan Report Number					
	X-ref. tax per. | Transaction date **03-31-20XX**		1st T.C.	Debit amount		
	2nd T.C. | Amount		3rd T.C.	Debit amount		
Credit — Name and address **JANE DEWEY 1325 LUCAS AVE HOUSTON, TX 77013**	TIN **000-00-6773**	MFT **30**	Route to	✔ MF	☐ NMF	
	Plan Report Number					
	Tax period **20XX** | Transaction date **03-31-20XX**		1st T.C. **841**	Credit amount **100.00**		
	2nd T.C. **770** | Amount **.00**		3rd T.C.	Credit amount		
Explanation **FORGED CHECK CLAIM APPEARS VALID PER NFL RECLAMATION PERIOD EXPIRED**	Split Refund Indicator ☐	Bypass Indicator ☐	Prepared by **0004540068** Date prepared **08-12-20XX**			
Form **3809** (Rev. 8-2012) Catalog Number 22475R Part 1 - Credit Copy Dispose of all prior issues			Department of the Treasury **Internal Revenue Service**			

Figure 3.17.80-46

(5)   Attach the following to the 6565 Account Cover sheet.

a.   Form 3809
b.   History Sheet
c.   CC TXMOD printout
d.   Copy of Form 3911, Taxpayer Statement Regarding Refund,
e.   All taxpayer correspondence

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    f. Form 13818, Claim Against the United States for the proceeds of an Internal Revenue Refund Check.

    g. Photocopy of front and back of the check(s)

    h. The BFS/NFL response

(6) Monitor for the posting of the TC 841. The DLN will carry Document Code "48" with block and series "88999".

(7) Limit the refund interest to the amount of the original TC 770/776.

(8) If BFS does not respond within 90 days, follow up with BFS Claims Processing by contacting BFS Treasury Support at (877) 440-9476.

3.17.80.4.4.5
(01-01-2015)
Monitor Case for Credits

(1) If the response to the SF 1184 indicates the recertified credit is available (Status 32), a credit will be returned through TRACS.

    a. Maintain an open IDRS control base and monitor for the TC 841 credit to post. If the TC 841 has not posted following the status code date, prepare BFS 3864. Follow instructions in IRM 21.4.3, *Refund Inquiries*.

    b. When the TC 841 posts, close the IDRS control and suspense case in closed file. Release any TC 570, as appropriate.

(2) On rare occasions, Check Claims will respond on Form 3859 "settlement recommended" and subsequently reverse their decision claiming that the taxpayer did benefit from the original refund check.

Note: Erroneous Refunds procedures in both IRM 21.4.5, *Erroneous Refunds* and/or IRM 3.17.80, *Working and Monitoring Category D unassessable erroneous refund Cases* are available for appropriate handling of the case.

3.17.80.4.5
(01-01-2015)
SF 1081 Debits Other
Than Status 61 and 65

(1) The following actions must be taken when SF 1081/TRACS involving two checks are received (See Figure 3.17.80-47):

    a. Do **not** order MFTRA.

    b. Prepare Document Transmittal. Route Document Transmittal, the original or TRACS print and a duplicate SF 1081/TRACS to the RRACS Unit for journaling to the 1530 Account. Request the duplicate or copy of SF 1081/TRACS be routed "with journal number" to the Erroneous Refund Unit.

    c. Maintain a copy of the SF 1081 in Accounting.

(2) If debit SF 1081/TRACS processing is done within the Erroneous Refund Unit, the journaling to the 1530/1540 General Ledger Account will be done within this unit.

(3) The Erroneous Refund Unit will follow Erroneous Refund procedures as outlined in IRM 3.17.80, Accounting and Data Control, Working and Monitoring Category D, Erroneous Refund Cases in Accounting Operations.

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STANDARD FORM 1081
Revised September 1982
Department of the Treasury
I TFRM 2-2500

**VOUCHER AND SCHEDULE
OF WITHDRAWALS AND CREDITS**

Transaction Date
081920XX **②**

CHARGE AND CREDIT WILL BE REPORTED ON
CUSTOMER AGENCY STATEMENT OF TRANSACTIONS
FOR ACCOUNTING PERIOD ENDING   091620XX **①**

Document No.
999999 **③**

CUSTOMER AGENCY		BILLING AGENCY	
Agency Location Code (ALC)	Customer Agency Voucher No.	Agency Location Code (ALC)	Billing Agency Voucher No.
20-09-0000 **④**	**⑤**	20-18-0000 **⑥**	90-08170 **⑦**

DEPARTMENT
BUREAU
ADDRESS
⑧

DEPARTMENT OF TREASURY
INTERNAL REVENUE SERVICE
ACCOUNTING CTRL/SRVS OPERATIONS
PO BOX 24551
KANSAS CITY, MO 64131

DEPARTMENT
BUREAU
ADDRESS
⑨

DEPARTMENT OF TREASURY
FINANCIAL MANGEMENT SERVICES
PO BOX 1849
HYATTSVILLE, MD 20008

SUMMARY		SUMMARY	
APPROPRIATION, FUND, OR RECEIPT SYMBOL	AMOUNT	APPROPRIATION, FUND, OR RECEIPT SYMBOL	AMOUNT
20F398009 **⑩**	$528.39 **⑪**	0-2-010 **⑬**	**⑭** $528.39
(MUST AGREE WITH BILLING AGENCY TOTAL) TOTAL	$528.39 **⑫**	(MUST AGREE WITH BILLING AGENCY TOTAL) TOTAL	**⑮** $528.39

Details of charges or reference to attached supporting documents

⑯

BILLING AGENCY CONTACT:
PREPARED BY _____ Ken Finch
APPROVED BY _____ Walter Heron **⑰**
TELEPHONE NO. _____ 202-555-7654

CERTIFICATION OF CUSTOMER OFFICE

I certify that the items listed herein are correct and proper for payment from and to the appropriation(s) designated.

08-20-20XX
(Date)

⑱ *Walter Heron*
(Authorized administrative or certifying officer)

202-555-7654
(Telephone No.)

NSN 7540-00-634-4234
PREVIOUS EDITION NOT USABLE

① Date transaction will be reported

② Date SF 1081 is prepared

③ Document number of the Billing Agency

④ Area Location Code of the agency to be charged

⑤ Voucher number of the Customer Agency (Schedule SF 1081 number)

⑥ ALC of agency to receive the credit

⑦ Voucher number of the billing agency (if known)

⑧ Department, bureau, and address of the agency to be charged

⑨ Department, bureau, and address of the agency to receive credit

⑩ Appropriation, Fund, or Receipt Symbol – of the account to be charged

⑪ Amount(s) to be charged

⑫ Total of amount(s) to be charged

⑬ Appropriation, Fund, or Receipt Symbol – of the account to be credited

⑭ Amount(s) to be credited

⑮ Total of amount(s) to be credited

⑯ Details or reasons for bill – or may indicate supporting documents are attached

⑰ Preparer's name, approving officer and telephone number

⑱ Signed, dated, by certifying officer, include telephone number

Figure 3.17.80-47

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3.17.80.4.6
(01-01-2015)
Refund Repayments Made to Check Claims Group

(1) In some instances, a taxpayer will erroneously repay the amount of the duplicate refund by personal check made out to the Check Claims Group. When the taxpayers are contacted by IRS, they will submit a copy of the cancelled check showing that the funds were deposited into Check Claims' Reclamation Suspense Account. In these cases, the Submission Processing site must prepare SF 1081 to charge the Reclamation Expense Account and credit the applicable IRS appropriation or Fund Account. The SF 1081 must contain a statement of facts surrounding the case. Attach a copy of the front and back of the check.

(2) If a taxpayer sends a payment to IRS and it is erroneously received and cashed by Check Claims, Accounting will write a memorandum to Check Claims Group requesting that the funds be returned to IRS. Provide the pertinent information; Submission Processing site name and address and Agency Location Code . A copy of the cancelled check must be attached to assist Check Claims in locating the funds.

3.17.80.4.7
(01-01-2015)
Erroneous Payments Made by Regional Financial Centers

(1) BFS Regional Financial Centers are responsible for adjusting all check issue discrepancies, such as:

   a. Checks issued for less than, or in excess of, amounts shown by the certified refund schedules (SF 1166 or SPS).
   b. Checks printed in different amounts, thus causing the payees to be underpaid or overpaid.
   c. Two checks issued to one payee and no check issued to a rightful payee.

(2) When taxpayers send these erroneous checks to the Submission Processing site or tender remittances to cover erroneous payments, check cancellation or deposit action will NOT be taken by the Submission Processing site. Rather, the checks and repayments will be routed to the Director of the Regional Financial Center for credit in his accounts. Returned checks are stamped "Not Negotiable" as outlined in IRM 21.4.3, *Refund Inquiries - Returned Refunds/ Releases*, before they are transmitted to the Regional Financial Center.

(3) If the refund appropriation(s) has been erroneously credited with check cancellations or repayments that should have been credited to the Director, Regional Financial Center accounts, the over-assessment clerk will make the necessary adjustment by processing SF 1166 to charge the refund appropriation and pay the amount to the Director, Regional Financial Center.

3.17.80.5
(08-17-2023)
Maintaining Account 6565, Processing and Monthly Balancing Routine

(1) Checks expired under the provisions of Limited Payability, either issued prior to October 1, 1989, returned by taxpayers or cashed due to forgery, are worked through Account 6565 originating in the Refund Inquiry area to maintain internal controls.

(2) Research and preparation of Form 3809, Miscellaneous Adjustment Voucher, for 6565 Account cases is performed in the Refund Inquiry function. See related instructions in IRM 21.4.2.4.11, **Check Cashed/Limited Payability (Possible Forgery)** and IRM 21.4.2.4.14, **Account 6565 Processing for Refund Inquiry Function**.

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3.17.80.5

(3) Refund Inquiry forwards the entire case file to Accounting, or a photocopy of the case file, along with completed Form 3809 for processing. The following must be included with the case file:

   a.   History Sheet
   b.   A MFTRA or TFTRA transcript (or IDRS print) of the refund tax module.
   c.   Completed Form 13818, Limited Payability Claim Against the United States for the proceeds of an Internal Revenue Refund Check, if one is provided.
   d.   A photocopy of the expired check, and/or information supporting a statement that the check was returned to the RFC.
   e.   Any taxpayer correspondence.
   f.   Form 3859, Claims Disposition Notice (CDN) or evidence that a non-receipt claim was initiated and the current status of the check.

(4) Accounting will verify that:

   a.   All information for the case is attached.
   b.   Completed Form 3809 is attached (See Exhibit 3.17.80-11, Blocking Series Chart for Document Code 45, Standard Form 1098 and TRACS Processing).
   c.   Use of Account 6565 category code is recorded on Form 3809.
   d.   A cover sheet is attached to the case (if appropriate) and,
   e.   The Accounting Control/Services Chief signed the cover sheet, as appropriate.
   f.   See paragraph (5), Check List, below, for Posting TC 841/740.

(5) Maintain a log of all reviewed cases, including but not limited to:

   a.   The Taxpayer Identification Number.
   b.   The Dollar Amount.
   c.   The MFT and Tax Period involved.
   d.   General reason why the taxpayer is requesting a new refund check.
   e.   Take precautions that duplicate cases are not processed. Refund checks issued October 1, 1989 or after (excluding forgeries) are not processed through the 6565 Account. Outstanding refund checks issued October 1, 1989, or later, that are over 1 year old, are canceled via Limited Payability (TRACS).
   f.   Maintain money amounts of the case files with Form 3809 for balancing the 6565 Account.
   g.   Number Form 3809 as instructed in Exhibit 3.17.80-11, using Document Code 48 and Blocking Series 899.
   h.   Prepare Form 813, Document Register, listing all Form 3809 having the same MFT.
   i.   Prepare Document Transmittal (Debit 6565 Account and Credit Master File). Attach second copy of Form 813 and Part 2-Debit copy, of Form 3809 requesting that journal number be stamped on each Form 3809.
   j.   Route to RRACS function for journal action.
   k.   Hold all other documents until the RRACS function returns the Document Transmittal and Part 2-Debit Copy of Form 3809 with the journal number.
   l.   Route original Form 813 and Part 1-Credit Copy of Form 3809 to Batching and Numbering for processing.
   m.   Attach Part 2-Debit Copy of Form 3809 to each corresponding case file and maintain case files in Accounting.
   n.   The 6565 Account is balanced monthly. Balancing actions and other review activities are required as with other general ledger accounts.

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Current month inventory must be filed separately until balancing is complete; then it is appropriate to maintain the account separately by month or merge it into a general "closed" file for the Fiscal Year.

(6) Check List for posting TC 841/740. The Refund Inquiry function will take the following steps to post TC 841 or TC 740 to the taxpayer's account when the appropriate credit is not posted through normal MF processing (LP TRACS). The Refund Inquiry function researches and prepares Form 3809.

   a.   This information is necessary for Accounting to accurately verify that each case is complete. Refund Inquiry will annotate the 6565 Account category of the debit in the upper left corner of Form 3809.
   b.   For Categories 2, 3 and 4, a cover sheet must be attached at the front of the case file showing all appropriate attempts to locate the credit were not successful and appropriate managerial level supports the release through 6565 Account.
   c.   Category 3 cases require the Accounting Operations Chief's signature.

(7) **Category 1**: Limited Payability credits (no credit due from BFS). Most 6565 Account cases fit into this category.

(8) **Category 2**: BFS states the credit has been returned to IRS. After a thorough search and follow-up with BFS, IRS is unable to find any record of the credit. This credit will be sent through the RFC or directly from Hyattsville as the result of a check claim. See IRM 3.17.63, Accounting and Data Control - Redesign Revenue Accounting Control System. Credit is applied from Account 6565 to the taxpayer's account using Form 3809.

   a.   **BFS Regional Operating Center**: Form 1098 Refund Stops or Intercepts, undeliverables, returned checks (Available Check Cancellations). Regional Financial Center (RFC) will show Reason for Cancellation Code (RCC).
   b.   **BFS**: Form 1081 Reclamation credits, Status 32 credits for paper-filed Form 1184 claims. Contact the person whose name appears on the Form 3859 or Form 1081.

(9) **Category 3**: BFS authorizes settlement via Form 3859 and seeks reclamation timely, but no credit is returned to IRS within 1 year. After appropriate contacts with BFS, credit the taxpayer's account. Credit will be applied from Account 6565 to the taxpayer's account using Form 3809. The Accounting Operations Chief's signature is required on the check sheet. If credit is subsequently received from Hyattsville, credit the 6565 Account for the amount previously debited to satisfy the taxpayer.

(10) **Category 4**: BFS authorizes settlement and reclaims from the bank, however, the bank recovers only partial credit. BFS, therefore, is able to return only partial credit to IRS. Since a partial credit cannot post, the taxpayer's account remains in debit balance for the entire amount. After appropriate follow-up with BFS, use Form 3809 to debit Account 6565 and credit Account 4970 for the difference. Prepare Form 3245 to post the entire refund amount from Account 4970 to the taxpayer's account.

(11) **No Category Number**: The amount of credit from BFS is less than the refund

indicates no correction will be made. Post reversal of the entire refund to the

#

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taxpayer's account. Annotate the Form 3245 with the amount from Account 6540 (Debit Account 6540) and the amount from Account 4970.

(12) **No Category Number**: BFS returned the credit, but the amount of credit is   #

Follow-up with BFS indicates no correction will be made. Annotate the Form 3245 with the amount to post the credit to the taxpayer's account. The excess amount will be applied to Account 6540.

3.17.80.6
(08-17-2023)
Miscellaneous Reports

(1) It is the responsibility of RRACS to generate monthly reports, RRACS 003, 0131 and 0156 reports for the Erroneous Refund teams, refer to IRM 3.17.64 , Accounting Control General Ledger Policies and Procedures for Erroneous Refunds.

Note: The RRACS 0131 and 0156 are monthly reports and the 003 report is a daily report which is available for your review on a daily basis.

(2) The reports assist the Erroneous Refund team to track erroneous refunds by Document ID (Doc ID) and to identify discrepancies needing reconciliation.

(3) Each erroneous refund case is listed by Doc ID, erroneous refund date, beginning balance, adjustment amount, and current balance.

(4) All campuses are required to compare the End of Month RRACS 003 daily report to the RRACS 0131 and RRACS 0156 reports for balance discrepancies. Review the totals of the RRACS 003 report. If an amount appears in the net amount column, the general ledger is out of balance. Notify the DBA so corrective action can be initiated.

(5) It is the responsibility of the Erroneous Refund Team Leader and/or the Work Leader to receive and review the reports monthly.

a. Compare the last day of the month RRACS 003 daily report balance to the end of month RRACS 0131 and 0156 report balance to identify discrepancies needing corrective actions.
b. Review the 0131 and 0156 reports for any monetary errors.
c. Review the 0131 and 0156 reports for any typographical errors.
d. Use the reports to assist RRACS if there are credit or debit issues.
e. Management must perform periodic reviews of any reconciled items and maintain a copy of these reviews.

Note: Management will provide feedback and refresher training as needed.

(6) The Erroneous Refund Team Leader and/or the Work Leader must **electronically sign** the RRACS last day of the month 003 report listing and the monthly 0131 and 0156 report listing and a SharePoint monthly log document indicating that the review of these reports has been completed, by the 15th business day of the month below:

Report Month	Due by the 15th of:
January	February
February	March
March	April

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Report Month	Due by the 15th of:
April	May
May	June
June	July
July	August
August	September
September	October
October	November
November	December
December	January

> **Note:** If the due date falls on a Saturday, Sunday, or holiday, the report is due the next business day.

(7)   The SharePoint site is located at: *https://irsgov.sharepoint.com/sites/ JKQSGYZD/SitePages/Home.aspx, Category D Erroneous Refunds (sharepoint.com)*

(8)   When signing the monthly log, at the top of the log worksheet there will be an Editing drop down, click and proceed to Editing (make any changes), type your name and press enter, the worksheet will automatically provide the date stamp.

> **Note:** The monthly log will automatically save any changes made to the worksheet.

(9)   Select the ACO RRACS 003-0131-0156 Monthly Review and Log report folder, select the appropriate campus folder for your site, select the appropriate year folder, and proceed to sign the monthly log and upload the electronically signed 003, 0131 and 0156 reviewed RRACS report listing into the appropriate folder.

> **Note:** The review of the reports are monthly. Please, pay attention to the dates when the reports must be completed, before electronically signing as completed.

(10)   If there is an access issue, please, contact the HQ Erroneous Refund Analyst and/or Back-up Analyst who are the Site Administrators for these logs. Only the Erroneous Refund Manager or Work Leader have access to this SharePoint site. If there are changes in Management, contact the HQ Erroneous Refund Analyst or Back-up Analyst.

> **Note:** At present, the CFO A-123 team will ask for copies of these reviews. HQ's Erroneous Refund Analyst or Back-up Analyst will be able to assist the campus in gaining copies of the signed reviews.

(11)   Proceed to exit the SharePoint site after you have signed the monthly log and uploaded the electronic signed report listings.

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3.17.80.7
(11-23-2021)
Return Preparer
Misconduct Erroneous
Refunds (Kansas City)

(1)   The following procedures were applicable to cases received through June 30, 2015 and are being left in the IRM for historical purpose only. This process became systemic effective July 1, 2015 and IRM 3.17.64.16, Erroneous Refunds, contains the procedures that must be followed.

(2)   The IRS has identified situations where unscrupulous return preparer's will alter taxpayer tax data or misdirect a part or all of the taxpayers' refund. Taxpayers who claim to be a victim of return preparer misconduct, and that claim is substantiated, will need to have a credit posted to their accounts.

(3)   This section describes the steps that are to be taken by the Accounting Operation on a Form 3809 that are received related to the return preparer misconduct erroneous refunds.

3.17.80.7.1
(11-23-2021)
Processing the Receipt

(1)   The Erroneous Refund team receives Return Preparer Misconduct Erroneous Refund Form 3809 from the functions working these cases daily for journalization.

(2)   Each pack will consist of Form 3809 and an IDRS print stapled to the credit side of Form 3809 under cover of Form 3210. The Erroneous Refund teams need to review the Form 3809 and the Form 3210 and acknowledge receipt ensuring date of receipt is annotated.

Note: While reviewing the Form 3809, ensure that the remarks section includes the statement "RPM erroneous refund" and the debit portion of the Form 3809 states RPM - 1545 Account. If not, return to the originator for correction.

(3)   The Forms 3809 must be numbered and the Form 813 prepared as:

- TC 841, use Doc Code 48 and blocking 930-939.
- TC 700, use Doc Code 58 and blocking 930-939.

   Note: There will be no more than 75 items per Form 813.

(4)   **The numbering of the Form 3809 and the acknowledgement must be completed within twenty-four hours**.

(5)   After the forms have been reviewed and numbered, forward to the RACS unit for the necessary journal action.

(6)   Within 24 hours of receipt, the RACS team prepares a Form 8166, using the DOC ID and item count, listing each money amount separately from the Form 3809. The total amount listed on the Form 8166 must equal the Form 813 total.

(7)   The DOC ID input to RRACS will be 15 digits as follows: DOC ID = DLN of Form 813 (without sequence number) plus two-digit year plus total volume on Document 813. **e.g., 172482619301475**

(8)   The RACS team will:

- Journal the TOTAL amount of each Form 813 listed on the Form 8166, using a 480 window to debit the 1545 account and credit master file (4120/4220). For the prepare date on RRACS, use the date of the journal.
- Stamp or write the 480 journal number on Form 3809 and/or Form 813

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- Send the debit side of Form 3809 and copy of Form 813 to the Erroneous Refund technician to monitor the TC 841 posting.
- Maintain third copy of Form 3809 and Form 813 in 1545 account file for use in balancing.
- **Hand carry**, under cover of a document transmittal, a copy of Form 813 to Data Conversion so that the DLN can be set up on SCCF. To prevent SCF, Block Out of Balance (BOB) items, release the Form 813 to Data Conversion the day prior to releasing the work to Batching.
- **Hand carry**, the credit side of Form 3809 and one copy of Form 813 to Batching, under cover of Form 3210 so that the Form 3809 can be batched and sent to ISRP for transcription.

Note: At the site's discretion, the DLN can be set up on SCF by the Data Control unit.

3.17.80.7.2
(11-23-2021)
Maintaining the Receipts

(1) After the RACS team has journalized the Form 3809 and forwarded them for processing, the general ledger (GL 1545) side of the Form 3809 is forwarded to the Erroneous Refund Team. The Erroneous Refund team will:

- Maintain the Form 3809 in a suspense file by Form 813 DLN.

Note: While this money is being journalized to GL 1545, the RPM Form 3809 needs to be kept in a separate file.

(2) The write off process will be completed on the RPM cases after the items are moved over to the new GL 1547 account.

3.17.80.7.3
(11-23-2021)
Inventory Control

(1) Daily (by COB everyday) the RACS team will drop a UPC for the total of Form 3809 copies (receipts) that day from Manual Deposit (receipts) and a total of Form 3809 copies released to Batching that day (production) using OFP 710-01047.

3.17.80.7.4
(11-23-2021)
Monthly Balancing Procedures

(1) Run paper Form 3809 as usual, using the Doc Id and the total money amount on the trial balance.

(2) Run EOD 1622 total for each day on the trial balance for systemically journaled cases.

Note: It is important to ensure if a reversal or write-off was done, to use the adjusted dollar amount and adjusted volume.

(3) Balance trial to RRACS Monthly GL 1545 account and RRACS report 0155.

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Exhibit 3.17.80-1   (01-01-2015)
Erroneous Refund Interest Considerations

Erroneous Refund Interest Considerations

NOTE: Payments for erroneous refunds are considered timely if received within the time periods listed below. Although the taxpayer is told payments must be within 21 days (or 10 days if refund was $100,000 or more), we allow an additional 7-day Grace Period to allow for mailing and processing.
- Less than $100,000: timely if within 28 days of the Date of Demand (21 days + 7days grace)
- $100,000 or more: timely if within 17 days of the Date of Demand (10 days + 7days grace)

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Exhibit 3.17.80-1

Exhibit 3.17.80-2 (01-01-2015)
Erroneous Refund Flow Chart
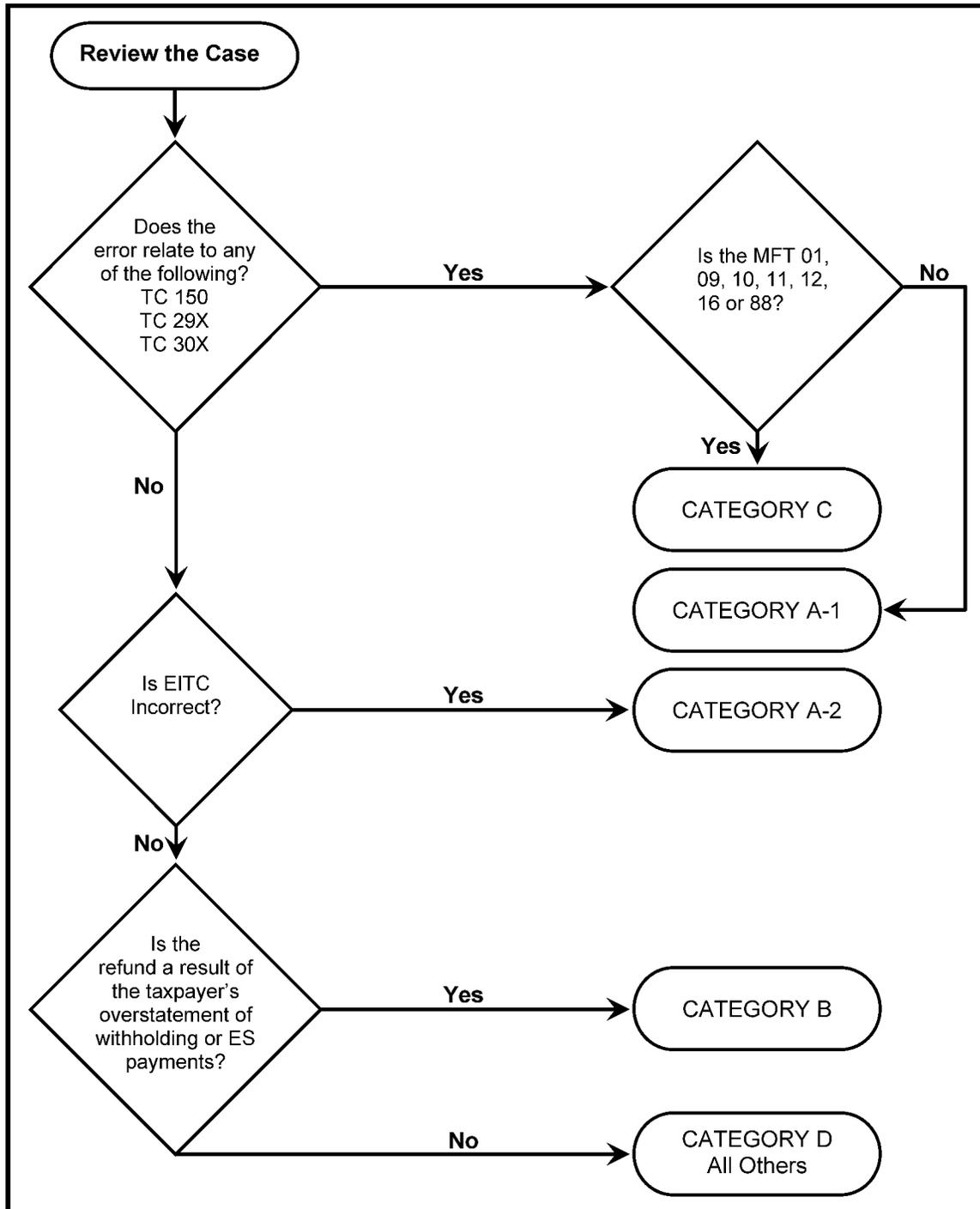
See IRM 21.4.5, Erroneous refunds, for working types A through C cases

Exhibit 3.17.80-2 (Cont. 1) (01-01-2015)
Erroneous Refund Flow Chart

If/Then Flow Chart for Erroneous Refund Identification		
If the:	**Example**	**Then the Category Is:**
Error relates to TC's 150, 29X, and/or 30X and MFT's are not 01, 04, 08, 09, 10, 11, 12, 16, or 88.	1. IRS lowered the tax when originally processing the Form 1040 or Form 1120 and later determines the taxpayer's amount was correct. 2. Incorrect tax or incorrect adjustments (TC 29X or 30X), Form 1040X or 1120.	"A1"
Refund relates to disallowed Earned Income Tax Credit (EITC), TC's 764, 765, and 768 or Child Tax Credit Issue (Refundable part). Non Refund TC 766.	1. Taxpayer calculates the EITC by including interest in the Earned Income. (TC 764) 2. Issuance of the refund before finding the error. (TC 846 with 764 credit)	"A2"
Refund was caused by taxpayer's overstatement of prepaid credits (TC 66X or TC 80X)	1. Taxpayer claimed W/H of $1,000.00 but the correct W/H is $500.00. The refund is $500.00 more than it should be.	"B"
Error relates to BMF TC's 150, 29X, and/or TC 30X and the MFT is 01, 04, 08, 09, 10, 11, 12, 16, or 88.	1. Incorrect tax (TC 150) on Forms 941 or 940. 2. Incorrect adjustment to tax (TC 29X or 30X). Refer to IRM 21.4.5.5.4	"C"
Error relates to any erroneous refund that is not included in the above categories.	1. A misapplied payment with TC 650, 660 or 670. 2. Incorrect refundable credits not included in Categories A2 and B. 3. TC 840 and TC 846 same overpayment. 4. Refund issued after Statute expiration. 5. Entity errors.	"D"

Note: At times the Category A1 and A2 cases require a Notice of Deficiency to be issued (EITC or other tax decrease errors). Employees must refer cases requiring a tax assessment to Examination for issuance of the Deficiency Notice. Follow local procedures when referring cases to Exam.

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Exhibit 3.17.80-2

Exhibit 3.17.80-3   (01-01-2015)
Erroneous Refund Accounts 1530, 1540, 1543

```
┌─────────────────────┐              ┌─────────────────────────┐
│ Account 1530        │ ◄─────────── │ Account 1540 or 1543    │
│ Court Case          │              │ Non-Court Case          │
│ Erroneous Refund    │              │ Erroneous Refund        │
└─────────────────────┘              └─────────────────────────┘
            │                                    │
            ▼                                    ▼
        ┌───────────────────────────────────┐
        │ Account 4910                      │
        │ Erroneous Refund                  │
        │ Statute Expiration Date           │
        │ Waiting for Relief                │
        └───────────────────────────────────┘
                        │
                        ▼
        ┌───────────────────────────────────┐
        │ Account 6920                      │
        │ Erroneous Refund                  │
        │ Write-off – Relief Granted        │
        └───────────────────────────────────┘
```
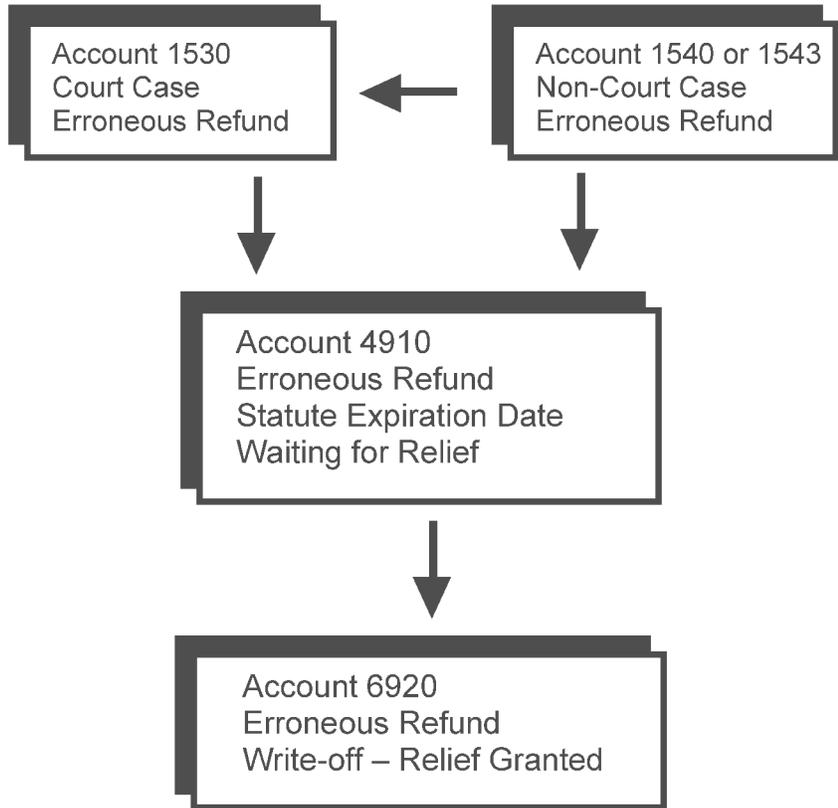
┌──┐
│ Write-off instructions appear in IRMs 3.17.80.1.18, Accounting Refund │
│ Transactions, 3.17.63, Accounting Control and 3.0.167, Losses and   │
│ Shortages   │
└──┘

Exhibit 3.17.80-3   Internal Revenue Manual   Cat. No. 47865P (11-29-2023)
47865799   Any line marked with a #
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Exhibit 3.17.80-4   (11-28-2022)
Erroneous Refund Coordinators

Erroneous Refund Coordinators:			
Note: All Cases must Be Sent via E-mail			
Submission Processing site	**Name and Address**	**Telephone #**	**E-mail**
Austin 18	IRS - Austin SPC Attn: SP Accounting Operations Erroneous Refund Coordinator AUSPC Stop 6271 PO Box 934 Austin, TX 78767 or 3651 S IH 35 Austin, TX 78741	(737)800-5080	*W&I SP Erroneous Refund Austin*
The below sites are to be sent to the Kansas City Campus. **Kansas City 09** **Atlanta 07** **Andover 08** **Fresno 89**	IRS - Kansas City SPC Attn: SP Accounting Operations Erroneous Refund Coordinator 333 W. Pershing Rd. Stop 6250 P-6 Kansas City, Missouri 64108	(816)499-5934	*W&I SP Erroneous Refund Kansas City*
The below sites are to be sent to the Ogden Campus. **Ogden 29** **Brookhaven 19** **Cincinnati 17** **Memphis 49** **Philadelphia 28**	IRS - Ogden SPC Attn: SP Accounting Operations Erroneous Refund Coordinator PO Box 9950 - Stop 6714 Ogden, UT 84409 or 1973 North Rulon White Blvd. Stop 6714 Ogden, UT 84404	(801) 620-7660	*W&I SP Erroneous Refund Ogden*

Cat. No. 47865P (11-29-2023)   Internal Revenue Manual   **Exhibit 3.17.80-4**
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Exhibit 3.17.80-5   (11-23-2021)
Regional Financial Centers

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

Exhibit 3.17.80-5   Internal Revenue Manual   Cat. No. 47865P (11-29-2023)
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Exhibit 3.17.80-6   (01-01-2015)
Blocking Series Chart for Document Code 45, SF 1098 and TRACS Processing

AO/SC Code	Blocking Series	Description	Document Code 45	Trans Code	Freeze Code	Processed By
**Blocking Series Chart for Document Code "45" For Miscellaneous Processing (i.e., SF 1098, 1081, ID-Theft Processing)**					
SC	220-299	Repayment of Erroneous IMF/ BMF	Form 3245	720	-	Receipt & Control
ULC	500-519	IMF/BMF	SF 1098 Form 3245	841/740	-	Accounting
ULC	520-529	ANMF	SF 1098 Form 3245	841/740	-	Accounting
ULC	530-539	IMF-IRAF	SF 1098 Form 3245	841/740	-	Accounting
ULC	540-549	IMF/BMF/ANMF	TFS 3813 Form 3245	843/742	-	Accounting
ULC	550-554	IMF/BMF	SF 1081 Debit/POC TRACS FForm 3245	843	-	Accounting
ULC	550-553	IMF/BMF	SF 1081 Debit Settlement Authorized Form 3245	840		Accounting
ULC	555	Intercepted Checks Manually Processed 1098 Listing	SF 1098/Form 3245	841	P-	Accounting
ULC	666	IMF/BMF/ANMF	Limited Payability Cancellation Credit/ TRACS Form 3245	740	S-	Accounting
ULC	800	Repayment of Erroneous Refunds ANMF	Form 3245	720	-	Receipt & Control
ULC	888	IMF/BMF/ANMF	SF 1081 Credit/RC/ UCC TRACS Form 3245	841	-	Accounting
ULC	889	Use for MFT 06/08 Only	SF 1081 Credit/RC/ UCC TRACS Form 3245	841	-	Accounting
ULC	55555	Intercepted Checks	Master File Tape Processing	841	P-	Computer Generated

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Internal Revenue Manual

Exhibit 3.17.80-6

Exhibit 3.17.80-6 (Cont. 1) (01-01-2015)
Blocking Series Chart for Document Code 45, SF 1098 and TRACS Processing

AO/SC Code	Blocking Series	Description	Document Code 45	Trans Code	Freeze Code	Processed By
Blocking Series Chart for Document Code "45" For Miscellaneous Processing (i.e., SF 1098, 1081, ID-Theft Processing)						
ULC	66666	Limited Payability	Master File Tape Processing	740	S-	Computer Generated
SC	77777	Undelivered ELF (Electronic Filed Return)	Master File Tape Processing	841	-	Computer Generated
SC	88888	Recertified Credit	Master File Tape Processing	841	-	Computer Generated
SC	88899	Returned Credit (Due to CHKCL)	Master File Tape Processing	841	P-	Computer Generated
SC	99999	Undelivered Check	Master File Tape Processing	740	S-	Computer Generated
SC	99999	Returned Checks	Master File Tape Processing	841	P-	Computer Generated

Exhibit 3.17.80-6   Internal Revenue Manual   Cat. No. 47865P (11-29-2023)
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Exhibit 3.17.80-7   (01-01-2015)

Blocking Series Chart for Document Code 45, Forms 3753 (Manual Refund Posting Voucher)

AO/SC Code	Blocking Series	Description	Document Code 45	Trans Code	Processed By
ULC	200-299	IMF/BMF	Refunds/ Form 3753	840	Accounting
ULC	300-399	BMF (F4466 Only)	Refunds/Form 3753	840	Accounting
ULC	900	-0- Amount	Form 3753 Dummy Refunds to Release X- Freeze	840	Accounting
ULC	920	IMF/BMF/NMF	Form 3753 Used When Transferring Refunds to Proper Account and in Conjunction with Form 3809 (*Optional Form 12857, top portion)	840	Accounting
ULC	600	Manual Refund/ Direct Deposit	IRS Error	840	Accounting
* Option Form 12857, Refund Transfer, will arrive in accounting to transfer accounts only. These items do not create a refund condition. Form 12857, top portion only, are numbered Document Code 45 and separated from the bottom portion prior to sending to RRACS area via Form 813.					
* If posting document requires DLN for Document Code 45, Blocking Series 92X, aka "dummy refunds", enter "0" (zero) in Block 4 on Form 3753 (Schedule Number) or Form 12857 (Refund Schedule Number).					

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Exhibit 3.17.80-7

Exhibit 3.17.80-8   (05-31-2018)
BFS Treasury Receivable Accounting, and Collection System Contact List

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

Exhibit 3.17.80-8   Internal Revenue Manual   Cat. No. 47865P (11-29-2023)

Exhibit 3.17.80-9   (04-29-2021)

Reason For Cancellation Codes (SF 1098)

Reason for Cancellation Codes SF 1098 Paper Checks				
RRC Code	**Description**	**Trans. Code**	**Freeze Code**	**Block and Serial Number**
01	Intercepted Checks	841	P-	55555
02	Undeliverable Checks	740	S-	99999
03	Returned Checks (other than intercepted or undeliverable)	841	P-	99999
08	Unavailable Check Cancellation Credit (returned on outstanding checks as a result of a check claim, CC CHKCL/ Status 32)	841	P-	88899
09	Unavailable Check Cancellation Credit	841	None	88888
09	Reclamation Credit	841	None	88000
09	Outstanding check as the result of a paper 1184.	841	None	88111
11	Taxpayer correspondence attached. (Also could include a photocopy fee refund cancelled that would not show on the MF.)	841	None	99999
40	Limited Payability (LP) expired credit	740	S-	66666 666XX (prior to 1992)
71	Unavailable Check Cancellation Offset Return. As a result of an agency claim, only the TOP offset amount of the original payment is returned. See IRM 21.4.6, *Refund Offset*	841	See IRM 21.4.6, *Refund Offset*	88888
72	Unavailable Check Cancellation Partial Payment Return. As a result of an agency claim, only the net amount of the original payment after TOP offset is returned. See IRM 21.4.6, *Refund Offset*	841	See IRM 21.4.6, *Refund Offset*	88888

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Internal Revenue Manual

Exhibit 3.17.80-9

Exhibit 3.17.80-9 (Cont. 1) (04-29-2021)
Reason For Cancellation Codes (SF 1098)

RRC Code	Description	Trans Code	Freeze Code	Block & Serial Number
Reason for Cancellation Codes SF 1098 Electronic Funds Transfer (EFT)				
60	Invalid/Missing Routing Transit Number	841	None	77777
61	Invalid/Blank Bank Account Number or Account Type. Must indicate (C) Checking or (S) Savings	841	None	77777
62	Direct Deposit Check Receiving Financial Institutions Non-ACH Partici-pant	841	None	77777
63	EFT Payments without Financial Organization Address on Financial Organization Master File (FOMF)	841	None	77777
Note: All EFT cancellation transactions will carry block and serial number 77777 and will flip to paper check.				

Exhibit 3.17.80-9   Internal Revenue Manual   Cat. No. 47865P (11-29-2023)

Exhibit 3.17.80-10   (01-01-2015)
BFS Coversheet - Do Not issue Settlement Check

DATE: _____

BFS COVER SHEET

Department of Treasury
Bureau of Fiscal Services
National Payment integrity
and Resolution Center
PO Box 51318
Philadelphia, PA 19115

ATTENTION: CUSTOMER LIAISON SPECIALIST

The payee is claiming non-receipt of the attached check(s). This is the result of a Payment Over Cancellation case or other circumstance where a settlement check should not be issued.
If forgery is determined,

DO NOT ISSUE SETTLEMENT CHECK

RETURN CREDIT TO THE INTERNAL REVENUE SERVICE

AGENCY LOCATION CODE: _____

If you have any questions, please call:

NAME: _____

TELEPHONE: _____

ADDRESS: _____

                      _____

Further instructions appear on the attached check(s).

Cat. No. 47865P (11-29-2023)   Internal Revenue Manual   **Exhibit 3.17.80-10**
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Exhibit 3.17.80-10 (Cont. 1) (01-01-2015)
BFS Coversheet - Do Not issue Settlement Check

<div style="border:1px solid">

PAYMENT OVER CANCELLATION
Follow-up Request

IRS Campus ALC: _____

Payee Name: _____

Check Symbol: _____

Check Number: _____

Date of Check: _____

Amount of Check: _____

Items Needed from BFS:

☐ CDN or Description and Check Image plus Copy of Settlement Check

☐ F3858, Claims Document for POC Check Symbol and Serial was received
<u>without</u> the original or POC check image/copy.

    Symbol _____, Serial _____

    Payee Name: _____

    Issue Date: _____

    Amount $: _____

    Please send check image/copy to the ALC address.

☐ All documentation (e.g. why did BFS adjudicate or determine that the payee
benefited from both checks?)

☐ Agency Credit 1081 for (Amount) $_____ Dated: _____

☐ Response to Form 1133/3864 previously submitted (Date): _____

☐ Other: _____

_____

Name and Telephone Number of IRS Campus Employee:

_____

Date of this Request: _____

</div>

Exhibit 3.17.80-10

47865452

Internal Revenue Manual

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Exhibit 3.17.80-11   (01-01-2015)
Form 3809 Miscellaneous Adjustment Voucher

CAT. 1 ⓫

00248-348-89900-X ⑫

Miscellaneous Adjustment Voucher	❸ (00)			
			DLN	

Debit

Name and address	X-ref. TIN	X-ref. MFT	Route to ☐ MF ❽ ☒ NMF
❶ **6565 Account**	Plan Report Number		
	X-ref. tax per.	Transaction date	1st T.C. Debit amount **300.00** ❻
	2nd T.C.	Amount	3rd T.C. Debit amount

Credit

Name and address	TIN **000-00-5962** ❹	MFT **30** ❺	Route to ☒ MF ❽ ☐ NMF
❷ **Barry Finch** **524 Adams Ave.** **Tulsa, OK 74101**	Plan Report Number		
	Tax period **20XX12**	Transaction date **052120XX**	1st T.C. **841** ❼ Credit amount **300.00** ❻
	2nd T.C.	Amount	3rd T.C. Credit amount

Explanation ❾ **Pre-LP expired check never cashed; IRS obligated to TP; FMS will not send cancellation credit.**	Split Refund Indicator ☐	Bypass Indicator ☐	Prepared by **K.A.**
			Date prepared **12-13-20XX** ❿

Form **3809** (Rev. 8-2012)   Catalog Number 22475R   Part 1 - Credit Copy
Dispose of all prior issues

Department of the Treasury
Internal Revenue Service

Form **3809** (Rev. 8-2012)   Catalog Number 22475R   Part 2 - Debit Copy
Dispose of all prior issues

Department of the Treasury
Internal Revenue Service

❶ The Debit box reads **"6565 ACCOUNT."**

❷ The Taxpayer's Name and Address are complete and the <u>Name Control</u> is underlined. (See "Exception" in #8 below.)

❸ The two-digit Universal Location Code (ULC) is correct.

❹ The SSN or EIN is correct.

❺ The MFT, Tax Period, and Transaction Date correspond with the refund being canceled.

❻ The Debit and Credit Amounts are the same and correspond with the refund being canceled.

❼ Enter **"TC 841"** as Transaction Code.

❽ NMF box is checked on the Debit portion and MF box is checked on the Credit portion.
Exception: Occasionally the refund is re-issued from NMF account (6520) instead of MF. Verify that:

    1. The NMF account is listed in the CREDIT box.
    2. The MFT, Tax Period , and Transaction Date are not needed.
    3. The NMF box is checked in both the Debit and Credit portions.

❾ The "Explanation" is complete. (Explanations vary depending on the refund situation.)

❿ The "Prepared By" and "Date Prepared" boxes are complete.

⓫ The correct Category Code is noted, and a completed cover sheet is attached if appropriate.

⓬ The DLN is constructed as follows:

Digits 1-2	Universal Location Code
Digits 3	Tax Class
Digits 4-5	Doc. Code 48
Digits 6-8	Current Julian Date
Digits 9-11	Blocking Series 899
Digits 12-13	Serial Number beginning with 00

Cat. No. 47865P (11-29-2023)   Internal Revenue Manual   **Exhibit 3.17.80-11**
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Exhibit 3.17.80-11 (Cont. 1) (01-01-2015)
Form 3809 Miscellaneous Adjustment Voucher

ACCOUNT 6565 COVER SHEET

CATEGORY (CIRCLE ONE):   1   2   3   4

____   CASE FILE ATTACHED (OR PHOTOCOPY OF CASE FILE) – ALL CATEGORIES

____   "REPORT OF LABORATORY EXAMINATION" (Category 1, forgery only)

SCHEDULE NUMBER (Category 2) _____

    If no number available, explain _____

    ____   Copy of Microfilm print from RIC attached (if available Check Cancellation and
            no schedule number)

____   OTHER RESEARCH (Category 2)

    ____   ACCOUNT 4970

    ____   EXCESS COLLECTION

    ____   UNPOSTABLES

    ____   OTHER _____

____   FMS CONTACTS(S) (Categories 2, 3, and 4)

        (CIRCLE ONE):   RFC   HYATTSVILLE COMMENTS

    NAME _____   _____

    TITLE _____   _____

    TELEPHONE _____   _____

____   COPY OF FORM 3864 (Categories 2, 3, and 4)

____   COPY OF FORM 3859 (OR COMPUTERIZED VERSION) "CLAIMS DISPOSITION
    NOTICE" (Categories 3 and 4)

_____ OPERATIONS MANAGER APPROVAL (Category 3)

Exhibit 3.17.80-11   Internal Revenue Manual   Cat. No. 47865P (11-29-2023)
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Exhibit 3.17.80-12   (01-01-2015)
Erroneous Refund Case History Sheet

ERRONEOUS REFUND HISTORY SHEET

Name Control:	TIN/EIN:	Case ID #:
MFT:	Tax Period:	ERRF Amount:
ERSED:	XREF TIN/EIN:	MFT/TXPD:
Taxpayer Name:		**TE #:**

Cause of Erroneous Refund:	Actions Taken by Originators: ☐ 844 ☐ 971/663 ☐ 470 ☐ 1st 510-C ☐ F-12356

Cause (Other Explain):	
Demand Date:	Posting Date:
Check Date:	Additional Bal. Due:
Refund Issued From:	Feedback Error To:
Feedback Sent On:	N/A Reason:

Date:	Actions Taken:	Payment Amount	Employee:

Version 09-2023

Cat. No. 47865P (11-29-2023)   Internal Revenue Manual   **Exhibit 3.17.80-12**
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Exhibit 3.17.80-13   (01-01-2015)
Unassessable Erroneous Refund (5 year) Check Sheet

NON-REBATE 5 YEAR ERSED CHECK SHEET

Instructions: Prior to referring a case to Counsel, please fill out this Check Sheet and keep it with the erroneous refund file. Include a copy in all cases requiring Counsel review.

The list should contain taxpayer name, TIN, whether it was the subject of prior Counsel review, and if so, the GL docket number from the prior Counsel opinion, and, name and telephone number of a contact person to arrange a time and place for a review of the files.

Section 1:

1. Taxpayer Name: _____   TIN: _____

2. Date of Refund: _____   Amount of Refund: _____

3. Cause of Erroneous Refund: Service Error   Other

    2-Year Statute of Limitation (Continue with Check Sheet, not referred to Counsel)

4. Reason for Erroneous Refund: Payment Over Cancellation (Go to Section 2: False Claims)

    Multiple Returns _____ Multiple TINs _____ Other (describe) _____

5. Is refund related to an electronically filed return? Yes _____ No _____ If yes, is a copy of Form 8453 in file?

6. Is a taxpayer request for a duplicate check in file? Yes _____ No _____ N/A _____ Explain _____

7. Is there any other correspondence or other taxpayer contact in file? Yes _____ No _____ If no, go to line 11.

8. Did the taxpayer deny receiving both checks? Yes _____ No _____

9. Did the taxpayer respond to Form FMS 1133? Yes _____ No _____

10. If yes, is there a Form FMS 1133? Yes _____ No _____

11. Did FMS or IRS forensic lab opine that the taxpayer signed both checks? Yes _____ No _____

12. Are there copies of both checks in the file? Yes _____ No _____

13. Was correspondence sent to the taxpayer's last known address? Yes _____ No _____

14. Was the correspondence returned to the Service? Yes _____ No _____

15. Is there any information in the file that might indicate fraud or a misrepresentation of material fact was involved? If yes, describe briefly: _____

Section 2: (Payment over cancellation cases only) If the case meets the standards described in items 2, 4, or 5 below, the 5-year statute of limitations under IRC §6532(b) applies due to misrepresentation of material fact, and the case does not have to be referred to Counsel.

1. Was the duplicate check issued because of a taxpayer request? Yes _____ No _____ Specify: _____
   If no, continue with Section 1.

2. (a) Did FMS or IRS forensic labs opine that the taxpayer signed both checks? **OR** (b) Did the taxpayer admit receiving both checks? Yes ___ No ___ If the answers to 1 **AND** 2(a) or (b) are yes, the 5-year statute applies. If no, continue with Section 1.

3. Are there copies of both checks in the file? **AND** were both checks sent to the same address or is there evidence taxpayer lived at both addresses in the file, explain _____,
   and do the signatures on the checks appear to be the same? Yes ___ No ___

4. (a) Is the taxpayer request for a duplicate check in file? **OR** (b) is there any signed correspondence from the taxpayer requesting check in file and the signature on the request and/or correspondence appears to be the same as the checks? Yes ___ No ___ If the answers to 1, each segment of 3, **AND** 4(a) or (b) are yes, the 5-year statute applies. If no, continue with section 2.

5. If there has been no response from the taxpayer, was Form FMS 1133 sent to the taxpayer's last known address and not returned by the Post Office? Yes ___ No ___ If the answers to 1, 3, and 5 are yes, the 5-year statute applies. If no, return to Section 1 and continue with question 5.

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Exhibit 3.17.80-14   (01-01-2019)
2019 Enterprise Computing Center (Posting Cycles)

Refer to SERP Document 6209, Online Enterprise Computing Center data here: http://serp.enterprise.irs.gov/
databases/irm.dr/current/6209/6209.html

Look for Document 6209 on the IRS web site for more information about other posting cycle information for
other calendar years.

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Exhibit 3.17.80-15   (01-06-2023)
Business Operating Division (BOD) Points of Contact (POC's) for Duplicate, Manual, Erroneous Refund Feedback, Form 14165-A, and Erroneous Refund Form 12356

Send the Form 14165-A (with boxes 1-9 completed) and a copy of the completed Form 14165 to both primary and back-up (when listed) BOD POC identified below. That point of contact will forward the form to be completed (boxes 10-12) by the area that caused the duplicate, manual, erroneous refund. Be very specific when completing Box 7 of Form 14165-A. When sending Erroneous Refund feedback Form 12356 , identify the BOD functional area and site so the BOD POC will know where to send the form for completion and/or feedback.

BOD	Primary POC	Back-up POC	Primary POC Contact Information	Back-up POC Contact Information
APPEALS	Mark Feld-pausch	Tim Kash	*Pages - Processing (irsnet. gov)*	
Criminal Investiga-tions	Lori A Higgs	Ruth Schumann	*Lori.Higgs@ci.irs.gov*; 239-938-7603	*Ruth.Schumann@irs.go*; 417-206-5048
LB&I	Donnell Lewis	Tony Mazzella	*Donnell.Lewis@irs.gov*; 601-292-4740	*Tony.A.Mazzella@irs.gov*; 303-603-3869
SBSE	Wanda Ramos	Teresa Cook	*Wanda.Ramos@irs.gov*; 631-977-4109	*Teresa.A.Cook@irs.gov*; 215-344-6526
TEGE	Kathi Palmer	Rachael Lake	*Kathi.T.Palmer@irs.gov*; 801-620-3635	*Rachael.L.Lake@irs.gov*; 801-620-4170
TAS	Katherine Schave	Dominick Zarrillo	*Katherine.A.Schave@irs.gov*; 860-594-9108	*Dominick.Zarrillo@irs.gov*; 973-921-4046
W&I AM	Ellen Valade	Fawn Collins	*Ellen.M.Valade@irs.gov*; 978-805-0660	*Fawn.J.Collins@irs.gov*; 816-499-5159
W&I CARE	Michelle R Jones	Stacey Houston-Williams or Brenna I Spence	*Michelle.R.Jones@irs.gov*; 404-338-8721	*Stacey.R.Houston@irs. gov*; 678-627-4622 or *Brenna.I.Spence@irs.gov*; 470-639-2447
W&I RIVO	Linda Malan		*Linda.L.Malan@irs.gov*; 470-639-3268	
W&I SP	Mary Preston		*Mary.A.Preston@irs.gov*; 816–499–5942	

#
#

Exhibit 3.17.80-15   Internal Revenue Manual   Cat. No. 47865P (11-29-2023)

Exhibit 3.17.80-16   (01-01-2015)
Treasury Check Information System (TCIS) Query Display - 1

IMFOL#000-00-1876 30201112P01

REFUND RESEARCH DATABASE

TIN: 000001876
MFT: 30
TAX PERIOD: 201112

CHECK NUMBER   PAYMENT ISSUE DATE
2310-00724466   06-20-2012
❷ 2310-00634872   05-21-2012

Cat. No. 47865P (11-29-2023)   Internal Revenue Manual   **Exhibit 3.17.80-16**
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Exhibit 3.17.80-17   (01-01-2015)
Treasury Check Information System (TCIS) Query Display - 2

> Clicking on
> **Display Check Image**
> will take you to an
> image of that check.
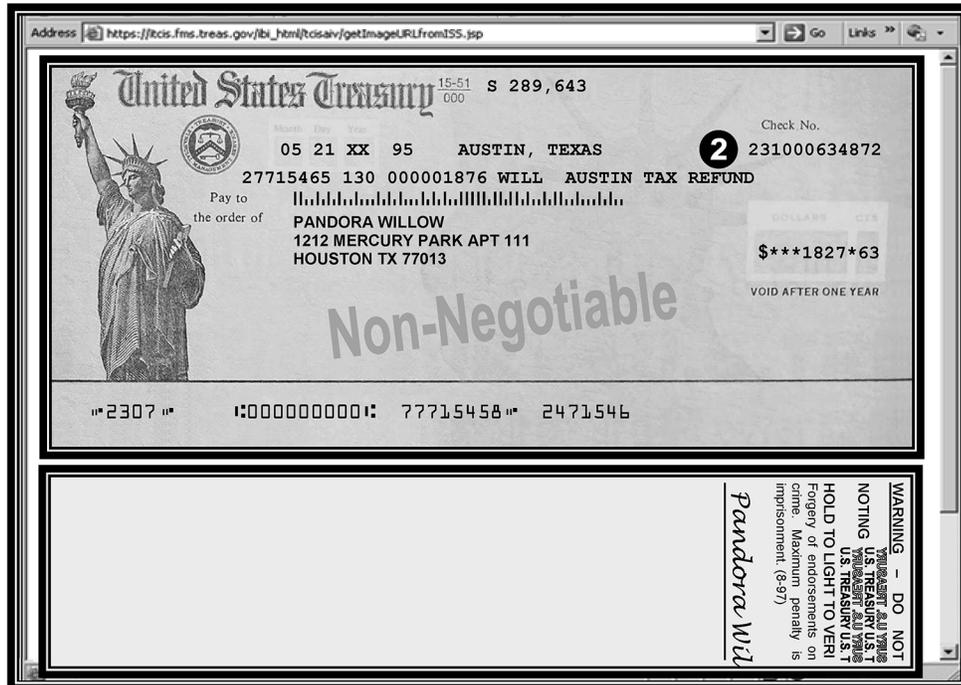
Exhibit 3.17.80-17
                           Internal Revenue Manual   Cat. No. 47865P (11-29-2023)
            47865823   Any line marked with a #
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Exhibit 3.17.80-18   (03-01-2019)
Acronyms

- The below listing is very incomplete. Other than this limited information, refer to the Acronyms database found under, "Popular Tools and Services", in the main IRS website, here: *https://irssource.web.irs.gov/Pages/Home.aspx*

Acronym	Definition
BPD	Bureau of Public Debt
BFS	Bureau of Fiscal Service
CADE	Customer Accounts Data Engine
CC	Command Code
CFO	Chief Financial Officer
CI	Criminal Investigation
DCF	Dishonored Check File
DLN	Document Locator Number
DOJ	Department of Justice
GAO	Government Accounting Office
HQ	Headquarters
IDT	Identity Theft
IPAC	Intra-Governmental Payment and Collections
IRM	Internal Revenue Manual
IT	Information Technology
NMF	Non-Masterfile
OAR	Operations Assistance Request
PGLD/IM	Privacy, Governmental Liaison and Disclosure (PGLD)/Incident Management (IM)
RRACS	Redesigned Revenue Accounting Control System
SF	Standard Form
SP	Submission Processing
TAC	Taxpayer Assistance Center
TAS	Taxpayer Advocate Service
TC	Transaction Code
TCIS	Treasury
TIGTA	Treasury Inspector General for Tax Administration

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Internal Revenue Manual

Exhibit 3.17.80-18

Exhibit 3.17.80-18 (Cont. 1) (03-01-2019)
Acronyms

Acronym	Definition
W&I	Wage and Investment

Exhibit 3.17.80-18   Internal Revenue Manual   Cat. No. 47865P (11-29-2023)
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Exhibit 3.17.80-19   (11-23-2021)
Write-Off Cover Memorandum

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA GA 30308

WAGE AND JNVESTMENT DIVLSION

Date:

MEMORANDUM FOR MANAGER, RRACS TEAM,_____SP Campus

FROM: _____
            Manager Accounting Operation_____SP Campus

SUBJECT: Approval/Resolution of Identity (ID) Theft Erroneous Refund
               Write -Offs

The Manager, Accounting Operation is authorized to administratively approve/resolve
the write-off of Identity (ID) Theft erroneous refund losses to General Ledger Account
6905, ID Theft Erroneous Refund Write-off, per IRM 3 17.80.2.9.

Attached are the ID Theft losses from the CFO extract for the month of _____

_____TC 841's for a total of $_____

_____TC 700's for a total of $_____

 I certify that none of the cases involves employee fraud, and the five-year
statute has expired on these cases.

I approve the Write Off of these cases to the General Ledger Account 6905, ID Theft
Erroneous Refund Write-Off.

_____
Manager, Accounting Operation   Date

Attachment

Cat. No. 47865P (11-29-2023)   Internal Revenue Manual   **Exhibit 3.17.80-19**
Any line marked with a #
is for **Official Use Only**   47865824