



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.24.8

DECEMBER 16, 2020

EFFECTIVE DATE

(12-16-2020)

PURPOSE

- (1) Revised IRM 4.24.8, Excise Tax, Examination Guidance for Excise Claims for Refund or Abatement.

MATERIAL CHANGES

- (1) IRM 4.24.8, dated November 9, 2017, is updated to reflect the material changes listed in the following table:

Old IRM Section Number	Description of Change
IRM 4.24.8.1.2 Authority	Added IRC section titles and hyperlinks.
IRM 4.24.8.1.6 Acronyms	Deleted acronyms that pertained to deleted content.
IRM 4.24.8.1.7 Related Resources	Added IRC section title and updated hyperlinks.
IRM 4.24.8.2 Overview	Deleted references to IRC 6426 and IRC 6427 biofuel credits for 2016. Updated hyperlinks.
IRM 4.24.8.3 Claim Form Types	Edited content for clarity. Removed references to cellulosic biofuel producer and retroactive credits.
IRM 4.24.8.3.1 Excise Tax Claims Processing	Changed title to Claim Processing. Updated content. Deleted reference to claim report writing addressed later in this IRM.
IRM 4.24.8.4.1 IRC 6412, Floor Stock Refunds	Deleted section. Prior content moved to Excise Tax Knowledge Base Homepage.
IRM 4.24.8.4.2 IRC 6415, Credits or Refunds to Persons Who Collected Certain Taxes	Deleted section. Prior content moved to Excise Tax Knowledge Base Homepage.
IRM 4.24.8.4.3 IRC 6416, Overpayment of Tax Imposed by Chapter 31 and Chapter 32	Deleted section. Prior content moved to Excise Tax Knowledge Base Homepage.
IRM 4.24.8.4.4 IRC 6419, Excise Tax on Wagering	Deleted section. Prior content moved to Excise Tax Knowledge Base Homepage.
IRM 4.24.8.4.5 IRC 6420, Gasoline Used on Farms	Deleted section. Prior content moved to Excise Tax Knowledge Base Homepage.
IRM 4.24.8.4.6 IRC 6421, Gasoline Used for Certain Non-Highway Purposes, Used by Local Transit Systems or Sold for Certain Exempt Purposes	Deleted section. Prior content moved to Excise Tax Knowledge Base Homepage.

Old IRM Section Number	Description of Change
IRM 4.24.8.4.7 IRC 6426, Credit for Alcohol Fuel, Biodiesel and Alternative Fuel Mixtures	Deleted section. Prior content moved to Excise Tax Knowledge Base Homepage.
IRM 4.24.8.4.8 IRC 6427, Fuels Not Used for Taxable Purposes	Deleted section. Prior content moved to Excise Tax Knowledge Base Homepage.
IRM 4.24.8.5 Statute of Limitations for IRC 6416(a)(4), IRC 6420, IRC 6421, IRC 6426 and IRC 6427 Claims	Changed title to Statute of Limitations for IRC 6416(a), IRC 6420, IRC 6421, IRC 6426 and IRC 6427 Claims.
IRM 4.24.8.5.1 Examples of Statute of Limitations Dates for Claims	Changed title to Agreed Paid Claim Statute of Limitations Considerations. Content moved from IRM 4.24.8.15. Prior content moved to Excise Tax Knowledge Base Homepage.
New IRM 4.24.8.5.2	Added title Unagreed Paid Claim Statute of Limitations Considerations. Content moved from IRM 4.24.8.16.
IRM 4.24.8.6 Excise Tax Claim Classification and Control Procedures	Changed title to Claim Classification and Control Procedures. Edited content for clarity. Removed reference to IRM 4.24.8.3.4.
IRM 4.24.8.6.1 Master File Control Procedures for Form 8849 Claims	Edited content for clarity.
IRM 4.24.8.6.1.1 Determining the Form 8849 Examination Period	Updated examples from 2010 to 2019.
IRM 4.24.8.6.1.2 Use of Revenue Protection Codes (RPCs) in IMS	Changed title to Use of Revenue Protection Codes in Issue Management System (IMS). Updated content to reflect current IMS procedures.
IRM 4.24.8.7 Claim Categories	Added form titles to content.
IRM 4.24.8.7.1 Amendment to Form 720, Form 11-C, Form 730 and Form 2290	Changed title to Amendment for Form 720, Form 2290, Form 730 and Form 11-C. Deleted reference to 2016 retroactive biofuel credit and updated hyperlinks.
IRM 4.24.8.7.3 Business Related Credits	Deleted reference to 2016 retroactive biofuel credits.
IRM 4.24.8.7.5 Report Writing Procedures for Examined Amended Form 720	Deleted section. Updated and moved content to IRM 4.24.8.11 through IRM 4.24.8.12.3.
IRM 4.24.8.8 Unpaid Claims (AIMS - Source Code 30) - Introduction	Deleted hyperlink.
IRM 4.24.8.8.1 Unpaid Claims - Survey	Deleted section. Prior content moved to IRM 4.24.8.9.

Old IRM Section Number	Description of Change
IRM 4.24.8.8.2 Form 3198, Special Handling Notice for Examination Case Processing, Unpaid Claims - Surveyed	Deleted section. Prior content moved to IRM 4.24.8.9.2.
IRM 4.24.8.8.3 Form 5344, Examination Closing Record, Unpaid Claims - Surveyed	Section deleted. Prior content moved to IRM 4.24.8.9.1.
IRM 4.24.8.9 Unpaid Claims Report Writing and Case Processing Procedures - Agreed Cases	Changed title to Unpaid Claims - Survey. Content moved from IRM 4.24.8.8.1. Clarified Form 5351 cannot be used to survey unpaid claims. Prior content moved to IRM 4.24.8.10.
IRM 4.24.8.9.1 Report Writing Regular Agreed Cases - Unpaid Claim Disallowed in Full or in Part	Changed title to Form 5344, Examination Closing Record, Unpaid Claims - Surveyed. Content moved from IRM 4.24.8.8.3. Added instructions on how to complete Item 13 and Item 15. Prior content moved to IRM 4.24.8.10.1.
IRM 4.24.8.9.2 Form 5344, Examination Closing Record, Unpaid Claim Disallowed in Full or in Part	Changed title to Form 3198, Special Handling Notice for Examination Case Processing, Unpaid Claims - Surveyed. Content moved from IRM 4.24.8.8.2. Added instructions addressing documentation required for restricted interest claims. Prior content split and moved to IRM 4.24.8.10.1.1 and IRM 4.24.8.10.1.2.
IRM 4.24.8.9.3 Form 3198, Special Handling Notice for Examination Case Processing, Unpaid Claim Disallowed in Full or in Part	Deleted section. Prior content moved to IRM 4.24.8.10.1.3.
IRM 4.24.8.9.4 Report Writing Regular Agreed Cases - Unpaid Claim Allowed in Full	Deleted section. Prior content moved to IRM 4.24.8.10.2.
IRM 4.24.8.9.5 Form 5344, Examination Closing Record, Unpaid Claim Allowed in Full	Deleted section. Prior content moved to IRM 4.24.8.10.2.1.
IRM 4.24.8.9.6 Form 3198, Special Handling Notice for Examination Case Processing, Unpaid Claim - Allow in Full	Deleted section. Prior content moved to IRM 4.24.8.10.2.2.
IRM 4.24.8.9.7 Report Writing Regular Agreed Cases - Unpaid Claim Increase to Original Amount	Deleted section deleted. Prior content moved to IRM 4.24.8.10.3.
IRM 4.24.8.9.8 Form 5344, Examination Closing Record, Unpaid Claim - Increase to Original Amount	Deleted section. Prior content moved to IRM 4.24.8.10.3.1.
IRM 4.24.8.9.9 Form 3198, Special Handling Notice for Examination Case Processing, Unpaid Claim - Increase to Original Amount	Deleted section. Prior content moved to IRM 4.24.8.10.3.2.

Old IRM Section Number	Description of Change
IRM 4.24.8.10 Unpaid Claims - Unagreed and Excepted Agreed Cases	Changed title to Unpaid Claims Report Writing and Case Processing Procedures. Content moved from IRM 4.24.8.9. Updated IRC 6675 excessive claims penalty references. Added instructions for completing Form 5384 fields common to all unpaid claims. Prior content moved to IRM 4.24.8.12.
New IRM 4.24.8.10.1	Added title Report Writing Regular Agreed Cases - Unpaid Claim Disallowed in Full or Partially Allowed. Content moved from IRM 4.24.8 9.1. Added information on how to complete Form 5384 for each type of claim. Clarified agreement should be secured on Form 5384 and Form 3363 regardless whether additional adjustments occur. Clarified Tech Services issues Letter 905 and Letter 906, only if the taxpayer refuses to sign Form 2297. Provided detailed information about how to complete each applicable field for Form 5344 for each type of claim. Removed hyperlink.
New IRM 4.24.8.10.1.1	Added title Form 5344, Examination Closing Record, Unpaid Claim Disallowed in Full. Content moved from IRM 4.24.8.9.2. Provided detailed information about how to complete each applicable field for Form 5344 for each type of claim.
New IRM 4.24.8.10.1.2	Added title Form 5344, Examination Closing Record, Unpaid Claim Partially Allowed. Content moved from IRM 4.24.8.9.2. Provided detailed information about how to complete each applicable field for Form 5344 for each type of claim. Corrected information that 404 section is completed for Form 720-X, Line 1 and Line 2 claims, Form 720, Schedule C Claims and Form 8849 collected taxes claims. Removed hyperlink.

Old IRM Section Number	Description of Change
New IRM 4.24.8.10.1.3	Added title Form 3198, Special Handling Notice for Examination Case Processing, Unpaid Claim Disallowed in Full or Partially Allowed. Content moved from IRM 4.24.8.9.3. Added instructions addressing documentation required for restricted interest claims. Clarified Tech Services issues Letter 905 and Letter 906, only if the taxpayer refuses to sign Form 2297.
New IRM 4.24.8.10.2	Added title Report Writing Regular Agreed Cases - Unpaid Claim Allowed in Full. Content moved from IRM 4.24.8.9.4. Added detailed information about how to complete Form 5384 for each type of claim. Incorporated into this section IGM SB/SE 04-0220-0006, Revised Interim Guidance on Report Writing Regular Agreed Case - Unpaid Claim Allowed in Full.
New IRM 4.24.8.10.2.1	Added title Form 5344, Examination Closing Record, Unpaid Claim Allowed in Full. Content moved from IRM 4.24.8.9.5. Added detailed information about how to complete Form 5344 for each type of claim. Corrected information that 404 section is completed for Form 720-X, Line 1 and Line 2 Claims, Form 720, Schedule C Claims and Form 8849 collected taxes claims.
New IRM 4.24.8.10.2.2	Added title Form 3198, Special Handling Notice for Examination Case Processing, Unpaid Claim Allowed in Full. Content moved from IRM 4.24.8.9.6. Added instructions addressing documentation required for restricted interest claims.
New IRM 4.24.8.10.3	Added title Report Writing Regular Agreed Cases - Unpaid Claim Increase to Original Amount. Content moved from IRM 4.24.8.9.7.
New IRM 4.24.8.10.3.1	Added title Form 5344, Examination Closing Record, Unpaid Claim - Increase to Original Amount. Content moved from IRM 4.24.8.9.8. Updated procedures for completion of Form 5344.

Old IRM Section Number	Description of Change
New IRM 4.24.8.10.3.2	Added title Form 3198, Special Handling Notice for Examination Case Processing, Unpaid Claim - Increase to Original Amount. Content moved from IRM 4.24.8.9.9. Updated procedures for completion of Form 3198.
IRM 4.24.8.11 Paid Claims (AIMS Source Code 31) - Introduction	Changed title to Unpaid Claims - Special Rules for Form 2290, Heavy Highway Vehicle Use Tax Return. Added new content to address completion of Form 5384 and Form 5344 for various types of Form 2290 claims. Previous content moved to IRM 4.24.8.13.
IRM 4.24.8.12 Paid Claims (AIMS Source Code 31) - Survey After Assignment	Changed title to Unpaid Claims - Unagreed and Excepted Agreed Cases. Content moved from IRM 4.24.8.10. Updated content to include Form 886-A and Form 3363 should be issued along with Form 5385 and Form 2297. Previous content moved to IRM 4.24.8.14.
IRM 4.24.8.13 Paid Claims - Report Writing and Case Processing Procedures	Changed title to Paid Claims (AIMS Source Code 31) - Introduction. Content moved from IRM 4.24.8.11. Removed references to disposal codes. Updated information that paid claims must be assessed within three years from the prescribed date from filing. Updated information about IRC 6675 excessive claims penalty. Added information excise examiners cannot recover an erroneously paid claim, except for ultimate vendor gasoline claims made under IRC 6416(b)(4). Previous content moved to IRM 4.24.8.15.
IRM 4.24.8.13.1 Paid Claim Report Writing and Case Processing Procedures - No Change/No Adjustments	Section deleted. Prior content moved to IRM 4.24.8.15.1.
IRM 4.24.8.13.2 Form 5344, Examination Closing Record, Paid Claims - No Change	Section deleted. Prior content moved to IRM 4.24.8.15.1.1.
IRM 4.24.8.13.3 Form 3198, Special Handling Notice for Examination Case Processing, Paid Claim - No Change	Section deleted. Prior content moved to IRM 4.24.8.15.1.2.
IRM 4.24.8.13.4 Paid Claim Report Writing and Case Processing Procedures - Agreed	Section deleted. Prior content moved to IRM 4.24.8.15.2.
IRM 4.24.8.13.5 Form 5344, Examination Closing Record, Paid Claims - Agreed	Section deleted. Prior content moved to IRM 4.24.8.15.2.1.

Old IRM Section Number	Description of Change
IRM 4.24.8.13.6 Form 3198, Special Handling Notice for Examination Case Processing, Agreed	Section deleted. Prior content moved to IRM 4.24.8.15.2.2.
IRM 4.24.8.14 Paid Claim Report Writing and Case Processing Procedures - Unagreed	Changed title to Paid Claims (AIMS Source Code 31) - Survey After Assignment. Content moved from IRM 4.24.8.12. Added instructions about completing Form 3177. Prior content moved to IRM 4.24.8.16.2.
IRM 4.24.8.15 Agreed Paid Claim Statute of Limitation Considerations	Changed title to Paid Claims - Report Writing and Case Processing Procedures. Content moved from IRM 4.24.8.13. Added information about possibility of a partially agreed situation. Updated information about IRC 6675 excessive claims penalty references. Added references about report writing and case processing procedures for these types of claims. Added instructions for completing Form 5384 fields common for all paid claims. Prior content moved to IRM 4.24.8.5.1.
New IRM 4.24.8.15.1	Added title Paid Claim Report Writing and Case Processing Procedures - No Change/No Adjustments. Content moved from IRM 4.24.8.13.1 . Updated IRM references about No Change reports. Added references for IRM Exhibit 4.24.8-2 . Added detailed instructions about completing Form 5384 for paid claims. Added instructions for preparing Letter 590-X when appropriate.
New IRM 4.24.8.15.1.1	Added title Form 5344 , Examination Closing Record, Paid Claims - No Change. Content moved from IRM 4.24.8.13.2 . Removed hyperlink. Provided detailed instructions about completing Form 5344 specific to paid claims.
New IRM 4.24.8.15.1.2	Added title Form 3198 , Special Handling Notice for Examination Case Processing, Paid Claim - No Change. Content moved from IRM 4.24.8.13.3 . Added CCP letter instructions for checking the box for Letter 590-X when appropriate.

Old IRM Section Number	Description of Change
New IRM 4.24.8.15.2	Added title Paid Claim Report Writing and Case Processing Procedures - Agreed. Content moved from IRM 4.24.8.13.4 . Updated IRM reference and added reference to IRM Exhibit 4.24.8-2 . Added detailed instructions for completing Form 5384 for agreed paid claims. Added information when Letter 4121-X should serve as the transmittal letter. Removed reference to IRC 6206 and restricted interest provisions.
New IRM 4.24.8.15.2.1	Added title Form 5344 , Examination Closing Record, Paid Claims Agreed. Content moved from IRM 4.24.8.13.5 . Removed hyperlinks. Added detailed instructions about how to complete Form 5344 for agreed paid claims.
New IRM 4.24.8.15.2.2	Added title Form 3198 , Special Handling Notice for Examination Case Processing, Agreed. Content moved from IRM 4.24.8.13.6 .
IRM 4.24.8.16 Unagreed Paid Claim Statute of Limitation Considerations	Changed title to Increase to Paid Claim Introduction.
New IRM 4.24.8.16.1	Added title Report Writing Regular Agreed Cases - Paid Claim Increase to Original Amount. Incorporated into section IGM SB/SE 04-1019-0028, Increases to Paid Claims During Examinations.
New IRM 4.24.8.16.1.1	Added title Form 5344, Examination Closing Record, Paid Claim - Increase to Original Amount. Incorporated into section IGM SB/SE 04-1019-0028, Increases to Paid Claims During Examinations.
New IRM 4.24.8.16.1.2	Added title Form 3198, Special Handling Notice for Examination Case Processing, Paid Claim Increase to Original Amount. Incorporated into section IGM SB/SE 04-1019-0028, Increases to Paid Claims During Examinations.

Old IRM Section Number	Description of Change
New IRM 4.24.8.16.2	Added title Paid Claim Report Writing and Case Processing Procedures - Partially Agreed and Unagreed. Content moved from IRM 4.24.18.14. Added instructions for partially agreed cases. Updated references for partially agreed/excepted agreed reports and case closings. Updated instructions for preparing Form 5385 for agreed paid claims. Updated IRC 6675 excessive claims penalty IRM references. Added instructions for preparing Form 886-A and Form 2504-E for issuance along with Form 5385 and Letter 950-E.
New IRM 4.24.8.16.2.1	Added title Form 5344, Examination Closing Record, Paid Claims Unagreed. Added instructions for preparing Form 5344 for paid claims unagreed cases.
IRM 4.24.8.17 Form 4081(e) Claims	Changed title to IRC 6675, Excessive Claim Penalty Processing. Incorporated into section IGM SB/SE 04-1019-0037, Asserting the IRC 6675 Excessive Claims Penalty. Prior content moved to IRM 4.24.8.18.
IRM 4.24.8.18 Overview of Examination Assessment Abatement Claims	Changed title to IRC 4081(e), Claims. Content moved from IRM 4.24.8.17. Updated Code Section titles, Regulations and IRM references. Prior content moved to IRM 4.24.8.19.
IRM 4.24.8.19 No Consideration Given to Certain Refund Claims	Changed title to Overview of Examination Assessment for Claims. Content moved from IRM 4.24.8.18. Prior content moved to IRM 4.24.8.20.
IRM 4.24.8.20 Claims Received or Cases Previously Considered by Appeals	Changed title to No Consideration Given to Certain Refunds. Content moved from IRM 4.24.8.19. Prior content moved to IRM 4.24.8.21.
IRM 4.24.8.21 Erroneous Refunds - Suits to Recover	Changed title to Claims Received or Cases Previously Considered by Appeals. Content moved from IRM 4.24.8.20. Prior content moved to IRM 4.24.8.22.
IRM 4.24.8.22 Form 907, Agreement to Extend the Time to Bring Suit	Changed title to Erroneous Refunds - Suits to Recover.

Old IRM Section Number	Description of Change
IRM 4.24.8.23 Request for Reconsideration of Disallowed Claims	Changed title to Form 907, Agreement to Extend the Time to Bring Suit. Content moved from IRM 4.24.8.21. Prior content moved to IRM 4.24.8.24.
IRM 4.24.8.24 Restricted Interest	Changed title to Request for Reconsideration of Disallowed Claims. Content moved from IRM 4.24.8.23. Prior content moved to IRM 4.24.8.25.
IRM 4.24.8.25 Claims for Refunds of an Overpayment of Excise Tax on Insurance Policies Issued by a Foreign Insurer or Reinsurer	Changed title to Restricted Interest. Content moved from IRM 4.24.8.24. Prior content moved to IRM 4.24.8.26.
New IRM 4.24.8.26	Added title Claims for Refunds of an Overpayment of Excise Tax on Insurance Policies Issued by a Foreign Insurer or Reinsurer. Content moved from IRM 4.24.8.25.
Exhibit 4.24.8-2 Searching for Excise Claims on IDRS/CFOL	Changed title to Credit Reference Numbers and Correspondence Abstract Numbers. Selected content moved to Excise Tax Knowledge Base Homepage.

EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 4.24.8 dated November 9, 2017, IGM SB/SE 04-0220-0006, Revised Interim Guidance on Report Writing Regular Agreed Cases - Unpaid Claim Allowed in Full, dated February 25, 2020, which obsoleted IGM SB/SE 04-0719-0036, Unpaid Claim Allowed in Full - Report Writing, dated July 30, 2019, IGM SB/SE 04-0720-0052, Increases to Paid Claims During Examinations, dated July 16, 2020, which obsoleted IGM SB/SE 04-1019-0028, Increases to Paid Claims During Examinations, dated October 10, 2019, IGM SB/SE 04-0720-0051, Asserting the IRC Section 6675 Excessive Claims Penalty, dated July 9, 2020, which obsoleted IGM SB/SE 04-1019-0037, Asserting the IRC 6675 Excessive Claims Penalty, dated October 31, 2019, and IGM NHQ 01-1019-0001, Clarification of Policy for Use of Fax in Taxpayer Submissions, dated October 29, 2019.

AUDIENCE

This section is for SB/SE excise tax managers (excise managers), excise tax revenue agents (RAs) and fuel compliance agents (FCAs)(excise examiners), and personnel at the Cincinnati and Ogden campuses who process excise tax returns (returns), excise tax refunds (refunds) and excise tax claims (claims).

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 Small Business/Self Employed

4.24.8

Examination Guidance for Excise Claims for Refund or Abatement

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4.24.8-2 Credit Reference Numbers and Corresponding Abstract Numbers

4.24.8.1
(11-09-2017)
Program Scope and Objectives

- (1) **Purpose** - This IRM section provides general guidelines and report writing procedures for excise managers, excise examiners and personnel at the Cincinnati and Ogden campuses who process claims for refund or credit. Excise examiners located in field offices examine claims.
- (2) **Audience** - The audience of this IRM section includes the Director, Specialty Examination, Chief, Estate & Gift and Excise Tax Examination, territory managers, excise managers and excise examiners.
- (3) **Policy Owner** - The Director Examination - Specialty Policy is responsible for the administration, procedures and updates related to the technical guidance and information processing steps and methods specific to claims.
- (4) **Program Owner** - The Director, Specialty Examination owns Excise Tax.
- (5) **Primary Stakeholders** - Other areas that follow these policies and procedures include Appeals, Agency-Wide Shared Services, Counsel, SB/SE Examination, Large Business and International and Tax Exempt and Government Entities.
- (6) **Program Goals** - The processes and procedures provided in this IRM are consistent with the objectives or goals for Excise Tax - Examination that are addressed in IRM 1.1.16.3.3.1, Organization and Staffing, Small Business and Self/Employed (SB/SE), Excise Tax Examination.

4.24.8.1.1
(11-09-2017)
Background

- (1) This IRM section provides the intended audience the policies and procedures for claims.

4.24.8.1.2
(11-09-2017)
Authority

- (1) IRC 6402, Excise Tax, *Authority to make credits or refunds*, provides the general rule in the case of any overpayment, within the applicable period of limitations, the Secretary may credit the amount of such overpayment, including any interest allowed thereon, against any liability in respect of an internal revenue tax on the part of the person who made the overpayment and shall, refund any balance to such person, less:
 - Any past-due support (as defined in Section 464(c) of the Social Security Act).
 - Debts owed to federal agencies.
 - Past-due, legally enforceable state income tax obligations.
 - Unemployment compensation debts.
- (2) IRC 6206, *Special Rules applicable to excessive claims under certain sections*, provides any portion of a refund made under IRC 6416(a)(4), *Registered ultimate vendor or credit card issuer to administer credits and refunds of gasoline tax*, and any portion of a payment made under IRC 6420, *Gasoline used on farms*, IRC 6421, *Gasoline used for certain nonhighway purposes, used by local transit systems, or sold for certain exempt purposes*, or IRC 6427, *Fuels not used for taxable purposes*, which constitutes an excessive amount (as defined in IRC 6675(b), *Excessive amount defined*), and any civil penalty provided by IRC 6675, *Excessive claim with respect to the use of certain fuels*, may be assessed and collected as if it were a tax imposed by IRC 4081, *Imposition of tax*, (with respect to refunds under IRC 6416(a)(4), and payments under IRC 6420 and IRC 6421), or IRC 4041, *Imposition of tax*, or IRC 4081, (with respect to payments under IRC 6427) and as if the person who made the

claim were liable for such tax. The period for assessing any such portion, and for assessing any such penalty, shall be 3 years from the last day prescribed for the filing of the claim under IRC 6416(a)(4), IRC 6420, IRC 6421, or IRC 6427, as the case may be.

4.24.8.1.3
(11-09-2017)
Responsibilities

- (1) Director, Examination - Specialty Policy is responsible for the procedures and policies addressed in this IRM.
- (2) Program Manager, Excise Policy is responsible for ensuring the procedures are accurate and updated regularly, as needed.
- (3) The Chief, Estate & Gift and Excise Tax Examination is responsible for ensuring the procedures within this IRM are adhered to by employees in the Excise Tax Examination.
- (4) Territory managers are responsible for ensuring excise managers are aware and adhere to the procedures in this IRM.
- (5) Excise managers are responsible for ensuring their employees have current copies of this IRM and are adhering to the procedures in this IRM.
- (6) Excise examiners are responsible for following the procedures and policies addressed in this IRM.

4.24.8.1.4
(11-09-2017)
Program Management and Reviews

- (1) **Program Reports** - Information regarding the reporting of program objectives are included under, but not limited to:
 - Examination Headquarters Monthly Briefing.
 - Program Manager Monthly Briefing.
 - SB/SE and Examination Operational Reviews and Business Performance Review.
- (2) **Program Effectiveness** - Program goals are measured with Excise Embedded Quality Performance Reports that monitor whether quality attributes are applied uniformly and consistently.
- (3) **Annual Review** - Excise Tax Policy - Program Manager is responsible for reviewing the information in this IRM annually to ensure accuracy and promote consistent tax administration.

4.24.8.1.5
(12-16-2020)
Terms

- (1) Below are definitions for terms frequently used throughout this IRM:

Word	Definition
Abstract Number or Abstract	The IRS Number on Form 720 that identifies the type of excise tax.
Credit Reference Number (CRN)	The IRS reference number that identifies the type of tax credited or refunded.
Form 720	Form 720, Quarterly Federal Excise Tax Return, reports federal excise liability by IRS No. listed on the form.

Word	Definition
Form 720, Schedule C	Form 720, Schedule C claims a credit if the taxpayer reports a liability on Form 720, Line 1 or Line 2.
Form 720-X	Form 720-X, Amended Quarterly Federal Excise Tax Return, is used to make adjustments (increases or decreases) to tax liability reported on a previously-filed Form 720.
Form 720-X, Line 1	Form 720-X, Adjustments to Liability Reported on Previously Filed Forms 720, Line 1, is used to make adjustments to a previously filed Form 720, (Abstract Number).
Form 720-X, Line 2	Form 720-X, Adjustments to Form 720, Schedule C, Line 2, makes changes to claims filed on Form 720, Schedule C for IRC 4051(d) tire credit and IRC 6426 credits (Credit Reference Numbers).
Form 2290	Form 2290, Heavy Highway Vehicle Use Tax Return, is used to determine tax due on highway vehicles used during the period with a taxable gross weight of 55,000 pounds or more.
Form 8849	Form 8849, Claim for Refund of Excise Taxes, claims a refund for excise taxes.
Form 637	Form 637, Application for Registration (For Certain Excise Tax Activities), is the application document for excise tax registration activities under IRC 4101, <i>Registration and bond</i> , IRC 4222, <i>Registration</i> , and IRC 4682, <i>Definitions and special rules</i> .

4.24.8.1.6
(11-09-2017)
Acronyms

(1) Below are the acronyms and their definitions used throughout this IRM.

Acronym	Definition
AARS	Appeals Account Resolution

Acronym	Definition
AIMS	Audit Information Management System
AMDISA	AIMS command Code
CC	Command Code
CCP	Centralized Case Processing
CCOC	Campus Compliance Operations, Cincinnati
CRN	Credit Reference Number
CSTO	Centralized Specialty Tax Operations
ERCS	Examination Returns Control System
IDRS	Information Document Retrieval System
IMS	Issue Management System
MFT	Master File Tax
RPC	Revenue Protection Code
SOL	Statute of Limitation
SFR	Substitute for Return
TC	Transaction Code
WSD	Excise Workload Selection and Delivery

4.24.8.1.7
(12-16-2020)

Related Resources

- (1) Refer to IRM 4.24.1, Introduction to Excise Taxes, for general information about basic excise examiner responsibilities, excise IRM sections, materials about non-fuel excise tax Abstracts (Abstracts), primary returns and claims forms.
- (2) Refer to Excise Knowledge Management sites located at: <https://portal.ds.irsnet.gov/sites/vl037/pages/default.aspx>, for general guidance, procedures and law and regulations for a wide variety of excise topics.
- (3) Refer to the Excise Knowledge Management sites, located at: <https://portal.ds.irsnet.gov/sites/vl037/pages/default.aspx>, for additional claim information that includes IRC Sections, filing due dates, type of use tables, statute dates and legislative developments.
- (4) Refer to IRM 4.24.10, Excise Tax, Appeals Referral Procedures, for additional guidance and procedures under the Appeals referral process for unagreed or partially agreed claim cases.

- (5) Refer to IRM 4.24.20, Excise Tax, Excise Tax Report Writing Guide, for guidelines about the preparation of excise examination reports, in terms of content and format.
- (6) Refer to IRM 4.24.21, Excise Tax, Case Closings, for information about procedures for concluding an examination of excise returns, claims and case closing.
- (7) IRS formally adopted a Taxpayer Bill of Rights in June 2014, which provides the nation's taxpayers with a better understanding of their rights and helps reinforce the fairness of the tax system. In 2015, Congress charged the Commissioner with ensuring IRS employees are familiar with and act in accordance with taxpayer rights as afforded by IRC 7803(a)(3), *Execution of duties in accordance with taxpayer rights*. IRS employees must be informed about taxpayer rights and be conscientious in the performance of their duties to honor, respect and communicate effectively those rights that may aid in reducing taxpayer burdens. IRS employees must administer the law with integrity and fairness and exercise professional judgment in conducting enforcement activities. Refer to Pub 1, Your Rights as a Taxpayer, for more information.

4.24.8.2 (12-16-2020) Overview of Claims

- (1) This section provides general guidelines and procedures for claims.
- (2) A claim is either a "formal" or an "informal" request.
 - Formal claims are filed on any of the forms listed under IRM 4.24.8.3, Claim Form Types.
 - An "informal" claim is a request for a refund submitted by the taxpayer either on a non-standard form (written request) or by some other means so long as the required claim elements are identified. An informal claim must have a written component apprising the Service a refund is sought and describe the legal and factual basis for the refund, so the Service may investigate the claim. Refer to IRM 25.6.1.10.2.6.3, Informal Claims, and IRM 4.10.8.10, Claims, for additional information.
- (3) Claims include:
 - Claims for credit.
 - Claims for refund.
 - Requests for abatement, which are requests for reduction of tax, penalty and interest that has not been paid.
- (4) Protective claims are formal claims or amended returns for credit or refund normally based on expected changes in a:
 - Current regulation.
 - Pending legislation.
 - Current litigation.
- (5) Protective claims are filed to protect the claimant's right to recover tax paid to the Treasury before the expiration of the statute of limitations (SOL). A claim identifying a pending court case or decision should be considered a protective claim. Refer to IRM 21.5.3.4.7.3, Protective Claims, for additional information.
- (6) An examination includes analysis of all claims and Form 720 Abstracts reported for the primary, prior and subsequent tax periods. IRM 4.24.6.5.8,

B200-1 - Required Filing Checks Prior/Subsequent Period Returns, Related Excise Tax Returns, Filing Verification, documents and provides evidence of voluntary taxpayer compliance.

- (7) This IRM section does not contain information for every possible claim for credit or refund situation. Excise examiners should exercise care and conduct necessary research specific to the examination.
- (8) Excise examiners should refer to procedures found under IRM 4.24.6.16, Excise Tax, Technical Guidance and Information Processing for Excise Tax Examination Issues, Requesting Excise Subject Matter Expert (SME) Assistance, to request the assistance or advice of an SME.

4.24.8.3 (12-16-2020)

Claim Form Types

- (1) Form 720-X makes adjustments (increases or decreases) to the tax liability reported on a previously filed Form 720. Form 720-X also allows changes to certain credits that are stated below. Refer to IRM 21.7.8.4.1.7, Form 720-X, Amended Quarterly Federal Excise Tax Return, for additional information.
- (2) IRM 4.24.8.6, Excise Tax Claim Classification and Control Procedures, describes the Campus Compliance Operations, Cincinnati (CCOC) processing for amended returns. Adjustments reported on Form 720-X are made as follows:
 - Form 720-X, Line 1 - Adjusts a previously filed Form 720 (IRS Abstract Number).
 - Form 720-X, Line 2 - Changes claims filed under Form 720, Schedule C for the IRC 4051(d), *Credit against tax for tire tax*, and IRC 6426 credits.
- (3) Form 8849 seeks a refund for taxes. IRM 21.7.8.4.5, Form 8849, Claim for Refund of Excise Taxes, provides additional information about Form 8849. The following Schedules are associated with Form 8849:
 - Form 8849, Schedule 1, Nontaxable Use of Fuels.
 - Form 8849, Schedule 2, Sales by Registered Ultimate Vendors.
 - Form 8849, Schedule 3, Certain Fuel Mixtures and the Alternative Fuel Credit.
 - Form 8849, Schedule 5, Section 4081(e) Claims.
 - Form 8849, Schedule 6, Other Claims.
 - Form 8849, Schedule 8, Registered Credit Card Issuers.
- (4) Form 720, Schedule C claims credits against current liabilities reported under Form 720.
- (5) Form 4136, Credit for Federal Tax Paid on Fuels, claims an income tax credit rather than an excise tax payment under Form 8849. Form 4136 is attached to the claimant's annual income tax return and may claim a credit for the following:
 - Certain nontaxable uses or sales of fuel.
 - Alternative fuel credit.
 - Biodiesel or renewable diesel mixture credit.
 - Blending a diesel-water fuel emulsion.
 - Exporting dyed fuels or gasoline blendstocks.

- (6) Form 6478, Biofuel Producer Credit, along with Form 3800, General Business Credit, are used to claim IRC 40, *Alcohol, etc., used as fuel*, biofuel producer credit against income tax for certain sales or uses of qualified second generation biofuel production.
- (7) Form 8864, Biodiesel and Renewable Diesel Fuels Credit, along with Form 3800, claims IRC 40A, *Biodiesel and renewable diesel used as fuel*, general business credit. The credit is claimed against income tax for certain sales and uses of biodiesel and renewable diesel fuels not claimed, or that cannot be claimed, on Form 720, Schedule C, Form 4136 or Form 8849.
- (8) Form 843, Claim For Refund and Request for Abatement, claims a refund or requests an abatement of certain taxes, interest, penalties, fees and additions to tax. Refer to Form 843 instructions for additional information. Refer to IRM 4.24.16.4, Excise Fuel Compliance Report Writing, Case Processing and Appeals Procedures, Claim for Refund of Fuel Compliance Penalties, for additional information about fuel compliance penalty claim procedures.
- (9) Form 730, Monthly Tax Return for Wagers, Line 5, may claim a credit for tax paid under two circumstances:
 - If there is an overpayment.
 - When tax has been imposed with respect to a wager the taxpayer laid off with another person who is liable for the wagering tax.
- (10) Form 2290, Heavy Highway Vehicle Use Tax Return, Line 5, may claim a credit for tax paid under four circumstances. If the vehicle was:
 - Sold before June 1 and not used during the remainder of the period.
 - Destroyed (so damaged by accident or other casualty it is not economical to rebuild it) or stolen before June 1 and not used during the remainder of the period.
 - Used during the prior period 5,000 miles or less (7,500 miles or less for agricultural vehicles).

4.24.8.3.1 (12-16-2020) Claim Processing

- (1) The following claims are filed and processed at the Cincinnati Campus by Centralized Specialty Tax Operations (CSTO):
 - Form 720-X.
 - Form 8849.
- (2) The following claims are filed and processed at the Ogden Campus by Submission Processing:
 - Form 720, Schedule C.
 - Form 730, Claims.
 - Form 2290, Claims.

Note: Form 4136, Form 8864 and Form 6478 are attached to an income tax return and processed at Submission Processing where the taxpayer files the related income tax return.

- (3) IRM 21.7.8, Business Tax Returns and Non-Master File Accounts-Excise Taxes, outlines claim processing.

- (4) CSTO may allow, disallow, select for examination or not consider a claim based on criteria found under IRM 4.24.8.20, No Consideration Given to Certain Refund Claims.
- 4.24.8.4
(11-09-2017)
Claim Types
- (1) IRC 6402 provides the legal authority to make credits or refunds of overpayments to the person who made the overpayment. The Secretary may credit or refund any tax overpayment, (plus allowable interest), less any past-due support (as defined in Section 464(c) of the Social Security Act), debts owed to Federal agencies, past-due, legally enforceable state income tax obligations and unemployment compensation debts.
- (2) The IRC Sections listed below authorize specific claims for refund or credit:
- IRC 6412 - *Floor stocks refunds.*
 - IRC 6415 - *Credits or refunds to persons who collected certain taxes.*
 - IRC 6416 - *Certain taxes on sales and services.*
 - IRC 6419 - *Excise tax on wagering.*
 - IRC 6420 - *Gasoline used on farms.*
 - IRC 6421 - *Gasoline used for certain nonhighway purposes, used by local transit systems, or sold for certain exempt purposes.*
 - IRC 6426 - *Credit for alcohol fuel, biodiesel and alternative fuel mixtures.*
 - IRC 6427 - *Fuels not used for taxable purposes.*
- 4.24.8.5
(12-16-2020)
Statute of Limitations for IRC 6416(a), IRC 6420, IRC 6421, IRC 6426 and IRC 6427 Claims
- (1) The excise examiner determines and protects the SOL for all examinations. Refer to IRM 25.6.23, Examination Process - Assessment of Statute of Limitations Controls, for general information about SOL protective actions.
- (2) Any portion of a claim made under IRC 6416(a)(4), IRC 6420, IRC 6421, or IRC 6427, which constitutes an excessive amount (as defined under IRC 6675(b)) and any civil penalty provided under IRC 6675 may be assessed three years from the last day prescribed for filing such claim. The SOL cannot be extended.
- (3) Any portion of an IRC 6426 claim, which constitutes an excessive amount may be assessed within three years from the time the return was filed or two years from the time the tax was paid, whichever period expires later, or if no return was filed by the taxpayer, within two years from the time the tax was paid. IRC 6511(c) authorizes the SOL to be extended by mutual agreement.
- (4) A biodiesel mixture or alternative fuel claim filed under Form 720, Schedule C may include both IRC 6426 and IRC 6427 claims. The IRC 6427 portion of a paid claim may not be extended. The claims must be closed separately, if the IRC 6426 tax period is extended.
- 4.24.8.5.1
(12-16-2020)
Agreed Paid Claim Statute of Limitations Considerations
- (1) IRC 6206 paid claim adjustments with 60 days or less remaining on the SOL require a quick assessment. Refer to the provisions outlined under IRM 4.4.25.4, Statute of Limitations Less Than 60 Days (Special Processing), Area Office Group and CCP Procedures, for additional information.
- (2) IRC 6206 paid claim adjustments with more than 60 days, but less than 180 days on the SOL, are placed in a red folder. Under "Special Features - Other Instructions" section on Form 3198, Special Handling Notice for Examination

Case Processing, the excise examiner must document the following information: "THE LAST DAY TO MAKE AN ASSESSMENT UNDER IRC 6206 IS MM-DD-YYYY."

- (3) In general, paid claim adjustments with more than 180 days close under normal processing procedures. Under "Special Features - Other Instructions" section on Form 3198, the excise examiner must document the following information: "THE LAST DAY TO MAKE AN ASSESSMENT UNDER IRC 6206 IS MM-DD-YYYY."

4.24.8.5.2 (12-16-2020) **Unagreed Paid Claim Statute of Limitations Considerations**

- (1) Unagreed cases that fall under IRC 6206 with 365 days or less remaining on the SOL are closed by a quick assessment.
- (2) An excise examiner should contact his/her manager regarding specific unagreed paid claim case processing procedures.
- (3) IRS collection activity is suspended during the appeals process by establishing IDRS command code STAUP as explained under IRM 2.4.28.1, IDRS Terminal Input, Command Codes STAUP, STAT and STATB, Program Scope and Objectives.
- (4) To engage in the appeals process, the taxpayer must agree to the following steps and procedures:
- The taxpayer remits a divisible portion payment for each unagreed assessed tax period.
 - A divisible portion payment may equal a single transaction in each tax period.
 - Payments received by the excise examiner are processed under Form 3244-A, Payment Posting Voucher, with Code 640 - Advanced Payment on Deficiency.
 - After payments post, the taxpayer submits to the excise examiner Form 843, Claim for Refund and Request for Abatement.
 - The excise examiner upon receipt of Form 843, updates AIMS/ERCS to reflect Source Code 30 and the unpaid claim amounts (i.e. the payments made by the taxpayer) for each tax period. The updates are input on Form 5348, AIMS/ERCS Update (Examination Update).
 - AIMS/ERCS update will include an SOL control code of "AA" for any claim period with 210 days or less.
 - The excise examiner carefully reviews the information provided with Form 843. If additional consideration of the information justifies allowance, payment for the divisible portion of the assessment will be refunded and the entire assessment made under IRC 6206 by the excise examiner. If the information does not warrant a claim allowance, the taxpayer may request an appeals conference for the divisible payments.
- (5) Taxpayer failure to remit divisible payments, submit Form 843, or reach agreement with the Appeals Office will result in case transfer to Technical Services (Tech Services) for issuance of Letter 906, Final Full Claim Disallowance Letter. The taxpayer may file suit in the United States Court of Claims or United States District Court within two years of the assessment.
- (6) Unagreed IRC 6206 cases with 365 days or more remaining on the SOL are processed employing regular unagreed case closing procedures for Appeals

cases. Under the “Other Information” section on Form 4665, Report Transmittal, and “Special Features - Other Instructions” section on Form 3198, the excise examiner must document the following information: “The assessment is imposed under IRC 6206 as described under IRM 4.4.25, Quick Assessments with MM/DD/YYYY as the last date prescribed for making an assessment.”

4.24.8.6
(11-09-2017)
Claim Classification and Control Procedures

- (1) Paid and unpaid claims and amended returns are classified by CSTO at CCOC. Interest-bearing fuel claims Form 8849, Schedule 2, Schedule 3 and Schedule 8, Claim for Refund of Excise Taxes are generally selected only as paid claims. IRM 21.7.8.3.2(2), Excise Tax Research, describes the classification criteria. IRM Exhibit 21.5.3-2 identifies mandatory selection criteria. Claims related to an original return assigned to a field group are not classified by CSTO, but are forwarded to the field group for association with the original return.
- (2) Paid claims are also classified by Excise Case Selection and Workload Selection and Delivery (ECS - WSD). In addition, ECS - WSD may classify claims that meet specific criteria.

Note: In situations where a claim assignment does not include the manually-filed claim envelope nor does it include a scan of the envelope in which the claim was submitted, an excise examiner should follow the guidelines provided under IRM 25.6.1.6.15, When a Document is Treated As Filed Under the IRC, IRM 25.6.1.6.13, Determining the Received Date, and IRM 3.11.3.8.2, Determining the Received Dates.

- (3) The excise examiner must begin working **unpaid** claims within 30 days of assignment.
- (4) The excise examiner must verify the AMDISA claim amount matches the claim amount per the return. If there are multiple claims in the same tax period, the AMDISA should equal the total of all claims. If the AMDISA does not match the claim amounts per the return, the excise examiner must complete Form 5348 to update the AMDISA claim amount.

4.24.8.6.1
(11-09-2017)
Master File Control Procedures for Form 8849 Claims

- (1) CSTO unpaid claim selection process:
 - a. Check for Transaction Code (TC) 150 on Master File to determine if the return posted. If yes, Form 8849 claims are established with MFT 40, Source Code 30 (unpaid claim) and no Push Code. If TC150 is not posted, the claim is established the same way but with Push Code 036.
 - b. The activity code will be the applicable Abstract Code.
 - c. Unpaid claims established under MFT 40 will have an SOL of “AA.”
 - d. Claims filed under Form 720-X will have the SOL for the original-filed Form 720. Excise examiners need to verify and update the statute as appropriate.
 - e. Claims will be established under Examination Returns Control System (ERCS) under Status Code 08.
 - f. Claims will be updated to Status Code 10 and shipped via Form 3210, Document Transmittal, to field groups.
 - g. Source Code and Status Code are determined by CSTO.
- (2) Excise WSD paid claim selection process:

- a. If MFT 03 is on Audit Information Management System (AIMS), establish Source Code 31, under the tax period that corresponds to the claim period.
- b. If MFT 03 is not on AIMS follow IRM 4.24.6.10, Establishing Substitute for Return Controls on Non-Filed Cases, establish Source Code 31, Push Code 051 and assign the tax period that corresponds to the claim period.
- c. Paid claims are established with an Activity Code directly related to the CRN claim. The use of an Activity Code requires a numeric SOL.

Note: The use of Push Code 051 does not remove the IRM 1.4.40.4.3(3) requirement for the excise manager to screen the return to determine the accuracy of the assessment SOL information and to identify the need for establishing statute controls.

- (3) CSTO paid claim control procedures:
 - a. Push Code 051 establishes SFR controls for paid claims, Source Code 31 and MFT 03 for Form 720.
 - b. Paid claims have “live” SOLs.
 - c. The CSTO AIMS/ERCS unit updates the paid claim SOL from “EE” to the correct SOL date before the claim is sent to the field. The excise manager is responsible to verify and update the paid claim SOL as warranted within 5 days of receipt of the claim.
- (4) Paid claims may be processed under various tax modules. Excise examiners may need to review all tax modules to locate the claim.

Note: No filing requirements are established for the substitute module.

- (5) Check CC AMDISA to identify claims in transit from CSTO prior to closing an examination.
- (6) IRM 21.7.8.4.5.6.9, Form 8849, Schedule 6, Later Events That Give Rise to an Overpayment by Someone Other than the Form 720 Taxpayer, describes establishment of a claim with or without a Form 720.
- (7) Paid claims are established under cycle type EX-Regular and unpaid claims under cycle type EX-Claim in IMS. Refer to IRM 4.24.6.2 for further guidance about IMS information.

4.24.8.6.1.1
(11-09-2017)

Determining the Form 8849 Examination Period

- (1) Under Form 8849, claims can aggregate over multiple quarterly tax periods within a claimant’s income tax year.
- (2) A Form 8849 examination period is established using the quarter that includes the last day included for the claim. For example:
 - A 2019 annual Form 8849 claim with claims for all four quarters will be established with a 4th quarter 2019 claim period since the last day included in the claim falls in the 4th quarter.
 - A February 1, 2019, through April 15, 2019, excise claim will be established with a 2nd quarter 2019 claim period since the last day included in the claim falls in the 2nd quarter.

- (3) For fiscal year taxpayers who file an annual Form 8849, the examination period is the last quarter of the claim. For example, a Form 8849, Schedule 1 claim filer with a fiscal year end of June 2019 that includes claims from all four quarters of the fiscal year, filed on September 30, 2019, will have an excise examination control period of June 30, 2019.

Note: Transactions reported on Form 8849 are separate and distinct from Form 720 reported transactions for SOL and examination purposes.

4.24.8.6.1.2
(11-09-2017)

**Use of Revenue
Protection Codes (RPCs)
in Issue Management
System (IMS)**

- (1) Time spent working cases is tracked under three different codes referred to as Protection of Revenue Base (P of RB) codes. The three codes are:
- N – For situations where there is no filed request for refund. “N” applies to regular examination activities prior to any request for refund. Once there is a request for refund, all subsequent time charges should be made to either “P” or “R.”
 - P – Records time spent protecting the revenue base (i.e., working the claim issue).
 - R – Records time spent examining regular (non P of RB) issues on returns where a request for refund has been filed.
- (2) On IMS when a case is selected under EX-Regular, time is applied to “N” time and when a claim is selected under EX-Claim, time is applied under “P” time. The excise examiner can change the allocation of “N”, “P” or “R” time on Form 5344. However, once an excise examiner charges either “P” or “R” time to a return, ERCS will no longer allow “N” time to be charged. IMS users should refer to IMS Help under “Update RP Code” for assistance.
- (3) A claim amount must be entered on ERCS in order to identify a “Claim Issue” in IMS. To update ERCS, use Form 5348 to update the claim amount.
- (4) The “Claim Date” determines the beginning date for time charged or updated to “P” for identified “Claim Issues.”

4.24.8.7
(11-09-2017)

Claim Categories

- (1) Claims can be differentiated as:
- First party claims.
 - Third party claims.
- (2) First party claims are normally filed on Form 720, Schedule C or on an amended return by the taxpayer who filed the original return, which changes or reduces the original taxes reported and paid against the Abstract/IRS number.
- (3) Third party claims are filed by a person other than the person who paid the tax to the government. These are almost always filed using the Credit Reference Number (CRN). Examples include:
- A farmer who files a claim for fuel used on a farm for farming purposes.
 - A registered ultimate vendor who sells taxable fuel tax-exempt to a state or local government or gasoline to a non-profit educational organization.
- (4) There are four categories of refunds each with unique processing requirements:

- Amended Form 720, Form 8849, Schedule 6, Other Claims, Form 2290, Form 730, Monthly Tax Return for Wagers, and Form 11-C, Occupational Tax and Registration Return for Wagering.
- Refundable credits.
- Business related credits.
- Third party claims.

4.24.8.7.1
(12-16-2020)
Amendments to Form 720, Form 2290, Form 730 and Form 11-C

- (1) Form 720-X amends liabilities reported on a previously filed Form 720. Form 720-X does not make changes to claims made on Form 720, Schedule C, except for the IRC 4051(d) tire credit and IRC 6426 credits (biodiesel mixture, alternative fuel mixture and alternative fuel credits).
- (2) CCOC receives all Form 720-X returns. Form 720-X is processed as a “duplicate return.”
- (3) Claims for overpayments relating to Form 720, Form 2290, Form 730 and Form 11-C are filed on Form 8849, Schedule 6.
- (4) A claim for credit for tax paid on vehicles that were sold, destroyed, stolen, or used 5,000 miles or less (7,500 miles or less for agricultural vehicles) can also be made on Form 2290, Line 5.

4.24.8.7.2
(11-09-2017)
Refundable Credit

- (1) A refundable credit refers to a payment for the claim amount that reduces a tax liability below zero. A non-refundable credit is limited to the tax liability.
- (2) IRC 34, *Certain uses of gasoline and special fuels*, credit is a refundable credit claimed on Form 4136. The credit is for amounts equal to the sum payable to a taxpayer under IRC 6420, IRC 6421 and IRC 6427.

Note: If any payment is made under these IRC Sections, no credit is allowed under IRC 34.

- (3) These refunds are reflected on the corresponding tax module, which includes:
 - Form 1040 - U.S. Individual Income Tax Return.
 - Form 1120 - U.S. Corporation Income Tax Return.
 - Form 1120-S - U.S. Income Tax Return for an S Corporation.
 - Form 1065-B - U.S. Return of Income for Electing Large Partnership.
 - Form 1041 - U.S. Income Tax Return for Estates and Trusts.
 - Form 990-T - Exempt Organization Business Income Tax Return.
 - Form 1120-C - U.S. Income Tax Return for Cooperative Association.

4.24.8.7.3
(11-09-2017)
Business Related Credits

- (1) An IRC 40A, *Biodiesel and renewable diesel used as fuel*, credit is allowable under IRC 38, *General business credit*. The credit is claimed on Form 8864, Biodiesel and Renewable Diesel Fuel Credit.
- (2) As described under IRM 4.24.8.7.2(3), Refundable Credit, the refund is made to the corresponding tax module.

4.24.8.7.4
(11-09-2017)
Third Party Claims

- (1) Third party claims are filed by claimants other than the taxpayer that reported the related return liability.

- (2) If a Form 720 was not filed for the claim period (i.e., no TC 150) for a paid claim, an SFR is established under MFT 03 using Push Code 051.
- (3) Third party refund claims (other than for fuel taxes) for collected taxes and certain retail or manufacturer taxes are controlled on AIMS using Master File procedures. Some examples for these types of claims include:
 - Tire and retail tax for exported items.
 - Communications tax.
 - Air transportation tax claims filed by the airline or other air transportation provider.
- (4) Claims processed prior to the filing of an income tax return for the associated tax period are posted to a “substitute” module using the appropriate income tax MFT until the TC 150 for the income tax return posts.

4.24.8.8
(11-09-2017)
**Unpaid Claims (AIMS
Source Code 30) -
Introduction**

- (1) Unpaid claims selected for field examination are controlled with AIMS Source Code 30, if research shows the original return has never been examined and the return, if applicable, does not otherwise warrant examination.
- (2) Source Code 30 requires a claim amount be present on AIMS and ERCS.
- (3) Claims for refund, request for abatements and audit reconsiderations require Disposal Codes (DCs) that depend on the underlying situation. DCs indicate the disposition of an examination. Excise examiners should refer to IRM 4.4.4.4, AIMS Procedures and Processing Instructions, Claims, Disposal Codes, for the appropriate DCs when closing claims with Source Code 30.
- (4) Additional examination DCs are identified under Document 6209, IRS Processing Codes and Information, Section 12, and Document 6036, Examination Division Reporting Codes Booklet.
- (5) The excise examiner must verify the AMDISA claim amount matches the claim amount per the return. If the AMDISA does not match, the excise examiner must complete Form 5348 to update the AMDISA claim amount. The claim amount should be the total of all Abstracts and CRNs claimed.

4.24.8.9
(12-16-2020)
Unpaid Claims - Survey

- (1) Activity Code 615 is used for examination survey time.
- (2) Unpaid claims selected for examination must be assigned to an excise examiner. If after review, the excise examiner determines that a claim is clearly allowable-in-full and the related return (if applicable) does not warrant examination, the claim should be “Surveyed After Assignment.”
- (3) Claims previously closed by Appeals cannot be surveyed. Refer to IRM 4.24.8.21, Claims Received in Cases Previously Considered by Appeals, for additional information.
- (4) Form 2503, Survey After Assignment-Excise or Employment Tax, must be completed for unpaid claims surveyed after assignment. The excise examiner will prepare Form 2503 and briefly explain why the claim is being surveyed. A copy of Form 2503, signed and approved by the excise manager, must be uploaded into the IMS case file for record. Form 5384, Excise Tax Examination Changes and Consent to Assessment & Collection, is not required.

Note: Form 5351, Examination Non-Examined Closings, cannot be used to survey unpaid claims.

- (5) The claim is stamped "Survey After Assignment," signed and dated by both the excise examiner and excise manager.
- (6) Additionally, the excise examiner must prepare Letter 570-X, Examination Report (Claim Allowed in Full), and place it in case file to be mailed by CCP.
- (7) Refer to IRM 4.10.2.5, Decision to Survey a Return, for additional survey procedures.

4.24.8.9.1
(12-16-2020)
Form 5344, Examination Closing Record, Unpaid Claims - Surveyed

- (1) There is an IMS option to survey unpaid claims after assignment. Both Form 2503 and Form 5344 should be generated in IMS in order for the claim to close through CCP. Refer to IMS help menu for additional information.
- (2) Complete Form 5344 and include it in the case file when closed to CCP. Do not apply time to the surveyed claim. The following items should be completed:
 - a. Item 13 Disposal Code: Enter 34.
 - b. Item 15 Credit and Tax Computation Adjustments: Enter CRN or Abstract with claim amount.
 - c. Item 21 Amount Claimed: Enter claim amount.
 - d. Item 33 Examiner's Name: Enter excise examiner's name.
- (3) Do not complete Item 22, Item 23, Item 24 or Item 404 on Form 5344.
- (4) Refer to IRM 4.4.12.3, Surveyed Claims, Disposal Code 34, for additional instructions for the preparation of Form 5344 when closing surveyed claims.

4.24.8.9.2
(12-16-2020)
Form 3198, Special Handling Notice for Examination Case Processing, Unpaid Claims - Surveyed

- (1) Under the "Special Features" section on Form 3198, the excise examiner must document the following:
 - a. Check the boxes for "Surveyed Claim" and "Other Instructions."
 - b. Under "Other Instructions," indicate the CRNs and claim amount(s) allowed. Provide the claim date and claim type, e.g., registered ultimate vendor or end user.
- (2) Under "Letter Instructions for CCP," check the boxes "Claims Letters" and "Fully Allowed - L 570."
- (3) If the claim is non-interest bearing, additional documentation is required on Form 3198. These Sections include IRC 4081(e), *Refunds in certain cases*, IRC 6416(b), *Special cases in which tax payments considered overpayments*, IRC 6421(a), *Nonhighway uses*, IRC 6421(b), *Intercity, local or school buses*, IRC 6421(c), *Exempt purposes*, IRC 6427(a) *Nontaxable uses (except ultimate vendor claims)*. Refer to IRM 4.24.8.24, Restricted Interest, for more information on applicable Code Sections. The excise examiner must document the following:
 - a. Check the box under "Special Features" section pg 1, "Restricted Interest applies to yr."

- b. Check the box under “Special Features” section pg 1, “Other Instructions” and enter the following comments “SEE PAGE 2” and “applies to tax period(s) XXXX.” If additional space is needed, note attachment for multiple tax periods.
- c. Check the box under “Special/Restricted Interest Features” section, “Other Code Section” and enter the following comments:
 - Restricted Interest IRC XXXX.
 - Applies to Tax Periods XXXX (Attachment, if needed).
 - State the restriction, i.e., “No Interest Allowable on Type of Claim (i.e., end user).”
 - Enter Claim Date.
 - Enter Claim Amount subject to Restricted Interest.

Note: If additional space is needed under “Letter Instructions for CCP,” check the box “Other Instructions” and continue comments.

- (4) Refer to IRM 20.2.10.4.5 through IRM 20.2.10.4.12 for other Excise Tax issues that are refunded without interest.

4.24.8.10
(12-16-2020)
**Unpaid Claims Report
Writing and Case
Processing Procedures**

- (1) Generally, report writing and case processing procedures involving claims are similar to those for other excise examination cases. Refer to IRM 4.10.8.10, Claims, for more additional information. This section provides case closing and general report writing procedures specifically for “unpaid” claims related to:
 - Form 720, Schedule C.
 - Form 720-X, Line 1.
 - Form 720-X, Line 2.
 - Form 8849.
 - Informal claims.
- (2) There are four possible results when an unpaid claim is examined. The claim may be:
 - Allowed in full.
 - Disallowed in full.
 - Partially allowed.
 - Offset by other adjustments.
- (3) Refer to IRM 4.24.21, Excise Tax, Case Closings, for additional information on case closing procedures specific to excise examination cases.
- (4) Before preparing a report on a case involving a claim, excise examiners must have a current transcript for the taxpayer’s account. Refer to IRM 4.10.8.10.1, Transcript of Account, for additional information.
- (5) IRC 6675 with respect to the use of certain fuels penalty must be addressed in a claim case file. Refer to IRM 20.1.11.5, IRC 6675 Excessive Claims with Respect to the Use of Certain Fuels, and IRM 4.24.8.17, IRC 6675 Excessive Claim Penalty Processing, for appropriate guidance.
- (6) In determining whether a case is regular agreed, a case involving a claim is considered agreed, if the claim is allowed in full, or if agreement is secured on Form 5384, Excise Tax Examination Changes and Consent to Assessment & Collection, and Form 3363, Acceptance of Proposed Disallowance of Claim for

Refund or Credit, even though the taxpayer will not execute Form 2297, Waiver of Statutory Notification of Claim Disallowance.

- (7) The top portion of Form 5384 is completed following regular report writing procedures for items below:
- Column 1 - Period Ending.
 - Column 3 - Kind of Tax.
 - Column 7 - Penalties.

- (8) The sections below cover report writing procedures specific to unpaid claims.

4.24.8.10.1
(12-16-2020)

Report Writing Regular Agreed Cases - Unpaid Claim Disallowed in Full or Partially Allowed

- (1) In an agreed case where the claim is disallowed in full or in part, secure agreement on Form 3363 and Form 5384.
- (2) Complete Form 5384 for unpaid claims taken on Form 720, Schedule C or Form 8849 as shown below:
- Column 2 IRS Number or CRN: Enter the CRN shown on the claim.
 - Column 4 Corrected Tax Liability or Credit per Return: Enter claim amount allowed.
 - Column 5 Tax or Credit per Return or Previous Assessment: Enter zero.
 - Column 6 Tax or Credit Increase or (Decrease): Enter claim amount allowed.
 - Column 8 Total Tax and Penalties Due or Refund: Enter difference of Column 6 less Column 7.
- (3) Complete Form 5384 for unpaid claims taken on Form 720-X, Line 2, as shown below:
- Column 2 IRS Number or CRN: Enter the CRN shown on the claim.
 - Column 4 Corrected Tax Liability or Credit per Return: Enter claim amount allowed plus amount per the return from TXMODA.
 - Column 5 Tax or Credit per Return or Previous Assessment: Enter amount per the return from TXMODA.
 - Column 6 Tax or Credit Increase or (Decrease): Enter claim amount allowed.
 - Column 8 Total Tax and Penalties Due or Refund: Enter difference of Column 6 less Column 7.
- (4) Complete Form 5384 for unpaid claims taken on Form 720-X, Line 1, as shown below:
- Column 2 IRS Number or CRN: Enter claim Abstract.
 - Column 4 Corrected Tax Liability or Credit per Return: Enter amount per return from TXMODA minus claim amount allowed.
 - Column 5 Tax or Credit per Return or Previous Assessment: Enter amount per the return from TXMODA.
 - Column 6 Tax or Credit Increase or (Decrease): Enter claim amount allowed.
 - Column 8 Total Tax and Penalties Due or Refund: Enter difference of Column 6 less Column 7.

Note: Negative numbers are not permitted under Column 4 or Column 5.

- (5) Enter any other proposed adjustments or issues not related to the claim with which the taxpayer agrees using the appropriate Abstract Numbers.
- (6) Under the **Other Information** section include a statement regarding the disposition of the claim.

Example: Claim Disallowed in Full: “On (date) you filed (Form _____), or an informal claim for a refund of (\$ amount) for (tax period). As the result of our examination, we disallowed your claim in full, as shown in this report.”

Example: Claim Disallowed in Full with Additional Tax Due: “On (date) you filed (Form _____), or an informal claim for a refund of \$ (amount) for (tax period). As the result of our examination, we disallowed your claim in full. However, we increased your tax liability by other adjustments as shown in this report.”

Example: Claim Allowed in Part: “On (date) you filed (Form _____), or an informal claim for a refund of (\$ amount) for (tax period). As the result of our examination, we allowed your claim in part, as shown in this report.”

- (7) Letter 569-X, Claim Disallowance Letter, transmits the preliminary full or partial claim disallowance. The excise examiner will prepare the letter and insert his/her information in the contact section. The excise manager must sign the letter.
- (8) Solicit Form 2297. A signed Form 2297 starts the two-year period for the taxpayer to file suit as authorized under IRC 6532, *Period of limitation on suits*. Refer to IRM 4.10.8.10.4, Form 2297, Waiver of Statutory Notice of Claim Disallowance, for additional information about Form 2297.
- (9) If Form 2297 is not secured when a claim for refund or credit is disallowed in whole or in part, Form 3198 is notated for Tech Services to prepare and issue Letter 905 or Letter 906.

Note: The case file must be closed to Tech Services versus CCP, if Form 2297 is not secured.

4.24.8.10.1.1
(12-16-2020)
Form 5344, Examination Closing Record, Unpaid Claim - Disallowed in Full

- (1) When generating Form 5344, Examination Closing Record, in IMS, the required fields should be pre-populated. The excise examiner should verify the pre-populated fields and those for which he or she is responsible for completing. Refer to IRM 4.4.12.5.2, Form 5344 Entries, for additional information about completing Form 5344. Refer to IRM 4.24.21, Case Closings, for additional information. This section provides case closing procedures specifically for **unpaid** claims disallowed in full.
- (2) The completion of Form 5344, Item 404, depends on the claim type and will be addressed later. The following Items are specific to all types of unpaid claims disallowed in full:
 - a. Item 12 Tax, Penalty and Interest Adjustments: No entry because it is zero.
 - b. Item 15 Credit and Tax Computation Adjustments: No entry because it is zero.

- c. Item 20 Claim Rejection Date: If the taxpayer signed Form 2297, enter signature date, otherwise no entry.
 - d. Item 21 Amount Claimed: Enter amount claimed (should match AMDISA).
 - e. Item 22 Dollars Protected: Enter claim amount.
 - f. Item 23 RBP Hours: Enter time charged to examining claim.
 - g. Item 24 Claim Type: Enter alpha code Z.
 - h. Complete Item 404 to capture non-claim examination issues.
- (3) Complete Form 5344, Item 404 for Form 720-X, Line 1, as follows:
- a. Item 404-a Abstract Code: Enter applicable Abstract Code.
 - b. Item 404-b Disposal Code: Enter 01.
 - c. Item 404-c Abstract Time: Enter non-claim time as reported on Item 28. If no time applied, enter zero.
 - d. Item 404-d Abstract Examination Results: Enter zero, if no other Form 720 adjustments are made.
 - e. Item 404-e Abstract Examination Time: Enter Abstract claim time equals Item 23.
- (4) Complete Item 404 for Form 720-X, Line 2 and Form 720, Schedule C claims as follows:
- a. Item 404-a Abstract Code: Convert CRN to applicable Abstract Code.
 - b. Item 404-b Disposal Code: Enter 01.
 - c. Item 404-c Abstract Time: Enter non-claim time as reported on Item 28. If no time applied, enter zero.
 - d. Item 404-d Abstract Examination Results: Enter zero, if no other Form 720 adjustments are made.
 - e. Item 404-e Abstract Claim Time: Enter Abstract claim time equals Item 23, although this was a CRN claim.
- (5) Item 404 is **generally not** completed for **unpaid claims** reported on Form 8849. However, Form 8849 collected taxes claims established under MFT:03 require Item 404 section to be completed as follows:
- a. Item 404-a Abstract Code: Enter applicable Abstract Code.
 - b. Item 404-b Disposal Code: Enter 01.
 - c. Item 404-c Abstract Time: Enter non-claim time as reported on Item 28. If no time applied, enter zero.
 - d. Item 404-d Abstract Examination Results: Enter zero, if no other Form 720 adjustments are made.
 - e. Item 404-e Abstract Claim Time: Enter Abstract claim time equals Item 23.

4.24.8.10.1.2
(12-16-2020)

Form 5344, Examination Closing Record, Unpaid Claim - Partially Allowed

- (1) When generating Form 5344, Examination Closing Record, in IMS, the required fields should be pre-populated. The excise examiner should verify these pre-populated fields and those fields for which he or she is entrusted to examine. Refer to IRM 4.4.12.5.2, Form 5344 Entries, for additional information about completing Form 5344. Refer to IRM 4.24.21, Case Closings, for additional information. This section provides case closing procedures specifically for **unpaid claims** that are partially allowed.
- (2) The items below are specific to unpaid claims reported on Form 720-X, Line 1:

- a. Item 12 Tax, Penalty and Interest Adjustments: Enter TC 301 with the amount of claim allowed with a negative sign.
- b. Item 15 Credit and Tax Computation Adjustments: Enter Abstract Number and claim amount allowed with a negative sign.
- c. Item 20 Claim Rejection Date: If the taxpayer signed Form 2297, enter signature date, otherwise no entry.
- d. Item 21 Amount Claimed: Enter amount claimed (should match AMDISA).
- e. Item 22 Dollars Protected: Enter claim amount disallowed.
- f. Item 23 RPB Hours: Enter time charged to examining claim.
- g. Item 24 Claim Type: Enter alpha code Z.
- h. Item 404-a Abstract Code: Enter applicable Abstract Code.
- i. Item 404-b Disposal Code: Enter 04 for Agreed or 08 for Unagreed.
- j. Item 404-c Abstract Time: Enter non-claim time as reported under Item 28. If no time allowed, enter zero.
- k. Item 404-d Abstract Examination Results: Enter claim amount allowed with a negative sign.
- l. Item 404-e Abstract Claim Time: Enter Abstract claim time equals Item 23.
- m. Complete Item 404 to capture non-claim examination issues.

Note: Refer to IRM 20.2.10.4.5 through IRM 20.2.10.4.12 for other Excise Tax issues that are refunded without interest.

- (3) The completion of Form 5344, Item 404 section depends on the claim type and will be covered later. The Items below are specific to unpaid claims partially allowed filed on Form 720-X, Line 2, Form 720, Schedule C and Form 8849:

- a. Item 12 Tax, Penalty and Interest Adjustments: No entry.
- b. Item 15 Credit and Tax Computation Adjustments: Enter CRN with claim amount allowed with a positive sign.
- c. Item 20 Claim Rejection Date: If the taxpayer signed Form 2297, enter signature date, otherwise no entry.
- d. Item 21 Amount Claimed: Enter amount claimed (should match AMDISA).
- e. Item 22 Dollars Protected: Enter claim amount disallowed.
- f. Item 23 RPB Hours: Enter time charged to examining claim.
- g. Item 24 Claim Type: Enter alpha code "Z."

- (4) Complete Form 5344, Item 404 for Form 720-X, Line 2 and Form 720, Schedule C as follows:

- a. Item 404-a Abstract Code: Convert CRN to applicable Abstract Code.
- b. Item 404-b Disposal Code: Enter 04 for agreed or 08 for unagreed.
- c. Item 404-c Abstract Time: Enter non-claim time as reported on Item 28. If no time applied, enter zero.
- d. Item 404-d Abstract Examination Results: Enter claim amount allowed with a negative sign.
- e. Item 404-e Abstract Claim Time: Enter Abstract claim time equals Item 23, although this was a CRN claim.

- (5) Item 404-d generally is not completed for unpaid claims reported on Form 8849. However, Form 8849 collected taxes claims established on MFT 03 require the 404 section be completed as follows:

- a. Item 404-a Abstract Code: Enter Abstract Code.
- b. Item 404-b Disposal Code: Enter 04 for agreed or 08 for unagreed.
- c. Item 404-c Abstract Time: Enter non-claim time as reported on Item 28. If no time applied, enter zero.

- d. Item 404-d Abstract Examination Results: Enter claim amount allowed with a negative sign.
- e. Item 404-e Abstract Claim Time: Enter Abstract claim time equals Item 23.
- 4.24.8.10.1.3 (12-16-2020)
Form 3198, Special Handling Notice for Examination Case Processing, Unpaid Claim - Disallowed in Full or Partially Allowed
- (1) In the Special Features section, check the box **Other Instructions** and include a statement on the disposition of the claim. For example:
- “Unpaid claim disallowed in full.”
 - “Unpaid disallowed in part, pay CRN # and \$ amount.” Provide claim date and claim type: Ultimate Vendor or End User.
- (2) For claims partially disallowed, if the claim is non-interest bearing, additional documentation is required on Form 3198. These Sections include IRC 4081(e), IRC 6416(b), IRC 6421(a), IRC 6421(b), IRC 6421(c), IRC 6427(a). Refer to IRM 4.24.8.25, Restricted Interest, for more information on applicable Code Sections. The excise examiner must document the following:
- a. Check the box under “Special Features” section pg 1, “Restricted Interest applies to yr.”
- b. Check the box under “Special Features” section pg 1, “Other Instructions” and enter the following comments “SEE PAGE 2” and “applies to tax period(s) (enter applicable tax period(s).” If needed, note attachment for multiple tax periods.
- c. Check the box under “Special/Restricted Interest Features” section, “Other Code Section” and enter the following comments:
- Restricted Interest IRC XXXX.
 - Applies to Tax Periods XXXX (Attachment, if needed).
 - State the restriction, i.e., “No Interest Allowable on Type of Claim (i.e., end user).”
 - Enter Claim Date.
 - Enter Claim Amount subject to Restricted Interest.
- Note:** If additional space is needed under “Letter Instructions for CCP,” check the box “Other Instructions” and continue comments.
- (3) Refer to IRM 20.2.10.4.5 through IRM 20.2.10.4.12 for other Excise Tax issues that are refunded without interest.
- (4) If Form 2297 was not signed under the “Forward to Tech Services” section, check “Statutory Notice of Claim Disallowance - Letter 905 and Letter 906.” Check “Forward to Tech Services” to close to Status 21. Refer to IRM 4.4.7.3.8, Claim Disallowance Letters, for additional information.
- (5) If Form 2297 was signed, check the no letter requirement to be sent by CCP, if there are no other examination adjustments. Otherwise, check the appropriate letter box.
- 4.24.8.10.2 (12-16-2020)
Report Writing Regular Agreed Cases - Unpaid Claim - Allowed in Full
- (1) This section contains instructions for the preparation of reports when the taxpayer agrees with the excise examiner’s proposal to allow the claim in full. The taxpayer is not required to sign Form 5384 if an examined unpaid claim is allowed in full without additional unpaid tax proposed. If there are additional proposed adjustments, a signature is required.

- (2) Complete Form 5384 for unpaid claims taken on Form 720, Schedule C or Form 8849 as shown below:
- Column 2 IRS Number or CRN: Enter the CRN shown on the claim.
 - Column 4 Corrected Tax Liability or Credit per Exam: Enter claim amount allowed.
 - Column 5 Tax or Credit per Return or Previous Assessment: Enter zero.
 - Column 6 Tax or Credit Increase or (Decrease): Enter claim amount allowed.
 - Column 8 Total Tax and Penalties Due or Refund: Enter claim amount allowed.
- (3) Complete Form 5384 for unpaid claims taken on Form 720-X, Line 2 as shown below:
- Column 2 IRS Number or CRN: Enter the CRN as shown on the claim.
 - Column 4 Corrected Tax Liability or Credit per Exam: Enter claim amount allowed plus amount per return from TXMODA.
 - Column 5 Tax or Credit per Return or Previous Assessment: Enter amount reported per the return for the CRN claimed including any posted amendments prior to the claim from TXMODA.
 - Column 6 Tax or Credit Increase or (Decrease): Enter claim amount allowed.
 - Column 8 Total Tax and Penalties Due or Refund: Enter claim amount allowed.
- (4) Complete Form 5384 for unpaid claims taken on Form 720-X, Line 1 as shown below:
- Column 2 IRS Number or CRN: Enter claim Abstract.
 - Column 4 Corrected Tax Liability or Credit per Exam: Enter amount per return from TXMODA minus claim amount allowed.
 - Column 5 Tax or Credit per Return or Previous Assessment: Enter amount reported for Abstract claimed including any posted amendments prior to the claim from TXMODA.
 - Column 6 Tax or Credit Increase or (Decrease): Enter claim amount allowed.
 - Column 8 Total Tax and Penalties Due or Refund: Enter claim amount allowed.
 - Enter any other proposed adjustments or issues not related to the claim to which the taxpayer agrees using the appropriate Abstract Numbers.
- Note:** If offsetting adjustments are proposed, which reduce the amount refundable, the claim will be treated as a partially or wholly disallowed claim. The report writing procedures for claims disallowed in full or in part should be followed. Refer to IRM 4.10.8.10.2, Claims Allowed in Full, for additional information.
- (5) In the **Other Information** section, include a statement regarding the disposition of the claim.

Example: Claim Allowed in Full: "On (date) you filed Form ____ or an informal claim for a refund of (\$ amount) for (tax period). As a result of our examination, we allowed your claim in full as shown in this report."

Example: Claim Allowed in Full but Offset by Other Adjustments: “On (date) you filed Form ____ or an informal claim for a refund of (\$ amount) for (tax period). As a result of our examination, we allowed your claim in full; however, the total amount of the refund is increased or decreased by other adjustments as shown in this report.”

- (6) Letter 6219, Excise Claim Allowed in Full Report - Transmittal, communicates the agreed report to the taxpayer.
- (7) Letter 570-X allows an examined claim allowed in full. The excise examiner will prepare Letter 570-X, include his or her contact information in the contact section and retain an undated letter in case file. The excise manager will sign the letter on behalf of the Chief, Estate & Gift and Excise Tax Examination. CCP will date and mail Letter 570-X to the taxpayer and representative, if applicable.

4.24.8.10.2.1
(12-16-2020)

Form 5344, Examination Closing Record, Unpaid Claim - Allowed In Full

- (1) This section provides case closing procedures specifically for **unpaid claims** that are allowed in full.
- (2) When generating Form 5344 in IMS the required fields should be pre-populated. The excise examiner should verify these pre-populated fields and those fields for which he or she is entrusted to examine. Refer to IRM 4.4.12.5.2, Form 5344 Entries, for information about completing Form 5344. Refer to IRM 4.24.21, Case Closings, for additional information.
- (3) The items below are specific to unpaid claims taken on Form 720X, Line 1:
 - a. Item 12 Tax, Penalty and Interest Adjustments: Enter TC 301 with the amount of claim allowed with a negative sign.
 - b. Item 15 Credit and Tax Computation Adjustments: Enter abstract number and claim amount allowed with a negative sign.
 - c. Item 20 Claim Rejection Date: No entry.
 - d. Item 21 Amount Claimed: Enter amount claimed (should match AMDISA).
 - e. Item 22 Dollars Protected: Enter zero.
 - f. Item 23 RPB Hours: Enter time charged to examining claim.
 - g. Item 24 Claim Type: Enter alpha code “Z.”
- (4) Complete item 404 to capture non-claim exam issues as follows:
 - a. Item 404-a Abstract Code: Enter applicable Abstract Code.
 - b. Item 404-b Disposal Code: Enter 03 agreed.
 - c. Item 404-c Abstract Time: Enter non-claim time as reported on Item 28. If no time applied, enter zero.
 - d. Item 404-d Abstract Examination Results: Enter claim amount allowed with a negative sign.
 - e. Item 404-e Abstract Claim Time: Enter Abstract claim time equals Item 23.
- (5) The items below are specific to unpaid excise claims taken on Form 720X, Line 2, Form 720, Schedule C, and Form 8849:
 - a. Item 12 Tax, Penalty and Interest Adjustments: No entry.
 - b. Item 15 Credit and Tax Computation Adjustments: Enter CRN with claim amount allowed with a positive sign.

- c. Item 20 Claim Rejection Date: No entry.
 - d. Item 21 Amount Claimed: Enter amount claimed (should match AMDISA).
 - e. Item 22 Dollars Protected: Enter zero.
 - f. Item 23 RPB Hours: Enter time charged to examining claim.
 - g. Item 24 Claim Type: Enter alpha code "Z."
- (6) For Form 720-X, Line 2, and Form 720, Schedule C, complete Item 404 as follows:
- a. Item 404-a Abstract Code: Convert CRN to applicable Abstract Code.
 - b. Item 404-b Disposal Code: Enter 03 agreed.
 - c. Item 404-c Abstract Time: Enter non-claim time as reported on Item 28. If no time applied, enter zero.
 - d. Item 404-d Abstract Examination Results: Enter claim amount allowed with a negative sign.
 - e. Item 404-e Abstract Claim Time: Enter Abstract claim time equals Item 23, even though this was a CRN claim.
- (7) Item 404 is **generally** not completed for **unpaid claims** reported on Form 8849. **Exception:** Form 8849 collected taxes claims established on an MFT: 03 require the 404 section to be completed as follows:
- a. Item 404-a Abstract Code: Enter applicable Abstract Code.
 - b. Item 404-b Disposal Code: Enter 03 agreed.
 - c. Item 404-c Abstract Time: Enter non-claim time as reported on Item 28. If no time applied, enter zero.
 - d. Item 404-d Abstract Examination Results: Enter claim amount allowed with a negative sign.
 - e. Item 404-e Abstract Claim Time: Enter Abstract claim time equals Item 23.
- 4.24.8.10.2.2
(12-16-2020)
Form 3198, Special Handling Notice for Examination Case Processing, Unpaid Claim - Allowed In Full
- (1) In the Special Features "Other Instructions" box include the phrase "Unpaid claim allowed in full pay CRN # and \$ amount." Provide claim date and claim type: registered ultimate vendor or end user.
 - (2) If the claim is non-interest bearing, additional documentation is required on Form 3198. These Sections include IRC 4081(e), IRC 6416(b), IRC 6421(a), IRC 6421(b), IRC 6421(c), IRC 6427(a). Refer to IRM 4.24.8.25, Restricted Interest, for more information on applicable Code Sections. The excise examiner must document the following:
 - a. Check the box under "**Special Features**" section pg 1, "**Restricted Interest applies to yr.**"
 - b. Check the box under "**Special Features**" section pg 1, "**Other Instructions**" and enter the following comments "SEE PAGE 2" and "applies to tax period(s). Enter applicable tax period(s)." If needed, note attachment for multiple tax periods.
 - c. Check the box under "**Special/Restricted Interest Features**" section, "**Other Code Section**" and enter the following comments:
 - Restricted Interest IRC XXXX.
 - Applies to Tax Periods XXXX (Attachment, if needed).
 - State the restriction, i.e., "No Interest Allowable on Type of Claim (i.e., end user)."
 - Enter Claim Date.
 - Enter Claim Amount subject to Restricted Interest.

Note: If additional space is needed under “**Letter Instructions for CCP**,” check the box “**Other Instructions**” and continue comments.

- (3) Refer to IRM 20.2.10.4.5 through IRM 20.2.10.4.12 for other Excise Tax issues that are refunded without interest.
- (4) In the “Letter Instructions for CCP,” mark the box “Claims - Fully Allowed - L570-X” for closing instructions to CCP.

4.24.8.10.3
(12-16-2020)
Report Writing Regular Agreed Cases - Unpaid Claim - Increase to Original Amount

- (1) This section contains instructions for the preparation of reports when the taxpayer agrees with the excise examiner’s proposal to increase the original amount of the claim
- (2) An increase to an unpaid claim requires the taxpayer’s signature.
- (3) Follow unpaid allowed in full procedures for completion of Form 5384, Columns 1 - 8.
- (4) On Form 5384, “Other Information” section, include a statement regarding the disposition of the claim.

Example: On (date) you filed Form (____), or an informal claim for refund of (\$ amount) for (tax period). On (date) you provided additional information to increase the amount claimed by (\$ additional amount). As a result of our examination, we allowed your claim in full as shown on this report.

- (5) Letter 4121-X, Letter to Transmit Expected Agreed Examination Report, transmits the agreed report to the taxpayer.
- (6) Complete Form 5348 to update the new (adjusted) amount on ERCS.
- (7) Prepare Letter 570-X and include in case file. CCP will issue upon closing.

4.24.8.10.3.1
(12-16-2020)
Form 5344, Examination Closing Record, Unpaid Claim - Increase to Original Amount

- (1) Follow the procedures under IRM 4.24.8.10.2.1, Form 5344, Examination Closing Record, Unpaid Claim - Allowed in Full, for completion of Form 5344.

4.24.8.10.3.2
(12-16-2020)
Form 3198, Special Handling Notice for Examination Case Processing, Unpaid Claim - Increase to Original Amount

- (1) Follow the procedures under IRM 4.24.8.10.2.2, Form 3198, Special Handling Notice for Examination Case Processing, Unpaid Claim - Allowed in Full, for completion of Form 3198.

4.24.8.11
(12-16-2020)

**Unpaid Claims - Special
Rules for Form 2290,
Heavy Highway Vehicle
Use Tax Return**

- (1) When a Form 2290 claim is for vehicles sold, destroyed, stolen or used less than 5,000 miles in the period, the claim will be assigned CRN 365.
- (2) When a Form 2290 claim is for vehicles sold, destroyed, stolen or used less than 5,000 miles in the period, complete Form 5384 as follows:
 - a. Column 2: IRS Number or CRN: Enter CRN 365.
 - b. Column 4: Corrected Tax or Credit per Exam: Enter the CRN per TXMODA plus claim amount allowed.
 - c. Column 5: Tax or Credit per Return or Previous Assessment: Enter CRN 365 amount per return as reflected on TXMODA, if no amount enter zero.
 - d. Column 6: Tax or Credit Increase or (Decrease) : Enter claim amount allowed.
 - e. Column 8: Total Tax and Penalties Due or Refund: Enter claim amount allowed.
- (3) When a Form 2290 claim is for vehicles sold, destroyed, stolen or used less than 5,000 miles in the period, complete Form 5344 using the unpaid claim instructions above. The following Items are specific to Form 2290 claims:
 - a. Item 12 Tax, Penalty and Interest Adjustments: No entry.
 - b. Item 15 Credit and Tax Computation Adjustments: Enter CRN 365 with amount allowed as a positive sign.
- (4) When a Form 2290 claim is for vehicles sold, destroyed, stolen or used less than 5,000 miles in the period restrictive interest is applicable. Refer to IRM 20.2.10.4.10. Complete Form 3198 using instructions from IRM 4.24.8.10.2.2.(2).
- (5) When a Form 2290 claim is for an error in the tax reported per return the claim will be assigned Abstract 196.
- (6) When a Form 2290 claim is for an error in the tax reported per return, complete Form 5384 as follows:
 - a. Column 2: IRS Number or CRN: Enter Abstract 196.
 - b. Column 4: Corrected Tax or Credit per Exam: Enter tax amount per excise examination.
 - c. Column 5: Tax or Credit per Return or Previous Assessment: Enter tax amounts per return as reflected on TXMODA.
 - d. Column 6: Tax or Credit Increase or (Decrease) : Enter claim amount allowed.
 - e. Column 8: Total Tax and Penalties Due or Refund: Enter claim amount allowed.
- (7) When a Form 2290 claim is for an error in the tax reported per return, complete Form 5344 using the unpaid instruction above. The following items are specific to Form 2290 claims:
 - a. Item 12 Tax, Penalty and Interest Adjustments: Enter TC 301 and claim amount allowed with a positive sign.
 - b. Item 15 Credit and Tax Computation Adjustments: No entry.

4.24.8.12
(12-16-2020)
**Unpaid Claims -
Unagreed and Excepted
Agreed Cases**

- (1) Excepted agreed cases are examinations where the taxpayer agrees to proposed adjustments, but the examination results are subject to review or additional processing or some other condition. In these instances, a taxpayer may waive the statutory restriction of assessment and collection to a tax deficiency. The signing of the waiver does not preclude the Commissioner from asserting additional deficiencies or the taxpayer requesting further consideration, which lends the case to being “excepted” from case reopening criteria. Refer to IRM 4.10.8.5, Excepted Agreed Cases, for additional information on cases requiring excepted agreed reports..
- (2) Generally, report writing procedures for unagreed and excepted agreed cases involving claims are similar to unagreed and excepted cases not involving claims.
- (3) IRM 4.24.21.5.2.1, Closing Procedures for Excepted Agreed and Partially Agreed Excise Examinations, provides information on closing partially agreed and excepted agreed cases.
- (4) IRM 4.24.10, Appeals Referral Procedures, provides specific guidance and case routing procedures for unagreed excise cases referred to Appeals. .
- (5) Complete Form 5385, Excise Tax Examination Changes, using the procedures as those for Form 5384 found in IRM 4.24.8.10.1(1), Report Writing Regular Agreed Cases - Unpaid Claim Disallowed in Full or in Part, for unpaid claims disallowed in full or in part.
- (6) Issue Form 886-A, Explanation of Items, in conjunction with Form 5385. See IRM 4.10.8.12.4(2), Explanation of Items, for completion of Form 886-A.
- (7) In an excepted agreed case, secure agreement on Form 2504-E, Agreement to Assessment and Collection of Additional Tax and Acceptance of Overassessment, on non-claim issues to which the taxpayer agrees.
- (8) Form 3363 is issued in conjunction with Form 5385 and Form 886-A. This document is signed by the taxpayer on agreement for an unagreed unpaid claim after the 30 day package was issued.
- (9) Issue Form 2297 with Form 5385.
- (10) Issue Letter 569X, Claim Disallowance Letter, which serves in place of Letter 950E, Straight Deficiency or Over-Assessment for Excise Tax Examination Cases.
- (11) Issue Form 13683, Statement of Disputed Issues, with Letter 569X.
- (12) Refer to IRM 4.24.8.10.1.2, Claim Disallowed in Full or in Part, for completion of Form 5344 for unpaid claim disallowed in full or in part.
- (13) Refer to IRM 4.24.8.10.1.3, Form 3198, Special Handling Notice for Examination Case Processing, Unpaid Claim Disallowed in Full or in Part, for completion of Form 3198 for unpaid claim disallowed in full or in part.

4.24.8.13
(12-16-2020)
**Paid Claims (AIMS
Source Code 31) -
Introduction**

- (1) Paid claims selected for field examination are controlled with AIMS Source Code 31. Paid claims follow regular examination procedures found in IRM 4.24.21, Excise Tax, Case Closings, with the exceptions addressed in each of the paragraphs below.
- (2) The excise examination is normally established using MFT 03 that corresponds to the claim period or by using substitute for return procedures. Refer to IRM 4.24.8.6.1, Master File Control Procedures for Form 8849 Claims, for the control procedures.
- (3) Examination adjustments for paid claims under IRC 6416(a)(4), IRC 6420, IRC 6421, or IRC 6427 are assessed under IRC 6206 and collected as tax imposed by IRC 4041 or IRC 4081. The tax period for assessing any such portion and for assessing any such penalty shall be 3 years from the last day prescribed for filing the claim under IRC 6416(a)(4), IRC 6420, IRC 6421 or IRC 6427, as the case may be.
- (4) The IRC 6675, Excessive Claims with Respect to the Use of Certain Fuels, penalty, must be addressed in fuel claim case files. Refer to IRM 4.24.8.17, IRC 6675 Excessive Claim Penalty Processing, and IRM 20.1.11.5, IRC 6675 Excessive Claims with Respect to the Use of Fuels Penalty, for additional guidance.
- (5) The excise examiner cannot recover an erroneously paid claim filed under IRC 4081(e), IRC 6402, IRC 6415 or IRC 6416, except for gasoline ultimate vendor claims on sales after December 31, 2005, under IRC 6416(a)(4). The recovery of an erroneous claim must be made by a civil action in the name of the United States under IRC 7405, *Action for recovery of erroneous refunds*, and IRC 6532(b), *Suits by United States for recovery of erroneous refunds*. The suit must begin within 2 years after the making of such refund. If the refund was induced by fraud or misrepresentation of a material fact, the suit must be brought within 5 years of the claim. Refer to IRM 4.24.8.22, Erroneous Refunds - Suits to Recover, for additional guidance.

4.24.8.14
(12-16-2020)
**Paid Claims (AIMS
Source Code 31) -
Survey After Assignment**

- (1) IRM 4.24.21.5.1, Closing Procedures for Surveyed Excise Returns, describes case closing procedures for surveyed returns and IRM 4.24.21.4.1, Paper Excise Closing / Electronic Issue Management System Excise Closing, describes the case closing process for paper and electronic closings.
- (2) Activity Code 615 is used for examination survey time.
- (3) On Form 3198 check the "Other Instructions" box, in the Special Features section, and write "Survey After Assignment - Paid Claim."
- (4) Form 5344 is not required.
- (5) Form 3177, Notice of Action for Entry on Master File, should be prepared if the filing indicator is turned on. Excise examiners should check INOLES to determine if the filing indicator is turned on. If Form 3177 is required, enter 591 in the TC column and type "Closing Code 75" in the space provided. The excise examiner faxes to CCP at eFax Number: 855-386-5123.
- (6) Additional survey procedures are found at IRM 4.10.2.5, Decision to Survey a Return.

- 4.24.8.15
(12-16-2020)
Paid Claims - Report Writing and Case Processing Procedures
- (1) Examinations of paid claims result in one of the following dispositions:
 - No Change.
 - Agreed.
 - Partially agreed.
 - Unagreed.
 - (2) IRC 6675, Excessive claims with respect to the use of certain fuels, penalty must be addressed in fuel claim case files. Refer to IRM 20.1.11.5 and IRM 4.24.8.17 for guidance.
 - (3) Generally, a paid claim reported on Form 720, Schedule C, Form 720-X, Line 2, or Form 8849 falls under the one-claim rule where an increase at the examination level is barred by statute. However, there are certain instances where a claim may be processed at the examination level, e.g., retroactive credits permitted by notice.
 - (4) Persons not required to file a tax return are organizations exempt from tax under IRC 501(a) *Exemption from tax on corporations, certain trusts, etc.*, e.g., a state or local government or the United States Government. An annual Form 8849 claim must be made within 3 years of the exempt organization's fiscal year end. Refer to IRM 4.24.8.16, Increase to Paid Claims, for guidance for report writing and case processing procedures for these types of claims.
 - (5) Complete the top portion of Form 5384 following regular report writing procedures for the items listed below:
 - a. "Column 1 - Period Ending."
 - b. "Column 3 - Kind of Tax."
 - c. "Column 7 - Penalties."
 - (6) The sections below address report writing procedures specific to paid claims.
- 4.24.8.15.1
(11-09-2017)
Paid Claim Report Writing and Case Processing Procedures - No Change/No Adjustments
- (1) This section contains report writing procedures when the examination results in no adjustments, or there are adjustments that result in no additional liability. Refer to IRM 4.24.20.3.3, No Change Excise Reports, IRM 4.24.21.5.3, Closing Procedures for No Change Excise Examinations, and IRM 4.10.8.3, No Change and No Liability Cases, for information about report writing procedures for closing "No Change" cases.
 - (2) The IRS Abstract Number that corresponds to the CRN must be used for the examination report. Refer to IRM Exhibit 4.24.8-2, Credit Reference Numbers and Corresponding Abstract Numbers, for additional information.
 - (3) Complete Form 5384, as follows:
 - a. Column 2: IRS Number or CRN: Enter the Abstract shown on the claim form or the Abstract that corresponds to the CRN shown on the claim form.
 - b. Column 4: Corrected Tax Liability or Credit per Exam: Enter zero, if the taxpayer did not report a tax liability for the Abstract used in place of the CRN, otherwise enter the reported tax liability per Master File TXMODA.

- c. Column 5: Tax or Credit per Return or Previous Assessment: Enter zero, if the taxpayer did not report a tax liability for the Abstract used in place of the CRN, otherwise enter the reported liability per Master File TXMODA.

Note: Negative numbers are not to be entered under Column 4 or Column 5.

- d. Column 6: Tax or Credit Increase or (Decrease) : Enter zero.
- e. Column 8: Total Tax and Penalties Due or Refund: Enter zero.
- f. Include the following language in the "Other Information" section: "On (date) you filed Form (____), or an informal claim for refund of (\$ amount) for (tax period). The claim was paid on (date). As the result of our examination, we have made no changes to your paid claim, as shown in this report."

- (4) Issue Letter 3401-E, No Change Report Transmittal Letter, as the transmittal letter to accompany Form 5384.

Note: Taxpayer does not need to return a signed copy of the report.

- (5) Prepare Letter 570-X and include it in the case file. CCP will issue upon case closing, if no other examination issues are present. If other examination issues are present, also prepare Letter 590-X, No Change Final, and include it in the case file for CCP issuance..

4.24.8.15.1.1
(12-16-2020)
Form 5344, Examination Closing Record, Paid Claims - No Change

- (1) When generating Form 5344 under IMS, the required fields should be pre-populated and verified by the excise examiner. The items below are specific to paid claims:
 - a. Item 12 Tax, Penalty and Interest Adjustments: No entry.
 - b. Item 13 Disposal Code: Enter 02.
 - c. Item 15 Credit and Tax Computation Adjustments: No entry.
 - d. Item 20 Claim Rejection Date: No entry.
 - e. Item 21 Amount Claimed: No entry.
 - f. Item 22 Dollars Protected: No entry.
 - g. Item 23 RPB Hours: No entry.
 - h. Item 24 Claim Type: No entry.
 - i. Item 28 Examiner's Time: Enter examination time.

- (2) Complete Item 404 as follows:

- a. Item 404-a Abstract Code: Enter applicable Abstract Code.
- b. Item 404-b Disposal Code: Enter 02.
- c. Item 404-c Abstract Time: Enter examination time per Abstract.
- d. Item 404-d Abstract Examination Results: Enter zero.
- e. Item 404-e Abstract Claim Time: Enter zero.

4.24.8.15.1.2
(12-16-2020)
Form 3198, Special Handling Notice for Examination Case Processing, Paid Claim - No Change

- (1) Complete Form 3198, check the **Other Instructions** box, in the Special Features section, and write **No change to previously paid claim.**
- (2) Check the **Fully Allowed - L570-X** in the Letter Instructions for CCP section, if no other examination issues are present. If other examination issues are present, check the **No Change - L 590-X** box.

4.24.8.15.2
(12-16-2020)
**Paid Claim Report
Writing and Case
Processing Procedures -
Agreed**

- (3) IRM 4.24.21.4.3, Form 3198 - Special Handling Notice for Examination Case Processing, provides guidance on completing Form 3198.
- (1) This section contains report writing procedures when the taxpayer agrees with the examiner's proposed liability. Refer to IRM 4.24.20.3.1, Agreed Excise Reports, and IRM 4.24.21.5.2, Closing Procedures for Agreed Excise Examinations, information about report writing procedures for closing **Agreed** cases.
- (2) The IRS Abstract Number that corresponds to the CRN must be used for the report. Refer to IRM Exhibit 4.24.8-2, Credit Reference Numbers and Corresponding Abstract Numbers, for additional information.
- (3) Complete Form 5384 as follows:
- a. Column 2: IRS Number or CRN: Enter the Abstract shown on the claim form or the Abstract that corresponds to the CRN shown on the claim form.
 - b. Column 4: Corrected Tax Liability or Credit per Exam: Enter total amount of adjustment and Column 5.
 - c. Column 5: Tax or Credit per Return or Previous Assessment: Enter zero, if the taxpayer did not report a tax liability for the Abstract used in place of the CRN, otherwise enter the reported tax liability per Master File TXMODA.

Note: Negative numbers are not to be entered under Column 4 or Column 5.
 - d. Column 6: Tax or Credit Increase or (Decrease) : Enter the difference of Column 4 and Column 5.
 - e. Column 8: Total Tax and Penalties Due or Refund: Enter total of Column 6 and Column 7.
- (4) Enter all other agreed adjustments using the appropriate Abstract numbers.
- (5) Under the "Other Information" section, include the following language: "On (date) you filed Form (____), for refund of (\$ amount) for (tax period). That claim was paid on (date). As the result of our examination, we determined that (\$ amount) constitutes an excessive amount under IRC 6675(b). The excessive amount is being assessed in accordance with IRC 6206, as shown in this report."
- Note:** Refer to IRM 4.24.8.17, IRC 6675, Excessive Claims Penalty Processing , for additional guidance.
- (6) Issue Letter 4121-X as the transmittal letter to Form 5384.
- (7) Prepare Letter 987-X, Agreed Excise Tax Change Letter, and include it in the case file for use by CCP.

4.24.8.15.2.1
(12-16-2020)
**Form 5344, Examination
Closing Record, Paid
Claim - Agreed**

- (1) When generating under IMS Form 5344, the required fields should be pre-populated and verified by the excise examiner. The items below are specific to paid claims:

- a. Item 12 Tax, Penalty and Interest Adjustments: Enter TC 300 with adjustments and a positive sign. TC 160, TC 180 and TC 270 must be completed with zero. Failure to file, failure to pay and failure to deposit penalties can not be applied to adjustments to paid claims.
- b. Item 13 Disposal Code: Enter 03 for agreed.
- c. Item 15 Credit and Tax Computation Adjustments: Enter Abstracts with adjustment amounts that are shown as positive numbers
- d. Item 20: Claim Rejection Date: No entry.
- e. Item 21: Amount Claimed: No entry.
- f. Item 22: Dollars Protected: No entry.
- g. Item 23: RBP Hours: No entry.
- h. Item 24: Claim Entry: No entry.
- i. Item 28 Examiner's Time: Enter examination time.

(2) Complete Item 404 as follows:

- a. Item 404-a Abstract Code: Enter applicable Abstract Code.
- b. Item 404-b Disposal Code: Enter 03 for agreed.
- c. Item 404-c Abstract Time: Enter examination time per Abstract.
- d. Item 404-d Abstract Examination Results: Enter examination results.
- e. Item 404-e Abstract Claim Time: Enter zero.

4.24.8.15.2.2
(12-16-2020)
Form 3198, Special Handling Notice for Examination Case Processing, Paid Claim - Agreed

- (1) Check the "Agreed - Letter 987-X," Agreed Excise Tax Change Letter, in the Letter Instructions for the CCP section.

4.24.8.16
(12-16-2020)
Increase to Paid Claim Introduction

- (1) Generally, a previously paid claim cannot be increased because in most cases the time for filing the claim passed. Examples include requests for refunds under IRC 6416(a) or payments under IRC 6421 or IRC 6427. Despite this, there are situations where a previously paid claim may be increased for claims under IRC 6426, IRC 4051(d), *Credit against tax for tire tax*, and annual claims for persons not required to file an income tax return.
- (2) This subsection provides report writing procedures when the excise examination results in an additional claim amount being allowed to a paid claim. Refer to Exhibit 4.24.8-1 for details about the general areas of responsibility to be completed. These items are **specific** to paid claims when an additional claim amount is allowed.

4.24.8.16.1
(12-16-2020)
Report Writing Regular Agreed Cases - Paid Claim - Increase to Original Amount

- (1) On Form 5384, under the "Other Information" section, include a statement regarding the disposition of the claim. For example, "On (date) you filed Claim Form XXXX or an informal claim for refund for (\$ amount) for (tax period). The claim was paid on (date). On (date), you filed an informal claim for refund for (\$ amount) for (tax period), increasing your previously paid claim. As a result of our examination, we allowed your refund in full."
- (2) For situations involving Form 720, Schedule C and Form 8849, enter information for the columns shown below as follows:
- a. Column 2 IRS Number or CRN: Enter the applicable CRN.

- b. Column 4 Corrected Tax Liability or Credit per Exam: Enter the claim amount allowed.
 - c. Column 5 Tax or Credit per Return or Previous Assessment: Enter zero.
 - d. Column 6 Tax or Credit Increase or (Decrease): Enter the claim amount allowed
 - e. Column 8 Total Tax and Penalties Due or Refund: Enter the claim amount allowed.
- (3) For situations involving Form 720-X, Line 1, enter information for the columns shown below as follows:
- a. Column 2 IRS Number or CRN: Enter the applicable Abstract number.
 - b. Column 4 Corrected Tax Liability or Credit per Exam: Enter the amount per the return minus the claim amount allowed.
 - c. Column 5 Tax or Credit per Return or Previous Assessment: Enter the amount reported per the return for the Abstract claimed, including any posted amendments prior to the claim.
 - d. Column 6 Tax or Credit Increase or (Decrease): Enter additional claim amount allowed.
 - e. Column 8 Total Tax and Penalties Due or Refund: Enter additional claim amount allowed.
- (4) For situations involving Form 720-X, Line 2, complete the columns below as follows:
- a. Column 2 IRS Number or CRN: Enter the applicable CRN.
 - b. Column 4 Corrected Tax Liability or Credit per Exam: Enter the total of the previous credit paid from TXMODA and the additional claim amount allowed.
 - c. Column 5 Tax or Credit per Return or Previous Assessment: Enter previous credit paid from TXMODA.
 - d. Column 6 Tax or Credit Increase or (Decrease): Enter additional claim amount allowed.
 - e. Column 8 Total Tax and Penalties Due or Refund: Enter additional claim amount allowed.
- (5) Complete Form 5348, to add the claim amount and update the Source Code to 30.
- (6) Prepare Letter 4121-X.
- (7) Prepare Letter 570-X and include in the case file. CCP will issue at case closing.

4.24.8.16.1.1
(12-16-2020)
Form 5344, Examination Closing Record, Paid Claim - Increase to Original Amount

- (1) This subsection addresses closing document procedures when the examination results in an additional claim amount allowed for a paid claim. Refer to IRM 4.4.12 for additional information. These Items are **specific** to paid excise claims when an additional claim amount is allowed:
- (2) For situations involving Form 720-X, Line 1, complete the Items below as follows:
- a. Item 12 Tax, Penalty and Interest Adjustments: Enter 301 with the amount of claim allowed with a negative sign.
 - b. Item 13 Disposal Code: Enter 03 for agreed.

- c. Item 15 Credit and Tax Computation Adjustments: Enter Abstract Number and claim amount allowed with a negative sign.
- d. Item 20 Claim Rejection Date: No entry.
- e. Item 21 Amount Claimed: Enter claim amount that should match AMDISA.
- f. Item 22 Dollars Protected: Enter zero.
- g. Item 23 RPB Hours: Enter time charged to examining claim.
- h. Item 24 Claim Type: Enter alpha code "Z."
- i. Item 28 Examiner's Time: Enter time spent examining non-claim issue.

(3) Complete 404 as follows:

- a. Item 404-a Abstract Code: Enter applicable Abstract Code.
- b. Item 404-b Disposal Code: Enter 03 Agreed.
- c. Item 404-c Abstract Time: Enter non-claim time equals Item 28.
- d. Item 404-d Abstract Examination Results: Enter claim amount allowed with a negative sign.
- e. Item 404-e Abstract Claim Time: Enter claim time equals Item 23.

(4) For situations involving Form 720, Schedule C, Form 720-X, Line 2, and Form 8849 complete the Items below as follows:

- a. Item 12 Tax, Penalty and Interest Adjustments: No entry.
- b. Item 13 Disposal Code: Enter 03 agreed.
- c. Item 15 Credit and Tax Computation Adjustments: Enter CRN with claim amount allowed with a positive sign.
- d. Item 20 Claim Rejection Date: No entry.
- e. Item 21 Amount Claimed: Enter amount claimed should match AMDISA.
- f. Item 22 Dollars Protected: Enter zero.
- g. Item 23 RPB Hours: Enter time charged to examining claim.
- h. Item 24 Claim Type: Enter alpha code Z.
- i. Item 28 Examiner's Time: Enter time spent examining non-claim issue.

(5) Complete Item 404 as follows:

- a. Item 404-a Abstract Code: Convert CRN to applicable Abstract Code.
- b. Item 404-b Disposal Code: Enter 03 agreed.
- c. Item 404-c Abstract Time: Enter non-claim time equals Item 28.
- d. Item 404-d Abstract Examination Results: Enter claim amount allowed with a negative sign.
- e. Item 404-e Abstract Claim Time: Enter claim time equals Item 23.

4.24.8.16.1.2
(12-16-2020)

**Form 3198, Special
Handling Notice for
Examination Case
Processing, Paid Claim -
Increase to Original
Amount**

- (1) Under Special Features "Other Instructions" include the phrase "Unpaid claim allowed in full. Pay CRN# and \$ amount. Provide the claim type, i.e., Registered Ultimate Vendor or End User. See Pg. 2 for Restricted Interest instructions."
- (2) Under Special Features check the box for Restricted Interest applies to year and enter the applicable tax period(s).

Note: Do not use the "Forward to Technical Services - Update to Status 21" area on Form 3198 to instruct CCP personnel about how to process Restricted Interest issues.

- (3) Under Special/Restricted Interest Features, check the box for "Other Code Section" and enter the comments listed below:

- a. Restricted Interest IRC XXXX.
- b. Applies to Period(s) XXXX (Attachment, if needed).
- c. State the Restriction, i.e., "No Interest Allowable on Claim."
- d. Claim Date.
- e. Claim Amount subject to Restricted Interest.

Note: These sections include IRC 4081(e), IRC 6416(b), IRC 6419(b), IRC 6421(a), IRC 6421(b), IRC 6421(c), or IRC 6427(a). For more information, refer to IRM 20.2.10.4.3, Interest Rules for Ultimate Vendor and Fuel Tax Credits.

- (4) Refer to IRM 20.2.10.4.5 through IRM 20.2.10.4.12 for other Excise Tax issues that are refunded without interest.
- (5) Under the letter instructions for CCP, check the box for "Other Instructions" and enter the claim date.

Note: This needs to be completed on all claims that are totally or partially allowed even if restricted interest does not apply.

- (6) If there are no other Form 720 adjustments, check "Fully Allowed - L 570-X" under Letter Instructions for CCP, otherwise check the appropriate letter box.

4.24.8.16.2
(12-16-2020)

**Paid Claim Report
Writing and Case
Processing Procedures -
Partially Agreed and
Unagreed**

- (1) Refer to IRM 4.24.10, Appeals Referral Procedures, IRM 4.24.20.3.2, Partially Agreed/Excepted Agreed Excise Reports, and IRM 4.24.21, Case Closings, for unagreed report writing and case closing procedures.
- (2) Prepare Form 5385 following the same procedures as Form 5384 for Agreed Paid Claims. Refer to IRM 4.24.8.15.2 for additional information.
 - a. Enter all other agreed adjustments using the appropriate Abstract Numbers.
 - b. Under the "Other Information" section, include the following language: "On (date) you filed Form (____), for refund of (\$ amount) for (tax period). That claim was paid on (date). As the result of our examination, we determined that (\$ amount) constitutes an excessive amount under IRC 6675(b). The excessive amount is being assessed in accordance with IRC 6206, as shown in this report."

Note: Refer to IRM 4.24.8.17 for additional guidance about excessive claims penalty processing.

- (3) Issue Form 886-A along with Form 5385. Refer to IRM 4.10.8.12.4(2), Explanation of Items, for information for completing Form 886-A.
- (4) Secure agreement on Form 2504-E on non-claim issues to which the taxpayer agrees.
- (5) Issue Letter 950-E to the taxpayer.
- (6) Issue Form 13683 with Letter 950-E.

4.24.8.16.2.1
(12-16-2020)
**Form 5344, Examination
Closing Record, Paid
Claim - Unagreed**

- (1) When generating Form 5344 under IMS, required fields should be pre-populated and verified by the excise examiner. The items below are specific to unagreed paid claims:
 - a. Item 12 Tax, Penalty and Interest Adjustments: Enter TC 300 with the adjustment and a positive sign. TC 160, TC 180 and TC 270 must be completed with zero. Failure to file, failure to pay and failure to deposit penalties cannot be applied to adjustments to paid claims.
 - b. Item 13 Disposal Code: Enter 07 for appealed.
 - c. Item 15 Credit and Tax Computation Adjustments: Enter Abstracts with adjustment amounts that are shown as positive numbers
 - d. Item 20 Claim Rejection Date: No entry.
 - e. Item 21 Amount Claimed: No entry.
 - f. Item 22 Dollars Protected: No entry.
 - g. Item 23 RPB Hours: No entry.
 - h. Item 24 Claim Type: No entry.
 - i. Item 28 Examiner's Time: Enter examination time.
- (2) Complete Item 404 as follows:
 - a. Item 404-a Abstract Code: Enter applicable Abstract Code.
 - b. Item 404-b Disposal Code: Enter 07 for appealed.
 - c. Item 404-c Abstract Time: Enter examination time per Abstract.
 - d. Item 404-d Abstract Examination Results: Enter examination results.
 - e. Item 404-e Abstract Claim Time: Enter zero.

4.24.8.17
(12-16-2020)
**IRC 6675 Excessive
Claim Penalty
Processing**

- (1) When the excessive claims penalty under IRC 6675 (penalty reference number: 661) is asserted in addition to the tax or claim disallowance, additional administrative steps must be taken and completed.
- (2) Written supervisory approval must be obtained prior to communication with the taxpayer. When approved, the excise examiner must complete and submit Form 5345-D, Examination Request-ERCS (Examination Returns Control System) Users, to the excise manager.
- (3) The excise examiner must enter the following information on Form 5345-D:
 - a. Check the "Control Non-AIMS DET" Items box.
 - b. MFT: PH.

Note: When the penalty is assessed on IDRS, it will post as MFT 13.
 - c. Activity Code: 555 Other Penalties: Form 8278.
 - d. Source Code: 99 Non-AIMS Miscellaneous Penalty.
 - e. Status Code: 10.
 - f. Tracking Code: Should be the same as the primary case (i.e., 7734 or 7735).
 - g. Project Code: None.
 - h. Statute Date: Same as the tax return.
- (4) The excise examiner will prepare a separate case file for the penalty. The excise examination and penalty case files should close together to CCP. The penalty case file at a minimum should include:
 - E500 Penalty Check Sheet.
 - Penalty Lead Sheet.
 - Workpapers for the penalty calculation.

- Workpapers for the claim issue.
- Form 9984, Examining Officer's Activity Record.
- Form 5384 or Form 5385.
- Form 8278, Assessment and Abatement of Miscellaneous Civil Penalties.
- Form 3198.

- (5) Complete Form 5384 or Form 5385 and indicate the amount of the penalty under Column 7, Penalties. Under the "Other Information" section of Form 5384 or Form 5385 include a statement regarding the imposition of the penalty.

Example: Paid Claim: "On (date) you filed Form XXXX, for refund of (\$ amount) for (tax period(s)). The claim was paid on (date). As a result of our examination, we determined that (\$ amount) constitutes an excessive amount under IRC 6675(b). The excessive amount is being assessed in accordance with IRC 6206, as shown in this report. IRC 6675 excessive claim penalty is being assessed in the amount of (\$ amount)."

Example: Unpaid Claim: "On (date) you filed Claim Form XXXX, or an informal claim for refund of (\$ amount) for (tax period(s)). As a result of our examination, we disallowed your claim in full as shown on the enclosed report. The Excessive Claims Penalty under IRC 6675 for the period ended (date) was imposed on the amount of the refund or payment that was deemed to be an excessive amount (\$ amount) as defined under IRC 6675(b). IRC 6675 excessive claim penalty is being assessed in the amount of (\$ amount)."

Note: Although a separate case file is necessary to process the excessive claims penalty, the penalty is included under Form 5384 or Form 5385 under the Column "Penalties."

- (6) Complete Form 8278. A separate Form 8278 must be completed for each tax period for which the penalty applies. The excise examiner should check the box for BMF 13 and enter the relevant information under Penalty Reference Number 661. The originator of Form 8278 must sign and date the document prior to management approval. The immediate supervisor or designated higher level official of the individual making the determination must sign Form 8278.

Note: Form 8278 takes the place of Form 5344.

- (7) Complete Form 3198 so that information is entered for the following areas:
- a. "Related taxpayer or key case" for both examination files to ensure the cases remain together during processing.
 - b. "Civil Penalties" is checked under "Special Features."
 - c. The bottom portion of the document includes all applicable information when forwarding the case to CCP under Status 51 or Tech Services under Status 21.

4.24.8.18
(12-16-2020)
IRC 4081(e) Claims

- (1) IRC 4081(e) claims relate to taxable fuel as defined under IRC 4083, *Definitions; special rules; administrative authority*, on which tax was imposed twice on the same fuel under IRC 4081. This does not apply where the taxpayer erroneously paid fuel tax where no second tax is imposed.
- (2) The claimant must provide, for each claim, a copy of the First Taxpayer's Report that relates to the fuel. If the fuel was bought from someone other than the first taxpayer, a copy of the Statement of Subsequent Seller that the claimant received with respect to the fuel must also be provided. Refer to Instructions for Form 8849, Schedule 5, Section 4081(e), Refunds 4081(e), Refunds in certain cases, and Treas. Reg. 48.4081-7, *Taxable fuel; conditions for refunds of taxable fuel tax under section 4081(e)*, for more information.
- (3) Claims received, which obviously do not provide the attachments required by the regulations will be "no consideration" and returned to the taxpayer for perfection by CSTO, which reviews these claims. Refer to IRM 21.7.8.4.5.6, Excise Taxes, Form 8849, Schedule 6, Other Claims, for a listing of the attachments.
- (4) Claims selected for examination will be routed to the appropriate field office for examination.
- (5) Claims approved by the excise field office are to be annotated "Accepted" and returned to CCP in CSTO via Form 3210 with a "Memo to File" for processing.
- (6) On Form 3198, Special/Restricted Interest Features, the excise examiner will check the "Other Code Section" box and enter IRC 4081(e).
- (7) Paid IRC 4081(e) claims cannot be assessed under IRC 6206. Erroneous IRC 4081(e) claims must be recovered by a civil action brought in the name of the United States under IRC 7405. Refer to IRM 21.4.5.5.5, Overview of Category D Erroneous Refunds, for more information.
- (8) Unpaid IRC 4081(e) claims are generally controlled on MFT 03. In some situations, these claims will be controlled on MFT 40. Follow the Regular Agreed, Unagreed or Excepted Agreed Case procedures as discussed under the IRM sections above.
- (9) If Form 720, Quarterly Federal Excise Tax Return, for that tax period is being examined concurrently, any adjustments as a result of that examination will be reflected on the Form 5384 and Form 5385, in addition to the unpaid IRC 4081(e) claim examination results.

4.24.8.19
(12-16-2020)
Overview of Examination Assessment for Claims

- (1) Generally, taxpayers will be required to pay an assessment before a claim for abatement may be filed. According to Policy Statement P-4-103, claims for abatement will be considered only where the taxpayer can establish a valid reason warranting consideration of such a claim. If it is determined that a claim for abatement merits consideration, the taxpayer will be afforded the same opportunities for Appeals Office consideration as they would for a claim for refund.
- (2) If a jeopardy assessment is involved, a taxpayer's written request for administrative review of the decision will be considered immediately. The Appeals Office will provide administrative review. Action to abate all or a part of the tax assessed will be initiated by the function responsible for the final determination, in accordance with Policy Statement P-4-88.

- (3) Claims for abatement, which do not merit examination will be issued a Letter 924, No Consideration Letter on Abatement Claim - Excise and Employment Taxes. The letter provides an explanation to the taxpayer as to the reason the abatement request was not considered. There are no appeal rights to these requests; however a claim for refund may be filed after payment of the assessed tax.
- 4.24.8.20
(12-16-2020)
No Consideration Given to Certain Refund Claims
- (1) Letter 916-C, Claim Incomplete for Processing; No Consideration, is used for **no consideration** or rejected claims. Generally, Letter 916-C, Claim Incomplete for Processing; No Consideration, is issued by CSTO. Examples of situations for which a **No Consideration** letter should be issued include when the claim was:
- Not timely filed.
 - Based solely on alleged unconstitutionality of Revenue Acts.
 - Based on a return stamped "Waiver of Refund," or there is other evidence in the case file indicating that a refund was waived as a consideration in a settlement by the Department of Justice, the Office of Chief Counsel, etc.
 - Based on an assessment made as a result of the taxpayer entering into an agreement on Form 2504-AD, Excise or Employment Tax Offer of Agreement to Assessment and Collection of Additional Tax and Offer of Acceptance of Overassessment.
 - The subject of a final closing agreement under IRC 7121, *Closing agreements*, for the tax liability or specific issues, or the tax liability was compromised under IRC 7122, *Compromises*.
 - Related to a return that was closed by a final court order, unless an exception is allowed by a specific IRC Section.
 - Filed without the supporting evidence required by the Code or Regulations.
 - Based on issues that were allowed in the previous closing of the case.
 - Filed as a claim for refund but actually is a request for reconsideration of a claim previously disallowed.
 - Filed with a service center other than the one with which the return is filed.
 - Filed not using a proper claim period.
- (2) If a claim is one of the types listed above, CSTO personnel will generally advise the taxpayer that no consideration can be given to the claim.
- (3) If a claimant requests the withdrawal of a claim, a certified notice of a claim disallowance will be issued. Other actions may need to be taken (i.e. document action, update MF).
- 4.24.8.21
(12-16-2020)
Claims Received or Cases Previously Considered by Appeals
- (1) All claims on cases previously closed by Appeals on Form 2504, Agreement to Assessment and Collection of Additional Tax and Acceptance of Overassessment, or Form 2504-AD will be processed as provided below. If there is a question about the action to be taken, the Appeals office that previously considered the case should be consulted.
- Note:** Appeals uses Form 2504-AD when material mutual concessions are made and in situations when taxpayers request greater finality. Refer to IRM 8.6.4.4, Conference and Settlement Practices, Reaching Settlement and

Securing an Appeals Agreement Form, Agreements Forms Secured in Appeals Cases, for additional information.

- (2) If the Appeals officer settled and closed the case using Form 2504-AD, agreement form, do not reopen the case. Refer to IRM 1.2.1.9.3, Policy Statement 8-3, (Formerly P-8-3) Mutual concession cases closed by Appeal will not be reopened by Service except under certain circumstances.
- (3) If the Appeals officer closed the case using a Form 2504 or Form 2504-E agreement and the claim does not relate to an issue considered during the appeals process, the claim may be processed as though Appeals had not previously acted on the case. However, if the claim relates to an issue considered during the appeals process, retrieve the administrative file and Appeals' closing documents. If the case file does not contain the Appeals Case Memo or Case Activity Record, contact the Appeals Account Resolution (AARS) Team to determine if the missing documents were retained on Appeals Centralized Database System. For information on Appeals Customer Service, access the AARS team webpage from the Appeals Intranet Home Page and then select "AARS" at the top of the webpage.

Note: If the claim clearly falls within the circumstances described under IRM 4.24.8.20, No Consideration Given to Certain Refund Claims, the claim will be processed accordingly and disallowed.

4.24.8.22
(12-16-2020)
**Erroneous Refunds -
Suits to Recover**

- (1) Refer to IRM 21.4.5, Refund Inquiries Handbook, Erroneous Refunds, for instructions about the recovery of erroneous refunds.
- (2) Written advice should be requested from local Counsel before action is taken to recover an erroneous refund.

4.24.8.23
(12-16-2020)
**Form 907, Agreement to
Extend the Time to
Bring Suit**

- (1) The issuance of a statutory notice of claim disallowance, or the receipt of the Form 2297, Waiver of Statutory Notification of Claim Disallowance, starts the two-year period in which the taxpayer can file suit in court for payment of the disallowed claim. IRC 6532 allows for the two-year period.
- (2) Under IRC 6532(a)(2), the period of limitations for filing suit on a disallowed claim may be extended. Carefully consider the need to extend the time for filing suit. The following are examples of satisfactory reasons for extending the time for filing suit under IRC 6532:
 - a. If the disposition of a request for reconsideration of a disallowed claim is contingent on a pending court decision, the taxpayer should be given the opportunity of submitting a properly executed Form 907, Agreement to Extend the Time to Bring Suit.
 - b. The Service had under consideration a change in position requiring the suspension of action in all similar cases.
 - c. To allow sufficient time for the taxpayer to have the case considered in Appeals.
 - d. When an extension will prevent possible inequities to taxpayers.
- (3) The taxpayer and the Service may extend the time for filing suit by executing Form 907, Agreement to Extend the Time to Bring Suit, as long as the parties execute Form 907 before the 2-year period expires.

- (4) Multiple Forms 907 may be executed by the Service and the taxpayer to extend the period to file a refund suit under IRC 6532(a)(2) - as long as each extension is executed before the tax period previously agreed upon expired.
- (5) Two original Form 907(s) must be signed by the taxpayer or by an attorney, agent, trustee or other fiduciary acting on the taxpayer's behalf pursuant to Form 2848, *Power of Attorney*. After both agreements are signed, an original is sent to the taxpayer.

Note: Rev. Rul. 76-60 requires the inclusion of special language on Form 2848 to authorize an individual to sign Form 907.

- (6) The signature and title line will be signed and dated by the Commissioner of Small Business/Self-Employed, or the appropriate commissioner of the operating unit executing the agreement.

4.24.8.24 (12-16-2020) **Request for Reconsideration of Disallowed Claims**

- (1) Reconsideration of a claim previously disallowed in whole or in part may be granted upon submission of additional information. The request must be filed within the SOL and the information submitted must warrant consideration. If the additional facts submitted warrant reopening of the claim, the claim will be reopened and appropriate adjustments will be made.
- (2) An agreement to suspend the running of the SOL under IRC 6532(a)(2) should be considered for reconsideration requests forwarded to a field group. Refer to IRM 4.24.8.23, Form 907, Agreement to Extend the Time to Bring Suit, for more information.
- (3) There is no provision in the IRC or Regulations requiring the issuance of a certified notice of denial or disallowance of a claimant's request for reconsideration. Therefore, requests for reconsideration of a disallowed claim will not be treated as an original claim.
- (4) Excise examiner responses or reports on requests for reconsideration of disallowed claims must not contain any language that could lead the claimant to believe the claimant will be issued a certified notice of claim disallowance.
- (5) The claimant will be notified on Letter 917, Reply to Taxpayers Request for Reconsideration of Claim, with applicable box checked that no action can be taken on their request for claim reconsideration if:
 - a. Such request was filed after expiration of the statutory period for instituting suit.
 - b. Less than 60 days remain on the statutory period to institute suit.
 - c. The request meets the criteria outlined in IRM 4.24.8.20, No Consideration Given to Certain Claims.
- (6) If the request for reconsideration concerns a claim previously considered and disallowed in whole or in part by Appeals, the claim will be associated with the case file and forwarded promptly to Appeals as long as there is at least six months on the SOL for instituting suit. If the SOL for instituting suit on the disallowed claim will expire in less than six months, secure a Form 907 - Agreement to Extend the Time to Bring Suit. Refer to IRM 4.24.8.23, Form 907 - Agreement to Extend the Time to Bring Suit, for more detailed guidance.

- (7) If a Form 907 is not secured, forward the case promptly to Appeals. Refer to IRM 8.7.7.2, Receipt of Newly Assigned Case, for more detailed guidance. Also, inform the taxpayer:
 - a. He or she is responsible for protecting his or her interest by timely filing a refund suit within the time allowed under IRC 6652.
 - b. A refund or credit of an overpayment is barred after the time for filing suit expires, if a timely refund suit is not filed or a Form 907 secured.
- (8) If it is determined that a request for reconsideration should be disallowed, in whole or in part, the claimant will have the same Appeal rights as a disallowed claim, but only with respect to the additional information provided.
- (9) If a request for reconsideration is based on a claim that was issued a “no consideration,” Letter 917(with applicable box checked) should be issued to the claimant denying the request and referring to the previous “no consideration” letter. In this situation, the claimant will not have the right of appeal.
- (10) If disposition of a reconsideration request is contingent upon a pending court decision, IRC 6532(a)(2) provides the taxpayer the opportunity to extend the time to bring suit by submitting a properly executed Form 906, Closing Agreement as to Final Determination Covering Specific Matters, and IRM 4.24.8.23, Form 907 - Agreement to Extend the Time to Bring Suit, for additional information.

4.24.8.25
(12-16-2020)

Restricted Interest

- (1) Interest is paid on an overassessment or overpayment under IRC 6611, *Interest on overpayments*, for the time the government has the taxpayer’s money. In most instances, the period of time for which interest is paid to the taxpayer begins on the due date of the excise return. Interest may be limited to specific time periods or rates, or it may be statutorily prohibited, which gives rise to the term **restricted interest**. Restricted interest is subject to the same variables (time, rate, amount) as **normal** interest calculated by the IRS.
- (2) The primary difference between normal and restricted interest is the IRS computer systems may **not** be able to identify all the conditions involved in a restricted interest situation. When IRS computer systems are incapable of calculating interest, it must be manually computed and input.
- (3) The IRC contains provisions by which interest is either restricted or prohibited. Refer to IRM 20.2.1, Exhibit 20.2.1-1, Interest, Interest Introduction, Standards and Guidelines, Provisions Restricting Interest. For excise tax claims, interest is restricted on the following overpayments:
 - a. IRC 6416(b).
 - b. IRC 6420(a).
 - c. IRC 6421(a), (b) and (c).
 - d. IRC 6419(b).
 - e. IRC 6412(a).
 - f. IRC 6427(a).
 - g. IRC 4081(e).
 - h. IRC 6404(e)(2), *Interest abated with respect to erroneous refund check*.

Note: The controlling code, regulations and notices should be reviewed for each type of excise claim to determine whether interest is allowable.

- (4) Excise claims by registered ultimate vendors of undyed diesel fuel, undyed kerosene and gasoline are paid with interest if the refund is not issued within 45 days of receipt (20 days for electronic claims). MF does not recognize the special interest rules that apply when electronic claims are processed between 20 and 45 days of receipt. Therefore, a manual computation of interest is required.
- (5) Claims for the biodiesel mixture credit, renewable diesel credit and the alternative fuel credit are paid with interest, if the refund is not issued within 45 days of receipt (20 days for electronic claims).
- (6) IRM 20.2.1, Interest, Interest Introduction, Standards and Guidelines, Exhibit 20.2.1-1, Provisions Restricting Interest, lists the deductions, credits or items of income and the provisions of the Code that “restrict interest.” Additional interest rules applicable to excise taxes can be found under IRM 20.2.10.4, Interest, Interest on Estate, Excise, Employment, and Foreign Taxes, Excise Taxes.

4.24.8.26
(12-16-2020)

Claims for Refunds of an Overpayment of Tax on Insurance Policies Issued by a Foreign Insurer or Reinsurer

- (1) There are various reasons a taxpayer may submit a claim for refund of an overpayment of tax paid on insurance policies issued by a foreign insurer or reinsurer. This IRM section will discuss claims for refund of tax paid to insurers or reinsurers in countries with treaty exemptions. Refund claims are made by the claimant on Form 720-X or Form 8849, Schedule 6.
- (2) Under treaties between the United States and certain foreign countries the policies issued by an insurer or reinsurer that is a resident and eligible for treaty benefits may be exempt from the tax imposed by IRC 4371, *Imposition of tax*. Each treaty must be researched to determine the validity of the claim.
- (3) The claim must identify the foreign insurer or reinsurer, the treaty country, the taxable period for which the claim is being made, the amount claimed and the name and address and type of person who paid the tax originally, e.g., broker or US insured. Refer to (6) and (7) for more information if the person filing the refund claim is not the same person who originally remitted the tax.

Note: If the claim is on behalf of more than one person, the amount claimed with respect to each must be stated separately.

- (4) If the claim for refund is selected for examination, the excise examiner must secure the following documentary evidence:
 - The tax for which a refund is claimed is within the scope of the Taxes Covered article of the U.S. income tax treaty. (Refer to (5) below).
 - Foreign Insurer or Reinsurer is a resident of the treaty country for the tax period the claim is being made.
 - Foreign Insurer or Reinsurer meets the Limitation on Benefits (LOB) article of the applicable treaty.
- (5) If the Taxes Covered article of the relevant treaty permits an exemption only to the extent that the foreign insurer or reinsurer does not reinsure the risks covered by a policy with a person that would not be entitled to an exemption from the tax on such policy (such as the treaty with France), there must be submitted with the claim a statement signed under penalties of perjury for each policy stating:

- The policy number and name and address of the US insured for which the tax refund is claimed.
 - Date the policy was issued.
 - Whether the risks covered by the policy have been reinsured.
 - If so, the name of the reinsurer, the country of residence of such reinsurer, and if a treaty country, whether the reinsurer would qualify for a tax waiver under that treaty, and the percentage of the risks reinsured with another foreign insurer.
- (6) Prior to the allowance of a claim under examination, the excise examiner must confirm that the claim for refund will not be claimed by more than one claimant. If there is uncertainty whether more than one entity will make a request for refund, the person that filed the claim for refund must execute and submit a closing agreement, Form 906, Closing Agreement as to Final Determination Covering Specific Matters. The closing agreement must be executed by the foreign insurer or reinsurer. It must also contain the following statements:
- The foreign insurer or reinsurer consents to the making of the refund to the person filing the claim.
 - The foreign insurer or reinsurer has not and will not file a claim for such amount.
- (7) If the insured is not the person that remitted the tax, and if any amount claimed was added to the premium paid by the insured, the closing agreement must also be executed by the insured.
- (8) The following signed statements should appear on Form 906 :
- For refunds to a person other than the insured: It is agreed that (Name of foreign insurer or reinsurer) consents to the making of the refund to (Name of person filing a claim), and that (Name of foreign insurer or reinsurer) has not and will not file a claim for refund.
 - For claims filed on behalf of the insured: It is agreed that (Name of Insured) consents to the making of the refund to (Name of person filing a claim) and that (Name of insured) has not and will not file a claim for refund.
- (9) The field excise examination group will submit Form 906, if any, to Tech Services for approval signature, in accordance with IRM 4.8.8.3. Field excise examination is to ensure that the required statement(s) have been signed by the appropriate parties prior to sending Form 906 for approval. It is not necessary to review or audit the claim for refund for accuracy or completeness at the time of signing the Form 906 .
- (10) The signed Form 906 should be returned to the examination group for further processing.
- (11) The examination group should evaluate the claim and proceed with an audit or survey, as described earlier in this IRM (4.24.8.8, 4.24.8.9, 4.24.8.10).

Exhibit 4.24.8-1 (11-09-2017)

Claim Types, Filing Methods and Claim Due Dates

Codes sections applicable to the table below include:

- IRC 6011, General requirement of return, statement, or list.
- IRC 6415, Credits or refunds to persons who collected certain taxes.
- IRC 6416, Certain taxes on sales and services.
- IRC 6420, Gasoline used on farms.
- IRC 6421, Gasoline used for certain non-highway, local transit systems, or certain exempt purposes.
- IRC 6426, Credit for alcohol fuel, biodiesel, and alternative fuel.
- IRC 6427, Fuels not used for taxable purposes.
- IRC 6501, Limitations on assessment and collection.
- IRC 6511, Limitations on credit or refund.

Form and Schedule or Line Items	Time to File	IRC Cite
Annual Form 8849 – Persons not required to file a tax return such as IRC 501(a) exempt organizations, a state or local government or the United States Government	No later than 3 years following the close of its taxable year for which the claim is made.	IRC 6511
Form 8849, Schedule 1, Nontaxable Use of Fuels	By the last day of the first quarter following the last quarter included in the claim.	IRC 6421(d), IRC 6427(i)(2), IRC 6416(a)(4)(C), IRC 6427(i)(4), IRC 6421(i) and IRC 6427(k)
Form 8849, Schedule 2, Sales by Registered Ultimate Vendors	By the last day of the first quarter following the earliest quarter included in the claim. For example, a calendar-year claimant's claim for diesel fuel sold during September and October must be filed by December 31.	IRC 6427(i)(4), IRC 6501, IRC 6511 and IRC 6416(a)(4)(C)
Form 8849, Schedule 3, Certain Fuel Mixtures and the Alternative Fuel Credit	By the last day of the first quarter following the earliest quarter included in the claim. For example, a calendar-year claimant's claim for an alternative fuel sold or used during June and July must be filed by September 30.	IRC 6426(c), IRC 6426(d) and IRC 6427(e)
Form 8849, Schedule 5, Section 4081(e) Claims	Generally, within 3 years from the time the return for the second tax was filed or 2 years from the time the second tax was paid to the government, whichever is later.	IRC 4081(e) and IRC 6511

Exhibit 4.24.8-1 (Cont. 1) (11-09-2017)**Claim Types, Filing Methods and Claim Due Dates**

Form and Schedule or Line Items	Time to File	IRC Cite
Form 8849, Schedule 6, Other Claims	Generally, a claim must be filed within 3 years of the filing of the return to which the claim relates, or 2 years from when the tax reported on that return was paid. Depends on the claim type. Refer to specific code sections for time to file claim requirements.	<ul style="list-style-type: none"> • Tires - IRC 6511 , Treas Regs 301.6511(a)-1, Rev. Rul. 60-58 • IRC 4091(d) through IRC 6511 • Communication - IRC 6415(a) and IRC 6415(b) • Diesel-Water Emulsion - IRC 6427(i)(3) • Form 2290, Form 730, Form 11-C, IRC 6501 and IRC 6511
Form 8849, Schedule 8, Registered Credit Card Issuers	The claim must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar-year claimant's claim for diesel fuel sold during September and October must be filed by December 31.	IRC 6416(a)(4)(C) and IRC 6427(i)(4)
Schedule C (Form 720) (lines 1-6)	Claims must be filed during the first quarter following the last quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for the first quarter is due June 30 if filed on Form 8849 . However, Form 720 must be filed by April 30.	IRC 6421(d)(2) , IRC 6011 , IRC 6427(i)(2) , IRC 6501 and IRC 6511
Schedule C (Form 720) (lines 7-11)	Claims must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for the first quarter is due June 30 if filed on Form 8849 . However, Form 720 must be filed by April 30.	<ul style="list-style-type: none"> • IRC 6427(i)(4) , IRC 6011 , IRC 6501 and IRC 6511 • Gasoline to State and Local Government - IRC 6416(a)(4)(C), IRC 427(i)(4), IRC 6011, IRC 6501 and IRC 6511

Exhibit 4.24.8-1 (Cont. 2) (11-09-2017)
Claim Types, Filing Methods and Claim Due Dates

Form and Schedule or Line Items	Time to File	IRC Cite
Schedule C (Form 720) (lines 12 and 13)	IRC 6426 claims against IRC 4081 and IRC 4041 fall under the required filing and amendment requirements of Form 720 . See Form 8849, Schedule 3 for the time for filing an IRC 6427 credit in excess of IRC 4081 and IRC 4041.	IRC 6427(i)(3), IRC 6011, IRC 6501 and IRC 6511
Schedule C (Form 720) (lines 14b–14d)	Claims must be filed during the first quarter following the last quarter of the income tax year included in the claim. For example, a calendar year income taxpayer’s claim for the first quarter is due June 30 if filed on Form 8849 . However, Form 720 must be filed by April 30.	<ul style="list-style-type: none"> • Exported Dyed Diesel/ Kerosene - IRC 6427(i) , IRC 6011, IRC 6501 and IRC 6511 • Diesel-Water Fuel Emulsion - IRC 6427(i), IRC 6011, IRC 6501 and IRC 6511
Schedule C (Form 720) (lines 14e)	Claims must be filed by the last day of the first quarter following the earliest quarter of the claimant’s income tax year included in the claim. For example, a calendar year income taxpayer’s claim for the first quarter is due June 30 if filed on Form 8849 . However, Form 720 must be filed by April 30.	<ul style="list-style-type: none"> • Registered Diesel/ Kerosene - IRC 6427(i), IRC 6011, IRC 6501 and IRC 6511 • Registered Gasoline - IRC 6416(a)(4)(C), IRC 6427(i)(4), IRC 6011, IRC 6501 and IRC 6511 • Ultimate Purchaser - Not Registered - IRC 6427(i)(4), IRC 6011, IRC 6501, IRC 6511 and IRC 6416(a)(4)(C)
Schedule C (Form 720) (lines 14f – 14k)	Generally, the claim must be filed within 3 years from the time the return was filed or 2 years from the time the tax was paid, whichever is later.	IRC 6416(d), IRC 6011, IRC 6501 and IRC 6511
Form 4136, Credit for Federal Tax Paid of Fuels	Required filing date of the applicable income tax return	IRC 6427(i)(1) through IRC 6427(i)(4), IRC 6501 and IRC 6511 CC Gasoline - IRC 6416(a)(4)(C), IRC 6427(i)(4), IRC 6501 and IRC 6511

Exhibit 4.24.8-2 (12-16-2020)**Credit Reference Numbers and Corresponding Abstract Numbers**

304	109	Taxable Bias Ply or Super Single Tires (Other than Super Single Tires Designed for Steering)
305	113	Taxable Tires, Super Single Tires Designed for Steering
306	104	Diesel Water-Fuel Emulsion Exports
307	60	Renewable Diesel Mixtures
308	110	Fishing Rods and Fishing Poles
309	104	Diesel Water-Fuel Emulsion
310	60	Diesel Water-Fuel Emulsion Blending
322	22	Telephone
324	14	Other Nontaxable Use of Aviation Gasoline; Sales by Registered Ultimate Vendors of Aviation Gasoline Use by a Non-Profit Educational Organization or Use by a State or Local Government; 4081(e) claims of Aviation Gasoline
326	26	Transportation of Persons by Air
327	27	Use of International Air Travel Facilities
328	28	Transportation of Property by Air
329	29	Ship Passenger Tax - Transportation by Water
340	40	Gas Guzzler Automobiles
341	41	Sport Fishing Equipment
342	42	Electric Outboard Motors
344	44	Bows, Quivers, Broadheads and Points
345	98	Ozone-depleting Chemicals
346	35	Nontaxable Use of Kerosene or Use on a Farm for Farming Purposes; Nontaxable Use of Kerosene Used in Aviation Taxed at \$.0244; Sales by Registered Ultimate Vendors of Undyed Kerosene Use by a State or Local Government or Sales from a Blocked Pump; Sales by Registered Ultimate Vendors of Kerosene for Use in Aviation Other Nontaxable Use (Other than use by a State or Local Government) Taxed at \$.244; 4081(e) Claims of Kerosene
347	35	Nontaxable Use of Undyed Kerosene Use in Certain Intercity and Local Buses; Sales by Registered Ultimate Vendors of Undyed Kerosene Use in Certain Intercity and Local Buses
349	19	ODC Tax on Imported Products
350	60	Nontaxable Use of Undyed Diesel Fuel for Use in Certain Intercity and Local Buses; Sales by Registered Ultimate Vendors of Undyed Diesel Fuel for Use in Certain Intercity and Local Buses
351	51	Section 40 Fuels

Exhibit 4.24.8-2 (Cont. 1) (12-16-2020)

Credit Reference Numbers and Corresponding Abstract Numbers

353	53	Nontaxable Use of Undyed Diesel Fuel in Trains
354	14	Nontaxable Use of Aviation Gasoline in Commercial Aviation (Other than Foreign Trade)
355	69	Nontaxable Use of Kerosene in Commercial Aviation (Other than Foreign trade) Taxed at \$0.219; Sales by Registered Ultimate Vendors of Kerosene Use in Commercial Aviation (Other than Foreign Trade) Taxed at \$0.219
360	60	Nontaxable Use of Undyed Diesel Fuel or for Use on a Farm; Sales by Registered Ultimate Vendors of Undyed Diesel Fuel for Use by a State or Local Government; 4081(e) Claims of Diesel Fuel
362	62	Nontaxable Use of Gasoline; Sales by Registered Ultimate Vendors of Gasoline Use by a Non-Profit Educational Organization or Use by a State or Local Government; 4081(e) Claims of Gasoline
364	64	Inland Waterways Fuel Use
365	196	Form 2290
366	33	Section 4051(d) Tire Credit (Tax Reported on IRS No. 33)
367	197	Form 11C
368	198	Form 730
369	69	Nontaxable Use of Undyed Kerosene Taxed at \$0.219; Nontaxable Use (Other than Use by State or Local Government) of Kerosene Used in Aviation Taxed at \$0.219
377	77	Nontaxable Use of Undyed Kerosene Taxed at \$0.044
379	79	Other Fuels
380	30	Foreign Insurance
381	31	Obligations Not in Registered Form
382	36	Coal - Underground Mined per Ton
383	33	Truck, Trailer and Semi-Trailer Chassis and Bodies and Tractors
384	37	Coal - Underground Mined % of Sales Price
385	38	Coal - Surface Mined per Ton
386	39	Coal - Surface Mined % of Sales Price
387	114	Fishing Tackle Boxes
388	60	Biodiesel Mixtures (Other than Agri-Biodiesel)
389	106	Arrow Shafts
390	60	Agri-Biodiesel Mixtures
396	108	Taxable Tires Other than Bias Ply or Super Single Tires

Exhibit 4.24.8-2 (Cont. 2) (12-16-2020)**Credit Reference Numbers and Corresponding Abstract Numbers**

397	97	Vaccines
398	98	Ozone-Depleting Chemicals
411	62	Exported Gasoline
412	14	Exported Aviation Gasoline
413	60	Exported Undyed Diesel Fuel
414	35	Exported Undyed Kerosene
415	105	Exported Dyed Diesel Fuel and Exported Gasoline Blendstocks Taxed at \$0.001
416	107	Exported Dyed Kerosene
417	35	Kerosene Used in Commercial Aviation (Other than Foreign Trade) Taxed
418	69	Sales by Registered Ultimate Vendors Kerosene Nonexempt Use in Noncommercial Aviation
419	112	Nontaxable Use of Alternative Fuels - Liquefied Petroleum Gas (LPG)
420	118	Nontaxable Use of Alternative Fuels "P" Series Fuels
421	120	Nontaxable Use of Alternative Fuels - Compressed Natural Gas
422	121	Nontaxable Use of Alternative Fuels - Liquefied Hydrogen
423	122	Nontaxable Use of Alternative Fuels - Any Liquid Fuel Derived from Coal (including Peat) through the Fischer-Tropsch Process
424	123	Nontaxable Use of Alternative Fuels - Liquid Fuel Derived from Biomass
425	124	Nontaxable Use of Alternative Fuels - Liquefied Natural Gas (LNG)
426	112	Alternative Fuel (Mixture) Credit - Liquefied Petroleum Gas (LPG)
427	118	Alternative Fuel (Mixture) Credit "P" Series fuels
428	120	Alternative Fuel (Mixture) Credit Compressed Natural Gas
429	121	Alternative Fuel (Mixture) Credit Liquefied Hydrogen
430	122	Alternative Fuel (Mixture) Credit Any Fuel Derived from Coal (including peat) through the Fischer-Tropsch process
431	123	Alternative Fuel (Mixture) Credit Liquid Fuel Derived from Biomass
432	124	Alternative Fuel (Mixture) Credit Liquefied Natural Gas (LNG)
433	111	Nontaxable Use of Aviation Gasoline LUST on Aviation Fuels Used in Foreign Trade
434	125	LUST Tax on Inland Waterways Fuel Use
435	79	Nontaxable Use of Alternative Fuels - Liquefied Gas Derived from Biomass
436	79	Alternative Fuel (Mixture) Credit - Liquefied Gas Derived from Biomass
437	79	Alternative Fuel (Mixture) Credit Compressed Gas Derived from Biomass

Exhibit 4.24.8-2 (Cont. 3) (12-16-2020)

Credit Reference Numbers and Corresponding Abstract Numbers

439	133	PCORI
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