



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

21.4.2

SEPTEMBER 3, 2024

EFFECTIVE DATE

(10-01-2024)

PURPOSE

- (1) This transmits revised IRM 21.4.2, Refund Inquiries, Refund Trace and Limited Payability.

MATERIAL CHANGES

- (1) IRM 21.4.2.1.2.2.2(1) - Updated to include note to advise the FS Form 150.1 contains possible Personally Identifiable Information (PII) and can not be sent to the taxpayer. Changes made to protect taxpayer PII. IPU 24U0740 issued 06-11-2024
- (2) IRM 21.4.2.3.3(2) - Updated to include direction for Form 3911 signed by parties other than the taxpayer or their authorized representative. Changes made to clarify information. IPU 24U0617 issued 05-07-2024
- (3) IRM 21.4.2.4(1) - Updated to include information for TAC to supply Form 3911 when refund trace is requested. Changes made to clarify information. IPU 23U1105 issued 11-20-2023
- (4) IRM 21.4.2.4(1)a - Updated to advise that oral statement does not extend past the end of call and added directions for refund trace when RIVO External Bank Lead is involved. Changes made to clarify information. IPU 23U1105 issued 11-20-2023
- (5) IRM 21.4.2.4(1)a - Updated to include information regarding Altered Checks. Change made for IRM consistency. IPU 24U0740 issued 06-11-2024
- (6) IRM 21.4.2.4(1)b - Updated to include information for using limited payability rules when processing refund checks over one year old. Changes made to clarify information. IPU 23U1105 issued 11-20-2023
- (7) IRM 21.4.2.4(4) - Updated to include caution regarding temporary address change. Change made for IRM consistency. IPU 23U1105 issued 11-20-2023
- (8) IRM 21.4.2.4(4) - Updated to add refunds cannot be systemically issued to a temporary address. If the address provided is a temporary address, a manual refund is required. Changes made to clarify information. IPU 23U1192 issued 12-18-2023
- (9) IRM 21.4.2.4(5) - Updated to remove indication that procedures are only followed if on a TPP call. Changes made to clarify information. IPU 23U1105 issued 11-20-2023
- (10) IRM 21.4.2.4(5) - Updated to replace reference for IMF and BMF Oral Statement Address Changes. Changes made to clarify information. IPU 24U0183 issued 02-01-2024
- (11) IRM 21.4.2.4(5) - Updated to correct address provided to taxpayer when mailing Form 3911 to the IRS. Changes made to clarify information. IPU 24U0421 issued 03-15-2024
- (12) IRM 21.4.2.4(5) - Updated for consistency to reword actions to be taken when taxpayer does not meet OSA. IPU 24U0617 issued 05-07-2024
- (13) IRM 21.4.2.4.1(1) - Updated to remove information for providing pre-populated Form 3911 if there is IDT involvement and advising of procedures to follow if Form 3911 is received without Form 1310. Change made for IRM consistency. IPU 23U1105 issued 11-20-2023

- (14) IRM 21.4.2.4.1(1) - Updated to add refunds cannot be systemically issued to a temporary address. If the address provided is a temporary address, a manual refund is required. Change made for IRM consistency. IPU 23U1192 issued 12-18-2023
- (15) IRM 21.4.2.4.1(1) - Updated to replace reference for IMF and BMF Oral Statement Address Changes and return mailing instructions for Form 3911. Change made for IRM consistency. IPU 24U0183 issued 02-01-2024
- (16) IRM 21.4.2.4.1(1) - Updated to include information regarding manual refund and OSA, also included direction for Form 3911 signed by parties other than the taxpayer or their authorized representative. Change made for IRM consistency. IPU 24U0617 issued 05-07-2024
- (17) IRM 21.4.2.4.1(2) - Updated to include information regarding IDT closed cases and Form 3911 received on accounts with no refund issued. Changes made to clarify procedures. IPU 24U0740 issued 06-11-2024
- (18) IRM 21.4.2.4.1(3) - Updated to provide Refund Inquiry with procedures to follow when Form 3911 is incomplete. Changes made to clarify procedures. IPU 24U0421 issued 03-15-2024
- (19) IRM 21.4.2.4.3(1) - Updated to remove information for providing pre-populated Form 3911 if there is RIVO involvement. Changes made to protect taxpayer PII. IPU 23U1192 issued 12-18-2023
- (20) IRM 21.4.2.4.4(1) - Updated to include exception for Puerto Rico to send their Form 4442/e-4442 to Brookhaven Campus Refund Inquiry unit. Changes made to clarify procedures. IPU 23U1105 issued 11-20-2023
- (21) IRM 21.4.2.4.4(1) - Updated to include note for Puerto Rico to send their Form 4442/e-4442 to Brookhaven Campus Refund Inquiry unit for IMF cases and Cincinnati Campus Refund Inquiry unit for BMF cases. Changes made to clarify procedures. IPU 23U1192 issued 12-18-2023
- (22) IRM 21.4.2.4.4(1) - Updated to include direction for correspondence cases and provide information about TC 971 AC 011. Changes made to clarify procedures. IPU 24U0740 issued 06-11-2024
- (23) IRM 21.4.2.4.7(5) - Updated to include direction for input of MISC CODE field when inputting TC 971 AC 011 manually. Changes made to clarify information. IPU 24U0183 issued 02-01-2024
- (24) IRM 21.4.2.4.7(5)(6) - Updated to include requirement for sending Letter 206C when providing copy of Limited Payability check to the taxpayer. Also revised paragraph 5 and added new paragraph 6 for clarity. IPU 24U0421 issued 03-15-2024
- (25) IRM 21.4.2.4.7(5) - Updated to perfect instructions when sending Letter 206C to the taxpayer with a copy of the refund check. Also added instructions to CW document when closing case. Changes made to clarify procedures. IPU 24U0617 issued 05-07-2024
- (26) IRM 21.4.2.4.7.1(5) - Updated to include information regarding Altered checks. Change made for IRM consistency. IPU 24U0740 issued 06-11-2024
- (27) IRM 21.4.2.4.11(4) - Updated to provide timeframe on subsequent inquiries after Form 13818 is returned, and direction for prisoner claim responses. Changes made to clarify procedures. IPU 23U1105 issued 11-20-2023
- (28) IRM 21.4.2.4.11(7) - Updated to include procedures to follow for Economic Impact Payments and Advance Child Tax Credit payments. Change made for IRM consistency. IPU 24U0421 issued 03-15-2024

- (29) IRM 21.4.2.4.11(8) - Updated to include procedures to follow for Economic Impact Payments and Advance Child Tax Credit payments. Change made for IRM consistency. IPU 24U0617 issued 05-07-2024
- (30) IRM 21.4.2.4.13(4) - Updated to clarify required source document and blocking series. IPU 23U1105 issued 11-20-2023
- (31) IRM 21.4.2.4.13(4) - Updated to further clarify that only the CDN received need be sent to files. Also removed the email address for BFS Customer Engagement Center at their request. IPU 23U1192 issued 12-18-2023
- (32) IRM 21.4.2.4.15.5.1(2) - Updated to include note to advise the FS Form 150.1 contains possible Personally Identifiable Information (PII) and can not be sent to the taxpayer. IPU 24U0740 issued 06-11-2024
- (33) Exhibit 21.4.2-1(2) - Updated to include fax as a method of delivering Form 3911 to the taxpayer. Change made for IRM consistency. IPU 24U0183 issued 02-01-2024
- (34) Exhibit 21.4.2-1(2)e - Updated to replace reference for IMF and BMF Oral Statement Address Changes. Change made for IRM consistency. IPU 24U0183 issued 02-01-2024
- (35) Exhibit 21.4.2-1(3) - Updated for consistency to reword actions to be taken when taxpayer does not meet OSA. Change made for IRM consistency. IPU 24U0617 issued 05-07-2024
- (36) Exhibit 21.4.2-1(7)m - Updated to add TC 840 when asking for full refund amount to be entered. Change made to clarify information. IPU 23U1192 issued 12-18-2023
- (37) Exhibit 21.4.2-1(8) - Updated to provide direction for Puerto Rico and Jacksonville refund inquiry cases. Change made for IRM consistency. IPU 24U0088 issued 01-17-2024
- (38) Exhibit 21.4.2-2 - Updated to include information for External Bank Lead cases when trace was incorrectly started. Also updated phone number for BFS Birmingham. Change made to clarify information. IPU 23U1105 issued 11-20-2023
- (39) Exhibit 21.4.2-2 - Updated to add note applying information for External Bank Lead cases to all Disposition Status Codes. Change made for IRM consistency. IPU 24U0088 issued 01-17-2024
- (40) Exhibit 21.4.2-2 - Updated procedures to follow when a Disposition Status Code 65 is returned following refund trace. Change made to clarify information. IPU 24U0421 issued 03-15-2024
- (41) Exhibit 21.4.2-2 - Updated to include note to advise the FS Form 150.1 contains possible Personally Identifiable Information (PII) and can not be sent to the taxpayer. Changes made to protect taxpayer PII. IPU 24U0740 issued 06-11-2024
- (42) Exhibit 21.4.2-3 - Updated to include information regarding Altered checks. Change made for IRM consistency. IPU 24U0740 issued 06-11-2024
- (43) Exhibit 21.4.2-5(1) - Updated to include information for External Bank Lead cases when trace was incorrectly started. Also, provided procedures to follow when sending Form 4442/e-4442 to the Refund Inquiry unit. Change made for IRM consistency. IPU 23U1105 issued 11-20-2023
- (44) Exhibit 21.4.2-5(1) - Updated note for Puerto Rico to send their Form 4442/e-4442 to Brookhaven Campus Refund Inquiry unit for IMF cases and Cincinnati Campus Refund Inquiry unit for BMF cases. Change made for IRM consistency. IPU 23U1192 issued 12-18-2023

- (45) Exhibit 21.4.2-5(1) - Updated to include directions to probe the taxpayer for letters received prior to sending referral to Refund Inquiry and procedures to follow if taxpayer did not receive information from BFS regarding status 11. Change made to clarify information. IPU 24U0421 issued 03-15-2024
- (46) Exhibit 21.4.2-5(1) - Updated to advise the FS Form 150.1 contains Personally Identifiable Information (PII) and can not be sent to the taxpayer, also perfected information regarding disposition codes. Changes made to protect taxpayer PII. IPU 24U0740 issued 06-11-2024
- (47) Exhibit 21.4.2-6 - Updated to remove reference to direct deposit from category PAID. Change made to clarify information. IPU 24U0183 issued 02-01-2024
- (48) Editorial changes made throughout the IRM for clarity and updated plain language, grammar, web addresses, IRM references, legal references, and organizational title Wage and Investment to Taxpayer Services. IPU 24U0617 issued 05-07-2024

EFFECT ON OTHER DOCUMENTS

IRM 21.4.2, Refund Trace and Limited Payability, dated September 07, 2023, (effective October 2, 2023) is superseded. This IRM incorporates Interim Procedural Update (IPU) 23U1105 (effective 11-20-2023), 23U1192 (effective 12-18-2023), 24U0088 (effective 01-17-2024), 24U0183 (effective 02-01-2024), 24U0421 (effective 03-15-2024), 24U0617 (effective 05-07-2024), 24U0740 (effective 06-11-2024).

AUDIENCE

Employees located in all business operating divisions who have contact with taxpayers either on the phone, by correspondence or personal contact

LuCinda J Comegys
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21.4.2

Refund Trace and Limited Payability

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21.4.2.1
(10-01-2019)
Program Scope and Objectives

- (1) **Purpose:** This IRM provides instructions to all Customer Service Representatives and Taxpayer Assistance Center functions who address various Refund Traces and Limited Payability and procedures to be followed when responding to refund inquiries from taxpayers in performance of their daily duties.
- (2) **Audience:** The primary users of the IRM are all the IRS employees in Business Operating Divisions (BODs) who are in contact with taxpayers by telephone, correspondence, or in person.
- (3) **Policy Owner:** The Director of Accounts Management is the policy owner of this IRM.
- (4) **Program Owner:** Accounts Management Policy and Procedures (PPI), is the programmer owner of this IRM. Process and Program Management, Accounts Management (AM), Taxpayer Services (TS).
- (5) **Primary Stakeholders:** The primary stakeholders are organizations with whom Accounts Management collaborates (e.g., Return Integrity and Compliance Services (RICS) and Submission Processing).
- (6) **Program Goals:** Program goals for this type of work are:
 - Achieve a high customer accuracy rate for phone calls and paper adjustments related to Refund Inquiries
 - Efficiency in resolving paper adjustment cases related to Refund Inquiries
 - Continuous assessment for program vulnerabilities and opportunities for improvement
 - Effective communication with customers

The *Accounts Management Program Letter* on the AM website has more information on these goals. A copy of the Accounts Management Program Letter can also be found in IRM 1.4.16, Accounts Management Guide for Managers.

21.4.2.1.1
(10-01-2019)
Background

- (1) Employees in the Accounts Management organization respond to taxpayer inquiries and phone calls, and process claims, and internal adjustment requests related to Refund Claims. This IRM provides specific guidance for responding to refund inquiries, tracing direct deposit and paper refunds and reissuing refunds that have been cancelled due to limited payability.

21.4.2.1.2
(10-01-2019)
Authority

- (1) The authorities for this IRM include:
 - Policy Statements for Customer Account Services Activities, IRM 1.2.1.13
 - IRC 6103 (m)(1), Disclosure Of Taxpayer Identity Information, Tax Refunds
 - IRC 6402, Authority to Make Credits or Refunds
 - IRC 6511, Limitations On Credit Or Refund
 - Protecting Americans from Tax Hikes Act of 2015 (PATH Act) Section 201(b), which is codified at IRC 6402(m)
 - Title 31, Money and Finance.

21.4.2.1.2.1
(10-01-2019)

**Authority - Refund
Claims**

- (1) The IRS completes the exercise of its authority under:
 - IRC 6402 for issuing a refund check when it sends a check to a taxpayer's last known address, and if the check is returned as undelivered, considers any subsequently obtained information concerning the taxpayer's actual address in deciding whether to re-send the check. If a taxpayer asserts that a Treasury check was never received, the assertion is not a new claim; it is a continuation of the claim for refund under IRC 6402. If the refund trace shows the taxpayer did not receive the check, the IRS will provide a recertification of replacement payment request.
- (2) To complete the exercise of its authority under IRC 6402 for issuing a refund check the IRS must:
 - a. Send a check to a taxpayer's last known address (LKA) or, if so authorized, the address of the taxpayer's representative.
 - b. If the check is returned as undelivered, there may be an indication in the taxpayer's tax account which would provide evidence for the IRS to reissue the check when the taxpayer makes the claim. The tracing procedures are at IRM 21.4.3.5.3, Undeliverable Refund Checks.
 - c. The updating of the address on the account may resolve the matter. Treas. Reg. 301.6212-2(a) defines last known address (LKA) as the address that appears on the most recently filed and properly processed Federal tax return, unless the IRS is given clear and concise notification of another address. Rev. Proc. 2010-16 establishes procedures for taxpayers to notify the IRS of a change of address which may include oral notification. IRM 21.4.2.4, Refund Trace Actions, at (5) provides guidance for an acceptable oral statement.
 - d. If a taxpayer claims a check was never received, but the IRS has no record that the check was returned unclaimed, the IRS may need to trace the mailing even if it was mailed to the LKA. See *Bolnick v. Commissioner*, 44 T.C. 245, 259 (1965), acq. 1980-1 C.B. 1 (Taxpayer moved from the address listed on their return shortly after filing it; the IRS failed to present evidence that the check would be forwarded to the new residence in the course of delivery of the mail).
- (3) If the IRS completes all applicable actions described in IRM 21.4.2.1.2, Authority, and authorized under IRC 6402, and determines that, based on its account records, no other payment or a credit has been/will be made for the overpayment, it may not certify a replacement check under the IRC 6402; instead, it may process the claim under Title 31.
- (4) In general, the IRS takes all applicable actions described in IRM 21.4.2.1.2, Authority, and authorized under IRC 6402, even if the representative misapproprates and negotiates the check; see *Abeson v. Commissioner*, T.C. Memo. 1990-190, 1990 WL 40955 *17, *affd. without published opinion sub nom. Rivera v. Commissioner*, 959 F.2d 241 (9th Cir.1992). See also *Your Insurance Needs Agency, Inc. v. U.S.*, 274 F.3d 1001, 1005, fn 15 (5th Cir. 2001).
- (5) If the refund trace shows the IRS did not complete all applicable actions described in IRM 21.4.2.1.2, Authority, and authorized under IRC 6402, Accounts Management (AM) will recommend certification of a replacement payment.

- (6) An assertion that a direct deposit was never received is not a new claim; it is a continuation of the claim for refund under IRC 6402. When the IRS is challenged to show that it completed the exercise of its authority under IRC 6402 for issuing a refund by direct deposit, it would show that it refunded the overpayment to the bank account number and RTN designated by the taxpayer in their return.

Note: The IRS can contact the financial institution and ask that it attempt to persuade the incorrect account owner to return the misdirected funds. See IRM 21.4.1.5.7.5, Non-Receipt of Direct Deposited Refunds - "Refund Inquiry Employees". While the financial institution is required to take corrective action when the mistake is its own, it generally is not required to take action if the mistake is made by a taxpayer. IRC 6402(n), added by section 1407 of the Taxpayer First Act, Pub L. 116-25 (TFA), requires Treasury to prescribe regulations to establish procedures to allow for coordination with financial institutions to recover misdirected direct deposits of tax refunds and provide a refund to be delivered to the correct account of a taxpayer. On December 22, 2020 the final regulations required by TFA section 1407 were issued. Those final regulations amended Treas. Reg. 301.6402-2 to provide procedures for identifying, reporting, and reissuing misdirected refunds.

21.4.2.1.2.1.1
(10-01-2019)

Refund Issued by Check

- (1) How the IRS satisfies IRC 6402:

- a. *Using address provided by claimant.* Under IRC 6402(a) the payee is the person who made the overpayment. A refund check may be mailed directly to the payee or to a representative who has filed a power of attorney (POA) in which the payee has specifically authorized that representative to receive a check issued in the name of the payee. Treas. Reg. 301.6402-2(f)(1). The regulation does not specify how the IRS is to determine the address of the payee or the POA. Courts have stated that the IRS fulfills its obligation under the regulations by mailing refund checks to the address listed on the taxpayer's return claiming the refund. See *Abeson v. Commissioner*, T.C. Memo 1990-190, 1990 WL 40955 at *17, *affd. without published opinion sub nom., Rivera v. Commissioner*, 959 F.2d 241 (Table) (9th Cir. 1992). See also *Your Insurance Needs Agency, Inc. v. U.S.*, 274 F.3d 1001, 1006 (5th Cir. 2001) referencing *Abeson* in its holding. And see *Clark v. U.S.*, 326 F.3d 911, 914, (7th Cir. 2003) mentioning *Your Ins. Needs Agency, Inc.* with approval.
- b. *Updating address.* A check should not be mailed to the address listed on the taxpayer's return if the address has been updated pursuant Treas. Reg. 301.6212-2(a) which provides procedures for determining "last known address (LKA)." The LKA is the address that appears on certain of the most recently filed and properly processed tax returns unless the IRS is given clear and concise notification of another address. Section 5.01 of Rev. Proc. 2010-16 lists those returns. The LKA in the IRS database is automatically updated through United States Postal Service's (USPS) National Change of Address database.

Note: If the IRS does not update an address, it might fail to complete the exercise of its IRC 6402 authority.

Caution: If the IRS is aware that the LKA is not the correct address of the payee or POA, it should not mail the check there as it might bear the risk of loss and have to issue a second check.

Note: In contrast to the mailing of checks, the mailing of documents does not involve a risk of loss. The IRS will mail documents to an address that appears to be the correct address; but it also mails them to the LKA. The use of the LKA ensures the IRS complies with statutory requirements to provide the taxpayer with notice while the use of the apparently correct address means the IRS exercised due diligence in notifying the taxpayer.

- c. If the check is returned as undelivered, consider any subsequently obtained information concerning the taxpayer's actual address in deciding whether to re-send the check. Letter 533C, Refund Check Undelivered or Not Negotiated, and CP 231, Undelivered Refund Check, may be used to inform taxpayers that a refund check was returned undelivered and to request a correct address. IRM 21.4.3.5.3.1, Undelivered Refund Notices.

Note: When there is no contact in response to correspondence, the IRS may prepare an Annual Listing of Undelivered Refund Checks and use the press or other media to notify taxpayers of undelivered refunds as authorized by IRC 6103 (m)(1).

- d. Section 5.04 of Rev. Proc. 2010-16 establishes procedures for taxpayers to notify the IRS of a change of address which may include oral notification. IRM 21.4.2.4, Refund Trace Actions, at (5) provides guidance for an acceptable oral statement. IRM 21.4.2.4.1, Form 3911, Taxpayer Statement Regarding Refund, provides guidance if the contact does not meet oral statement criteria.

(2) Sufficiency of documentation to show IRC 6402 is satisfied:

- a. *Burden.* The Government bears the initial burden of showing that the refund check was properly issued; the Government generally enjoys a presumption of official regularity in its acts which assists in meeting the burden. The burden shifts to the claimant to show that the claimant never received the check. The burden shifts back to the Government to show the results of tracing the mailing.
- b. *Tracing.* The need for tracing was established in *Bolnick v. Commissioner*, 44 T.C. 245, 259 (1965), acq. 1980-1 C.B. 1 (Taxpayer moved from the address listed on their return shortly after filing it; the IRS failed to present evidence that the check would be forwarded to the new residence in the course of delivery of the mail). The tracing procedures at IRM 21.4.3.5.3, Undeliverable Refund Checks, address *Bolnick*-related concerns. The taxpayer generally will have provided information on Form 3911, Taxpayer Statement Regarding Refund, before filing the claim which allows the IRS to check whether the United States Postal Service (USPS) forwarded the refund check to an address on file with the local post office.

Note: Treasury does not keep records of check payments older than 7 years from the date of the check.

- c. The Government does not have to show a refund check was cashed despite an indication to the contrary in *Scott v. U.S.* (1991 DC CA), 1991 WL 193536 (N.D. Cal. 1991) at *2 which references *Bolnick*, 44 T.C. at 248 (the correct reference is to 44 T.C 258). In describing the taxpayers' two claims in *Bolnick*; which were a refund claim and a claim on a government check, the Tax Court observed that the check had never been cashed; but the Court did not put the burden on the government

regarding that observation. The Tax Court allowed the refund claim because the taxpayers met the burden of showing they never received the check and the Government failed to rebut that because it did not have the results of tracing the mailing.

(3) IRC 6402 not satisfied:

- a. If the refund trace shows that the IRS did not complete the exercise of its authority under IRC 6402, AM will recommend certification of a replacement payment.

21.4.2.1.2.1.2
(10-01-2019)

Refund Issued by Direct Deposit

- (1) IRC 6402 is satisfied when the IRS is challenged to show that it completed the exercise of its authority under IRC 6402 for issuing a refund by direct deposit, and it shows that it issued the overpayment to the bank account number and RTN designated by the taxpayer on the return showing the overpayment. The taxpayer generally will provide information on Form 3911, Taxpayer Statement Regarding Refund, which allows the IRS to trace the deposit.

Note: Treasury does not keep records of direct deposits for more than six years from the date of the direct deposit.

- (2) IRC 6402 is not satisfied if the refund trace shows that the IRS did not complete the exercise of its authority under IRC 6402 because it misdirected the payment. AM will recommend certification of a replacement payment.

21.4.2.1.2.1.3
(10-01-2019)

Period of Limitations for Filing a Claim on the Grounds of Non-receipt

- (1) IRC 6511 provides the period of limitations. See IRM 25.6.1.10.2.7, Claims for Credit or Refund - General Time Period for Submitting a Claim.
- (2) Because an assertion that a check has not been received is a continuation of the claim that generated the issuance of the refund, the IRS may recertify a refund check presented after the period of limitations, where its account records have sufficient evidence to show that no other payment or a credit has been/will be made for the overpayment. Such records allow the IRS to relate assertion to the claim. The recertification is subject to the Bureau of the Fiscal Service (BFS) approval.
- (3) A claimant should provide a written submission addressing the non-receipt of the check which may relate back to the claim that generated the issuance of the refund, to protect the claimant from a finding that the taxpayer failed to act timely because account records may not be adequate for the IRS to relate the assertion to the claim.

21.4.2.1.2.2
(10-01-2019)

Title 31 Claims

- (1) Pursuant to 31 CFR. 245.5, when there is a lost or stolen check claim, "the certifying agency [i.e., the IRS] may certify a new payment."

21.4.2.1.2.2.1
(10-01-2019)

Claims on a Treasury Check

- (1) Claims regarding a Treasury check properly issued for a tax refund are processed under authority in Title 31.
- (2) The Bureau of the Fiscal Service (BFS) regulations provide for replacement checks for the following circumstances (*see* 31 CFR. 245.1, Introductory):
 - a. A check that has been lost, stolen, destroyed or mutilated or defaced to such an extent that it is rendered non-negotiable. See Title 31 USC.

3331, Substitute checks. The certifying agency may certify a new payment for the non-receipt, loss, destruction, mutilation or defacement of a check. See 31 CFR. 245.5.

Note: The replacement check, which has a different serial number from the original check, is now called a “recertified check.” Previously, most replacement checks were “substitute checks” which had the same serial number as the original check. Since Treasury implemented the recertification procedure, substitute checks are generally no longer issued.

- b. A payment from the check forgery insurance fund (CFIF) established by 31 USC. 3343 for a check that has been negotiated and paid on a forged or unauthorized endorsement and for which a reclamation from the financial institution that honored the forged endorsement is not available.

Note: The IRS does not recertify a payment from the CFIF; it provides information to BFS which will determine whether the claimant established that: (1) the check was lost or stolen without the fault of the payee, (2) the check was negotiated and paid by the Treasurer on a forged endorsement of payee’s name, and (3) the payee did not participate directly or indirectly in the proceeds of such negotiation or payment. 31 USC. 3343(b).

- c. A check that has been cancelled pursuant to Limited Payability rules for failing to negotiate within the time limits set by 31 USC 3328(a). The certifying agency may certify a new payment. See 31 CFR. 245.5.

Note: 31 CFR. 245.5 refers to the cancellation of a check pursuant to “31 CFR. 240.4 of this chapter”; however, Section 240.4 concerns “Presentment guarantees” and the reference is Section 240.5 which concerns “Limitations on payment; cancellation and distribution of proceeds of checks.”

- (3) The IRS is authorized to process a taxpayer’s claim regarding a refund check. See 31 CFR. 245.4, Advice of non-receipt or loss, providing “(a) In the event of the non-receipt, loss or destruction of a check drawn on the United States Treasury, or the mutilation or defacement of such a check to an extent which renders it nonnegotiable, the claimant should immediately notify the agency that authorized the issuance of such check.”

Note: Non-receipt is also addressed under IRC 6402 as part of satisfying the underlying obligation.

21.4.2.1.2.2.1.1
(10-01-2019)

Period of Limitations for Filing a Claim on a Treasury Check

- (1) Any claim on account of a Treasury check must be presented to the agency that authorized the issuance of such check within 1 year after the date of issuance of the check pursuant to the Competitive Equality Banking Act (CEBA), P.L. 100-86 (1987). See 31 USC 3702(c)(1) and 31 CFR 245.3(a).

Note: The 1-year period applies to a claimant for payment from the CFIF. See *American Fuji Seal, Inc. v. U.S.*, 34 Fed.Cl. 274, 278 (Court of Federal Claims, 1995).

- (2) The 1-year CEBA limitation does not affect the underlying obligation for which the Treasury check was issued. See 31 USC 3702(c)(2). See also, Payment of

Unpaid Treasury Checks More Than 6 Years Old, 73 Comp. Gen. 292 1994 WL 508956 Comp. Gen., (Sept. 13, 1994).

- a. Underlying claim based on IRC. The period underlying a tax claim would be the IRC 6511 period applicable to claims made under IRC 6402; see IRM 21.4.2.1.2.1.3, Period of Limitations for Filing a Claim on the Grounds of Non-receipt.
- b. In general, a claim on the underlying obligation must be brought within six years after the claim accrues unless otherwise provided by law. See Title 31 USC 3702(b)(1) (The Barring Act). The general rule is not applicable to tax refund claims because as indicated above, IRC 6511 provides otherwise.

21.4.2.1.2.2.2

(06-11-2024)

Claims for a Direct Deposit

- (1) If the financial institution misdirected a deposit, the taxpayer generally would provide information on Form 3911, Taxpayer Statement Regarding Refund, which allows the IRS to trace the deposit. The IRS may initiate a trace with a financial institution on behalf of a taxpayer with a FS Form 150.1, which is an official request from the Department of the Treasury to the bank on behalf of the taxpayer to search for the Electronic Funds Transfer. A financial institution is required to take corrective action when it caused the misdirection of the deposit. See IRM 21.4.1.5.7.5, Non-Receipt of Direct Deposited Refunds - "Refund Inquiry Employees".

Note: The FS Form 150.1 contains possible Personally Identifiable Information (PII) and can not be sent to the taxpayer.

- (2) For other causes of non-receipt of a deposit, the Bureau of the Fiscal Service (BFS) has limited authority under Title 31 regarding direct deposits. And BFS cannot use the Check Forgery Insurance Fund (31 USC 3343) to reissue a direct deposit refund to the taxpayer. See IRM 21.4.1.5.7.5 (6), Non-Receipt of Direct Deposited Refunds - "Refund Inquiry Employees". The IRS, therefore, has no authority from BFS regarding direct deposits that corresponds to the authority it has regarding the recertification of refund checks. The IRS can contact the financial institution and ask that it attempt to persuade the incorrect account owner to return the misdirected funds.
- (3) As required by section 1407 of the Taxpayer First Act, the IRS and Treasury amended Treas. Reg. 301.6402-2 on December 22, 2020. The amended regulations require coordination between the IRS, BFS, and the financial institution that holds the direct deposit account to which the refund was made to identify and recover a misdirected direct deposit refund. The amended regulations also authorize the IRS to issue a replacement refund when it is determined that a misdirected direct deposit refund has occurred.

21.4.2.1.2.3

(10-01-2019)

Dual Claims and Periods of Limitations

- (1) If a claimant has not received a refund and is waiting for the IRS to process Form 3911, Taxpayer Statement Regarding Refund, it may not be clear whether:
 - a. The IRS issued the check incorrectly, i.e., to the wrong address or to the wrong person (and, thereby, has not satisfied its underlying obligation under IRC 6402 to issue a refund for an overpayment), or
 - b. A third party misappropriated the check (which may provide the grounds for a Title 31 claim)

21.4.2.1.3
(10-01-2019)
Responsibilities

- (1) The Taxpayer Services Commissioner oversees all policy related to this IRM, which is published on an annual basis.
- (2) The Director of Accounts Management oversees the instructions to the employees contained in the IRM content.
- (3) Accounts Management Policy and Procedures IMF (PPI) Tax Analyst(s) oversees the content in this IRM and acts as a point of contact for all Accounts Management sites.
- (4) Managers and leads ensure compliance with the guidance and procedures in this IRM for Individual Retirement Accounts case resolution.
- (5) Employees resolve Refund Traces and Limited Payability requests following procedures in this IRM.

21.4.2.1.4
(10-01-2019)
Program Management and Review

- (1) **Program Effectiveness:** Program Effectiveness is measured and controlled through:
 - a. Managerial reviews
 - b. Quality reviews
 - c. Quarterly PPI review
 - d. Program Reports

21.4.2.1.5
(10-01-2019)
Program Controls

- (1) Program Goals are measured and controlled through:
 - Quality data and guidelines for measurement referenced in IRM 21.10.1, Embedded Quality (EQ) Program for Accounts Management, Campus Compliance, Field Assistance, Tax Exempt/Government Entities, Return Integrity, and Compliance Services (RICS), and Electronic Products and Services Support
 - Campus Compliance
 - Field Assistance
 - Tax Exempt/Government Entities
 - Return Integrity and Compliance Services (RICS) and Electronic Products and Services Support
 - Goals, measures, and operating guidelines listed in the yearly Program Letter.

21.4.2.1.6
(06-16-2023)
Acronyms

- (1) Common acronyms listed throughout IRM:

Acronym	Definition
ACH	Automated Clearing House
AM	Accounts Management
AMS	Accounts Management Service
AOIC	Automated Offer in Compromise
BFS	Bureau of the Fiscal Service
BMF	Business Master File
BOFD	Bank of First Deposit

Acronym	Definition
CADE	Customer Account Data Engine
CC	Command Code
CDN	Claims Disposition Notice
CEBA	Competitive Equality Banking Act
CFIF	Check Forgery Insurance Fund
CI-SDC	Criminal Investigation-Scheme Development Center
CP	Computer Paragraph (Notice)
CSD	Center for Science and Design
CSR	Customer Service Representative
DD	Direct Deposit
DLN	Document Locator Number
EFT	Electronic Funds Transfer
EQ	Embedded Quality
FI	Financial Institution
FPD	Financial Processing Division
FRB	Federal Reserve Board
IAT	Integrated Automated Tools
ICCE	Integrated Customer Contact Environment
IDRS	Integrated Data Retrieval System
IMF	Individual Master File
IRC	Internal Revenue Code
IRM	Internal Revenue Manual
IRS	Internal Revenue Service
ITAS	Individual Taxpayer Advisory Specialists
LP	Limited Payability
MeF	Modernized e-File
MFT	Master File Tax
MOIC	Monitoring Offer in Compromise
NFL	National Forensics Lab
NMF	Non-Master File
OIC	Offer in Compromise

Acronym	Definition
POA	Power of Attorney
POC	Payment Over Cancellation
RAC	Refund Anticipation Check
RAL	Refund Anticipation Loan
RFC	Regional Finance Center
RI	Refund Inquiry
RICS	Return Integrity and Compliance Services
RIVO	Return Integrity Verification Operations
RPM	Return Preparer Misconduct
RSED	Refund Statute Expiration Date
RTN	Routing Transit Number
SPIDT	Submission Processing Specialized Identity Theft
SS	Secret Service
TAC	Taxpayer Assistance Center
TAS	Taxpayer Advocate Service
TC	Transaction Code
TCIS	Treasury Check Information System
TOP	Treasury Offset Program
TS	Taxpayer Services
WMR	Where's My Refund

21.4.2.1.7
(10-01-2019)

Related Resources

(1) Related resources for this IRM include (list is not all inclusive):

- *Public Law 100-86, Title 4 of the Competitive Equality Banking Act of 1987*
- Bureau of the Fiscal Service - Treasury Check Information System
- *Document 6209 (IRS Processing Codes and Information)*
- *Integrated Automation Technologies (IAT) Tool Instructions*
- *IDRS Command Code Job Aid*
- *Refund Inquiry Unit Addresses*
- Integrated Automated Technologies (IAT) - Missing Refund (CHKCL) tool
- Integrated Automated Technologies (IAT) - Reissue Refund (CHK64)
- IRM 21.4.1, Refund Research
- IRM 21.4.3, Returned Refunds/Releases

21.4.2.1.8
(10-03-2022)
**Refund Trace and
Limited Payability
Overview**

- (1) When a refund check is lost, stolen, destroyed, or not received by the taxpayer, a refund trace can be initiated. This section of the IRM provides information and instructions for tracing.

Note: Many U.S. Post Offices will forward the refund check if the taxpayer has a forwarding address on file with the local post office. If this is the case, advise the taxpayer to allow 2 additional weeks to the IDRS refund payment date for receipt of the check. If the check is not received by the end of those 2 weeks, follow normal refund trace procedures.

Note: Because some U.S. Post Offices do not forward refund checks, advise the taxpayer to be sure to change their address with the IRS by filing a Form 8822, Change of Address.

Caution: If the taxpayer states they did not receive their refund and there is some indication identity theft may be involved, see IRM 25.23.12.4, Tax-Related Identity Theft, for additional information, then continue with the guidance in this section.

- (2) In addition to researching IDRS for prior activity, review Account Management Services (AMS) for prior taxpayer contact.
- (3) Command code (CC) CHKCL is used to initiate a refund trace on Integrated Data Retrieval System (IDRS). For CC CHKCL instructions, see Exhibit 21.4.2-1, Command Code (CC) CHKCL Input. To access CC CHKCL, you must be able to access IDRS. See IRM 21.4.3, Returned Refunds/Releases, if there is an S- freeze (Undelivered Refund) on the module. See IRM 21.5.6.4.38, S- Freeze, for additional information on S- freezes.
- (4) Refund inquiries are worked in all campuses. Inquiries received in your campus must be worked at your campus, except for the few instances identified in IRM 21.4.2.4, Refund Trace Actions. Do not forward work to another campus unless the campus specifically requests that you forward them the case. The case request must be in writing and signed by the requesting employee's manager. For fax numbers and addresses, see *Refund Inquiry Unit Addresses*, located on Servicewide Electronic Research Program (SERP) under the Who/Where tab.
- (5) The IRS works with other Federal agencies to trace refunds. Bureau of the Fiscal Service (BFS), including its Regional Financial Centers (RFCs), play key roles.
- (6) BFS, an agency in the Treasury Department, issues and maintains records relating to United States (U.S.) Treasury checks and Electronic Funds Transfer (EFT) deposits. BFS headquarters are located in Washington, DC.
- (7) Pursuant to 31 CFR. §245.5, the IRS is authorized to certify second payments to payees who did not receive their refund checks or whose check was lost, stolen, or destroyed. In case of forgery, BFS certifies second payments, issues a refund check, and notifies the IRS to input transaction code (TC) 971, action code (AC) 078 or AC 079 on Master File.
- (8) BFS is responsible for making refund offsets for debts including federal non-tax debts, child support, state tax debts and unemployment insurance. This is referred to as the Treasury Offset Program (TOP). See 26 IRC 6402. Refunds

will be offset after the IRS certifies them to BFS for payment but before the refund check or direct deposit is issued/made. See IRM 21.4.6, Refund Offset, for information on the TOP.

- (9) The Kansas City Financial Center and the Philadelphia Financial Center print and mail the refund checks for all campuses.
- (10) BFS keeps records for Treasury checks for seven years generally which may be retrieved from a RFC and on EFT deposit refunds for six years on the following information:
 - Check Number
 - Check Symbol
 - Social Security Number, Individual Taxpayer Identification Number, or Employer Identification Number
 - Amount of refund
 - Date refund was issued
 - Name and address on check
 - Routing transit number and account number
- (11) The RFC inserts Notice 54, About Your Refund Check, into Individual Master File (IMF) refund checks if the actual refund amount differs from the amount the taxpayer claimed. RFC inserts Notice 134, About Your Refund Check, into all Business Master File (BMF) refund checks. In addition, BFS will issue a separate notice of offset if the original amount was reduced due to a TOP Offset.
- (12) The Financial Processing Division (FPD) in Philadelphia, PA processes check claims received from the IRS.
- (13) The Taxpayer Bill of Rights (TBOR) lists rights that already existed in the tax code, putting them in simple language and grouping them into 10 fundamental rights. Employees are responsible for being familiar with and acting in accord with taxpayer rights. See IRC 7803(a)(3), Execution of Duties in Accord with Taxpayer Rights. For additional information about the TBOR, see *Taxpayer Bill of Rights*. Taxpayers have the right to receive assistance from the Taxpayer Advocate Service (TAS) if they are experiencing financial difficulty or if the IRS has not resolved their tax issues properly and timely through normal channels.
 1. Refer taxpayers to TAS when the contact meets TAS criteria per IRM 13.1.7.3, TAS Case Criteria, and you cannot resolve the taxpayer's issue the same day. Also refer to IRM 13.1.7.4, Exceptions to Taxpayer Advocate Service Criteria. TAS provides help to taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that the IRS has not been able to resolve through normal channels or believe that an IRS system or procedure is not working as it should. See IRM 21.1.3.18, Taxpayer Advocate Service (TAS) Guidelines, for further information.
 2. If you can resolve and close the TAS issue on the same day as the taxpayer contact, do not refer the inquiry to TAS. The definition of **same day** is within 24 hours. There will be times you can completely resolve the TAS issue within 24 hours. There will also be times that, although you cannot completely resolve the issue within 24 hours, you have taken steps within 24 hours to resolve the taxpayer's issue. These cases also meet the definition of **same day**. Do not refer these cases to TAS unless the taxpayer asks to be transferred to TAS **and** the case meets TAS criteria. Refer to IRM 13.1.7.5, Same Day Resolution by Operations.

3. When referring cases to TAS, use Form 911/e911, Request for Taxpayer Advocate Service Assistance (and Application for Taxpayer Assistance Order), and forward to TAS in accordance with your local procedures.

21.4.2.2
(10-01-2016)
What is a Refund Trace?

- (1) A refund trace is the name of the process used to track a stolen, lost, or misplaced refund check and replace an authorized refund to the taxpayer. Refund trace also includes initiating a forgery claim and verifying a direct deposit.

#

21.4.2.3
(10-02-2023)
Refund Trace Process

- (1) The refund trace process is as follows:
 - a. The taxpayer contacts the IRS and states their refund was received but then lost, stolen, destroyed, mutilated, defaced to such an extent that it is rendered non-negotiable, or states it was never received.

Note: If the taxpayer states they did not receive their refund and there is some indication identity theft may be involved, see IRM 25.23.12.4.1, Telephone Inquiries Regarding Identity Theft Victim Assistance (IDTVA)Tax-Related Cases, for additional information.

Caution: If the taxpayer alleges preparer misconduct as the reason for non-receipt of the refund, see IRM 25.24.1.3, Identifying Potential RPM Issues for Telephone Assistors/Taxpayer Assistance Center (TAC) Assistors. In some situations, you may need to advise the taxpayer that the restoration of the refund to the taxpayer may become a civil matter between the taxpayer and the preparer.

- b. An IRS employee inputs the trace to IDRS using CC CHKCL if oral statement criteria is met, or sends a Letter 129C, Refund Inquiry; Form 3911 Required, with Form 3911, Taxpayer Statement Regarding Refund, to the taxpayer (CC CHKCL is input when the taxpayer returns the Form 3911). See IRM 21.4.2.4 (5), Refund Trace Actions, for oral statement criteria.
- c. CC CHKCL initiates the refund trace inquiry to BFS.
- d. For checks less than one year old, if the original check has not been cashed, it is replaced. If the original check has been cashed, BFS will issue a photocopy of the cashed check along with Form 1133, Claim Against the United States for the Proceeds of a Government Check, to the payee (taxpayer).
- e. If the check is older than one year, Form 13818, Limited Payability Claim Against the United States for the Proceeds of an Internal Revenue Refund Check, may be sent to the payee (taxpayer) if needed.

Exception: If more than four weeks (nine weeks for a foreign address) have passed since the TC 846 posted, or there is no TC 846 or TC 840, and the taxpayer is in bankruptcy, the taxpayer

must be instructed to call the Centralized Insolvency Operation (CIO) at 800-973-0424. See IRM 5.19.1.5.2.1, Contacts Regarding Insolvency Issues, for additional guidance.

- (2) A Spanish version of *Form 3911* is also available. CSRs and Individual Taxpayer Advisory Specialists (ITAS) should offer this form when they determine it's the appropriate form and will provide the best service to the taxpayer.

21.4.2.3.1
(06-02-2023)

**Processing and
Controlling Refund
Inquiries — Timeliness
of Actions**

- (1) The processing steps on tracing a refund check will depend on whether the cutoff date for processing of the “check claim” has passed at the Bureau of the Fiscal Service (BFS). If the cutoff date has passed, the case is referred to as a Limited Payability (LP), see IRM 21.4.2.4.7, Limited Payability (LP) Rules.
- (2) The number of days allowed for timely processing of these cases is prescribed in IRM 3.30.123, Processing Timeliness: Cycles, Criteria and Critical Dates. At the campus option:
- Inquiries may be processed on a first-in, first-out basis.
 - If the check claim involves an issued non-receipt refund check, a first read (correspondence) is acceptable to expedite processing.
- (3) Cases (either a “check claim” or “LP Trace”) resulting in check tracing actions must be:
- Controlled within **14 calendar days** of receipt by the IRS.
 - Controlled on IDRS within **3 workdays** of receipt from another function (include day of receipt).
 - Initiated within **17 workdays** of the IRS received date.

Reminder: Control using the earliest IRS received date.

Note: Whenever possible, multiple cases from the same taxpayer will be processed by the same employee. Coordination of these same taxpayer, multi-year cases is necessary to ensure consistent processing. See IRM 21.5.2.3, Adjustment Guidelines – Research.

Send an interim response Letter 2645C, Interim Letter, (or Letter 206C, Refund Inquiry: Copy of Check Requested/Check Being Traced (FS Form 1133) if appropriate), when the check claim is not resolved within 30 days of the IRS received date, unless the IRS has advised the taxpayer they will receive a response in a specific time frame. If the specific time frame is not met, send taxpayer an interim response.

21.4.2.3.2
(10-02-2023)

**Non-Master File Refund
Tracing**

- (1) If you cannot find a refund on the master file, it may have been a Non-Master File (NMF) refund. Use local established procedures to locate refund information. If no information is found using the following research procedures, ask the taxpayer to send copies of any correspondence about the refund. Information received may contain the necessary Document Locator Number (DLN). The Non-Master File DLN is tax class “6” and all refunds from NMF accounts must be manual refunds. Refer to IRM 21.4.4, Manual Refunds. Refund Inquiry employees can also find the required check information on Treasury Check Information System (TCIS).

- (2) Most NMF accounts will now be found on the Automated Non Master File (ANMF). Depending on the location of terminals, Refund Inquiry employees may be able to do their own research on the ANMF accounts. Call sites should contact (by phone) their servicing center and request ANMF research. The center should fax the research results back to the call site requesting the information. See IRM 10.5.1.6.9.4, Faxing, for further guidance.
- (3) Refund Inquiry employees must obtain a unique “login” through Business Entitlement Access Request System (BEARS) requesting ANMF for research only. Requests must be submitted through local management.
- (4) The ANMF allows employees to read any entity or transaction on the file by following the instructions displayed with the “Research NMF” option.
 - a. With the “Query” command, employees can research for a desired entity by entering the DLN or TIN, MFT, and tax period of the desired record. If only partial information is available, enter the data for any fields shown on the screen page for the record you need.
 - b. Use the “NMF Transcript” option to request a printed transcript (not a certified transcript) that will be delivered from the NMF unit on the following day. The ANMF system does not provide the “print screen” capability that would allow you to copy what you see on the research screen.
- (5) There are other refunds not found on the master file, which may have been an Offer in Compromise (OIC) refund. The OIC program issues refunds from the 4710 Account that will not show up on IDRS, refer to IRM 5.19.7.7, OIC Deposits. An OIC can be identified by a Transaction Code (TC) 48X on IDRS. It takes approximately 4 months to verify the refund has been processed.
- (6) Most OIC accounts are on the Automated Offer in Compromise System (AOIC). Refund Inquiry employees will e-Fax the case to the Monitoring Offers In Compromise (MOIC) Deposit Request Information Liaisons based on the state mapping found on SERP Who/Where *Offer in Compromise (OIC) Compliance Campus Locations for the Monitoring of Accepted Offers*. TEs will close their IDRS control and leave a note to indicate the case was reassigned to MOIC (Brookhaven or Memphis) in the AMS notes.

21.4.2.3.3
(05-07-2024)
**Form 8599, Request for
Missing Information
Regarding Refund**

- (1) At times taxpayers neglect to provide all necessary information when they return Form 3911, Taxpayer Statement Regarding Refund. Employees may either send the taxpayer the appropriate letter or may request the missing information by using the Form 8599, Request for Missing Information Regarding Refund.
- (2) Upon receipt of incomplete Form 3911 (or Form 1310 or FS Form 1133, etc.), action must be taken to return the form(s) to the taxpayer for the missing information. For example, when taxpayers file a joint return, both parties must sign the Form 3911. If only one signature is present, the Refund Inquiry Unit will return the Form 3911 and advise the taxpayer that both parties must sign the document.

Note: This includes Form 3911 which are signed by parties other than the taxpayer or their authorized representative.

- (3) Refund Inquiry Unit will update the IDRS Activity Code with the form number, and "TOTP" (e.g., "3911TOTP", "1310TOTP", etc.). If this is the initial contact with the taxpayer and you have not initiated a claim with the Bureau of the Fiscal Service (BFS), "X" out the received date and close the case.
- (4) If a claim has been initiated with BFS, the Refund Inquiry Unit will use the appropriate Category Code and keep the case open in "B" status until the final disposition is received. This will provide an audit trail for any subsequent contact by the taxpayer that the IRS returned the form as incomplete.

Note: Many U.S. Post Offices will forward the refund check if the taxpayer has a forwarding address on file with the local post office. If this is the case, advise the taxpayer to allow 2 additional weeks from the IDRS refund payment date for receipt of the check. If the check is not received by the end of those 2 weeks, follow normal refund trace procedures.

- (5) The Form 8599, is a two-part form. Both parts will be forwarded to the taxpayer along with the incomplete form(s). Always include:
 - A PRE-ADDRESSED return envelope.
 - Unit Stop Number on the face of the return envelope.

21.4.2.4 (06-11-2024)

Refund Trace Actions

- (1) The procedures for processing a refund trace request are the same for telephone, Taxpayer Assistance Centers, or written inquiries. Refund trace cases should be worked at the Accounts Management (AM) Directorate where they are received. TAC and remote sites should refer cases to their affiliated Refund Inquiry team and include Form 3911, Taxpayer Statement Regarding Refund, requesting a refund trace be completed.

Exception: See (2) below.

- a. If the IMF paper refund issue date (TC 846 date) is within 12 months of the current date for paper checks, or 6 years for direct deposit, and there is no evidence of a refund trace being started (which is indicated by a TC 971 AC 011 posting after the TC 846 date), then input of CC CHKCL is required. See Exhibit 21.4.2-1, Command Code (CC) CHKCL Input. Oral statement criteria extends to the phone call only; once the call has ended if a trace has not been started, Form 3911, Taxpayer Statement Regarding Refund, is required.

Note: If TC 971 AC 011 is posted and CC TXMOD indicates an open Refund Inquiry control base, which is passed the refund trace time frame, indicated in (3) or (6) below, and you are speaking to the taxpayer or their authorized representative, complete Form 4442, Inquiry Referral, or e-4442 with the information you obtain from the taxpayer and refer the case to the employee or unit with the open control. If processing the case through CII, see IRM 21.5.2.3, Adjustment Guidelines – Research.

Exception: If the refund trace is for a refund returned/rejected to the IRS by the financial institution through the RIVO External Lead process, DO NOT input a refund trace or advise the taxpayer to file a Form 3911. See IRM 25.25.8.7, Responding to Taxpayer Inquiries, for instructions.

Exception: Refunds identified by RICS as altered or stolen, will show the following marker: **TC 971 AC 123 MISC>ALTERED-CHK**, to notify the employee that the refund is being returned to the IRS and NO action is needed to

trace the refund. DO NOT initiate refund trace actions or advise the taxpayer to file a Form 3911. It can take several weeks for the TC 841 credit to post. See IRM 21.4.1.4.6.1, Altered Check Process/Cancellations, for more information.

Reminder: BMF paper refunds **do not meet oral statement criteria**. Follow the procedures in IRM 21.4.2.4.1 (1), Form 3911, Taxpayer Statement Regarding Refund.

- b. If the IMF paper refund is over one year old, it must be processed by a Refund Inquiry Unit using Limited Payability rules because the refund **does not meet oral statement criteria**. **DO NOT** input **CC CHKCL**. Follow the procedures in IRM 21.4.2.4.1 (1), Form 3911, Taxpayer Statement Regarding Refund. Refund Inquiry employees see IRM 21.4.2.4.7, Limited Payability (LP) Rules.

Note: If the normal 6 week time frame has been met, and there are no open Refund Inquiry controls and the refund **does not meet oral statement criteria**, apologize for the processing delay. Ask the taxpayer if they can fax the Form 3911 to you while on the phone. Send Form 4442/e-4442 to your local Refund Inquiry function, along with the Form 3911 received requesting the trace be started. Advise the taxpayer of the proper time frame. If the taxpayer cannot fax the Form 3911 while on the call, advise them to file Form 3911 either by mail or fax. If the taxpayer calls back after the 30 days have passed and no open Refund Inquiry control can be found, see IRM 13.1.7, Taxpayer Advocate Service (TAS) Case Criteria, to determine if the inquiry meets Taxpayer Advocate Criteria.

- (2) Refunds involving accounts with an incorrect taxpayer shown on CC ENMOD **must be worked** at the campus that issued the refund check. Send completed Form 3911 with the taxpayer's signature or a Form 4442/e-4442, Inquiry Referral (those based on oral statement) to the appropriate campus. Notify the taxpayer and provide the campus information where the Form 3911 is being worked and that the campus will contact them within 30 days with the disposition of their Form 3911.

Note: When the case must be sent to the center which originated the refund, **DO NOT** request the original return. The center receiving the case must request the return. You **may** notify the center you are sending the case so they can immediately request the original return thereby reducing the time the taxpayer must wait for a response.

- (3) All taxpayer inquiries concerning direct deposits should be treated as any other inquiry, **except refunds issued through a Refund Advance Product (RAL/RAC)**. Refer to IRM 21.4.1.5.7.1 (7), Direct Deposit of Refunds, for referral information if the refund is in the form of a Refund Advance Product (RAL/RAC). The input of the CC CHKCL will cause the generation of a FS Form 150.1 to the financial institution. This serves as an official request to the bank to search for the electronic funds transfer. See IRM 21.4.1.5.7, Direct Deposits - General Information, for more information on how to identify RAL/RAC's and IRM 21.4.1-2, Most Common Banks That Offer Refund Transfer Products (RAL/RAC).

Note: If the module already has a TC 971 AC 011 posted and no indication of the previous disposition, **do not** input CC CHKCL to initiate a second trace of the refund. Refer the case to your Refund Inquiry Unit for TCIS research to determine if the bank has provided a response to FS Form 150.1. If no electronic copy of the FS Form 150.1 is located on TCIS, Refund Inquiry will initiate another refund trace after **90** days have passed.

Note: Direct deposit refund trace requests have a **90-120** day processing time frame. If your case requires expedite handling (i.e., TAS hardship case or Congressional E-Trak case), elevate the trace request to the site's designated Refund Inquiry POC for Bureau of the Fiscal Service (BFS) expedite referrals.

(4) CC CHKCL can be used to begin refund trace action if the taxpayer meets oral statement criteria and any one of the following conditions occur:

- Research shows the refund was issued and the taxpayer says the refund was received but the check was lost, stolen, or destroyed.
- Research shows the refund check was issued **four weeks** ago (**nine weeks** for a foreign address) and taxpayer has not received their refund.

Note: Many U.S. Post Offices will forward the refund check if the taxpayer has a forwarding address on file with the local post office. If this is the case, advise the taxpayer to allow 2 additional weeks from the IDRS refund payment date for receipt of the check. If the check is not received by the end of those 2 weeks, follow normal refund trace procedures.

Caution: Refunds cannot be systemically issued to a temporary address. If the address provided is a temporary address, a manual refund is required.

- Research indicates the taxpayer's direct deposit refund was issued at least **5 calendar days** ago, the taxpayer has not received their refund and the financial institution has no record of the deposit.

Reminder: The above criteria also apply to accounts on Customer Account Data Engine (CADE) and CADE 2 processing after January 1, 2012.

Exception: Do not initiate a trace for Economic Impact Payment pre-paid debit cards. See IRM 21.6.3.4.2.13.2, Economic Impact Payments - Refund Inquiries, for more information regarding non-receipt, lost, stolen, or destroyed Economic Impact Payment pre-paid debit cards.

(5) For **IMF only** taxpayers, you may accept oral statement if they meet **all** the following conditions:

- Refund issue date (TC 846 date) is within 12 months of the current date for paper checks, or 6 years for direct deposit.
- Caller is the taxpayer or the taxpayer's authorized representative.
- Tax return filed is an Individual tax return.
- All filing statuses including **Married Filing Joint** (MFJ).

Note: For MFJ taxpayers, the caller must verify that **neither** spouse cashed the refund check, and this verification must be notated as a history item on AMS.

- Direct deposit issued at least **5 calendar days** prior to inquiry and the taxpayer has already contacted the financial institution to check on the status of the refund; or issuance of the refund check was at least **four weeks** prior to inquiry (nine weeks if it's a foreign address); or the taxpayer states the check was received and then lost, stolen, or destroyed, then no time frame would be involved.
- **The account does not have unresolved RIVO/IDT involvement, including, but not limited to, the bank leads program.** See IRM 25.25.8.7, Responding to Taxpayer Inquiries, for additional information.
- Taxpayers with valid TIN.
- Taxpayer's account does not contain a TC 841 or TC 740 on the module for this specific refund.
- Taxpayer's address on record remains the same (CC ENMOD). If taxpayer's address is different from the address on record DO NOT change the address unless the taxpayer meets oral statement criteria for changing the address. See IRM 21.1.3.20.1, IMF and BMF Oral Statement Address Changes, for guidance. If you **can** update the address per oral statement, input CC CHKCL using the new address to begin the refund trace. If you **cannot** update the address per oral statement, DO NOT input CC CHKCL. Advise the taxpayer you are mailing them a Form 3911, Taxpayer Statement Regarding Refund, to complete and sign, or advise the taxpayer that Form 3911 is available through the internet on IRS.gov. See IRM 21.3.6.4.2, Other Methods of Obtaining Forms and Publications. Advise the taxpayer they can either mail or fax their request. Provide the address and fax number of the IRS campus Refund Inquiry function associated to the taxpayer's state of residency. Advise the taxpayer they will be contacted by the Refund Inquiry Unit within 6 weeks for a paper refund check, or 120 days for a direct deposit refund, from the date the Form 3911 is received. For fax numbers and addresses, see *Refund Inquiry Unit Addresses*, located on SERP under the Who/Where tab. Use of the IAT Missing Refund (CHKCL) tool is mandatory when sending the Form 3911 to the taxpayer. When speaking to the taxpayer or their authorized representative, advise the taxpayer they must sign the Form 3911. If joint return, both taxpayers must sign. If surviving spouse, advise the taxpayer to add **Surviving Spouse** on the decedent's signature line. See IRM 21.6.6.2.21.2 (1), Processing Decedent Account Refunds, for Form 1310 requirements.

Note: A written statement can be accepted for CC CHKCL input provided all oral statement criteria are met and the correspondence is signed by the taxpayer or their authorized representative. If joint return, both taxpayers must sign.

Reminder: Form 3911 can be used as written documentation to change a taxpayer's address. Upon receipt of Form 3911, update the address and input CC CHKCL. However, if the refund check was returned undelivered by the Postal Service, do not input CC CHKCL. See IRM 21.4.3.5.3, Undeliverable Refund Checks.

Note: Refer to IRM 21.1.3, Operational Guidelines Overview, for the appropriate disclosure authorization procedures.

Caution: Additional taxpayer authentication is required on modules where RIVO or CI-SDC indicators are present **and** a CP 53 series notice was issued (e. g., CP 53, 53A, 53B, 53C, or 53D) for the tax period in question. Follow the procedures in IRM 21.1.3.2.4, Additional Taxpayer Authentication, and refer to IRM 25.25.12.9, Limited Direct Deposit Refund Procedures. See IRM 21.4.1.5.8.1, Direct Deposit Reject Reason Codes, for additional CP 53 notice series information. If the caller cannot authenticate, provide the caller the toll-free appointment number, 844-545-5640, to schedule an appointment at one of the Taxpayer Assistance Centers (TACs), (Hours of operation: 7:00 a.m. to 7:00 p.m. local time; Hawaii and Alaska follow Pacific Time Zone). For non TPP calls, taxpayers may check their records and call back.

- (6) If oral statement criteria are met, see Exhibit 21.4.2-1, Command Code (CC) CHKCL Input.

Note: Paper refund check trace requests have a **6-week** processing time frame.

21.4.2.4.1
(06-11-2024)
**Form 3911, Taxpayer
Statement Regarding
Refund**

- (1) If the contact does not meet oral statement criteria:
- a. If the refund time frame prescribed in IRM 21.4.1.4.4, Refund Issued But Lost, Stolen, Destroyed or Not Received, has been met, advise the taxpayer that Form 3911, Taxpayer Statement Regarding Refund, is available through the internet on IRS.gov. See IRM 21.3.6.4.2, Other Methods of Obtaining Forms and Publications. If the taxpayer cannot obtain the form online, advise the taxpayer you can mail or fax them a form. Use of the IAT Missing Refund (CHKCL) tool is mandatory when sending the Form 3911 to the taxpayer. Be sure to verify the taxpayer's mailing address. If taxpayer has moved since filing their return and their current address is not on record (Command Code (CC) ENMOD), advise the taxpayer the form is available on www.irs.gov. **DO NOT UPDATE ADDRESS ON CC ENMOD** unless the taxpayer meets oral statement criteria. See IRM 21.1.3.20.1, IMF and BMF Oral Statement Address Changes.

Caution: Refunds cannot be systemically issued to a temporary address. If the address provided is a temporary address, a manual refund is required.

Caution: Do not initiate a refund trace over the phone if there is open IDT involvement on the account. See IRM 25.23.12.4.1, Telephone Inquiries Regarding Identity Theft Victim Assistance (IDTVA) Tax-Related Cases, for additional information. If the IDT involvement is closed, see paragraph 2 below.

Reminder: If the refund was issued as a manual refund (TC 840), OSA can't be accepted.

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Note: Regardless of RIVO involvement, do not reassign a Form 3911 unless the specific criteria mentioned above is met. If the case meets RIVO criteria, follow the appropriate procedures based on case status.

- b. When speaking to the taxpayer or their authorized representative, advise the taxpayer they must sign the Form 3911. If joint return, both taxpayers must sign. If surviving spouse, advise the taxpayer to add "Surviving Spouse" on the decedent's signature line. See IRM 21.6.6.2.21.2 (1), Processing Decedent Account Refunds, for Form 1310 requirements.

Note: Form 3911 signed by anyone other than the taxpayer or their authorized representative, will be returned as incomplete following procedures in IRM 21.4.2.3.3, Form 8599, Request for Missing Information Regarding Refund.

- c. When speaking to the taxpayer or their authorized representative, advise the taxpayer they can either mail or fax their request. Provide the address and fax number of the IRS campus Refund Inquiry function associated to the taxpayer's state of residency. Advise the taxpayer they will be contacted by the Refund Inquiry Unit within 6 weeks for a paper refund check, or 120 days for a direct deposit refund, from the date the Form 3911 is received. For fax numbers and addresses, see *Refund Inquiry Unit Addresses*, located on SERP under the Who/Where tab.
- d. Using the Integrated Automation Technologies (IAT) Missing Refund (CHKCL) tool or Account Management Services (AMS), input the following history item on the account - "H,39112TP".
- e. If forwarding the Form 3911 to another Service Center with an open Refund Inquiry Unit control, create a history item stating "39112XX", using CC ACTON.

Note: XX in the above history item stands for Service Center (SC), the service center abbreviations are as follows:

Andover = AN
Atlanta = AT
Austin = AU
Brookhaven = BR
Cincinnati = CI
Kansas City = KC
Fresno = FR
Memphis = ME
Ogden = OG
Philadelphia = PH

- (2) When speaking to the taxpayer or their authorized representative, or if a Form 3911 is received, and an identity theft case is closed or resolved, you may proceed with processing the Form 3911 or refund trace and take appropriate actions to resolve the taxpayer's refund inquiry. The following transaction(s) on Integrated Data Retrieval System (IDRS) via CC ENMOD and/or CC IMFOLE, identifies if the case is resolved:

- posted TC 971 AC 501
- posted TC 971 AC 504
- posted TC 971 AC 506
- posted TC 972 AC 522

See IRM 25.23.2.4.1, Tracking and Reporting Identity Theft Cases - Identity Theft Indicators, for additional information related to IDT indicators.

- (3) For paper inquiries, a written statement can be accepted for CC CHKCL input provided all oral statement criteria are met and the correspondence is signed by the taxpayer or their authorized representative. If oral statement criteria is not met, or the correspondence is not signed, reply to the correspondence and advise the taxpayer to file Form 3911, Taxpayer Statement Regarding Refund, which is available through the internet on www.irs.gov. Using AMS or Correspondence Imaging Inventory (CII) case note, input the following history item on the account - **"Form 3911 needed"**.

- a. If a Form 3911 is received and an identity theft case is open, follow procedures in IRM 21.5.1.4.10, Classified Waste, to destroy the Form 3911. Do not correspond with the taxpayer, IDT will address refunds paid to an invalid taxpayer and allow valid refunds to be issued, when appropriate.
- b. If a Form 3911 is scanned into CII, review the form for completeness. Form 3911 should have lines 1,2,3, and 7, as well as appropriate signatures, to be considered complete. If Form 3911 is incomplete, correspond for the missing information. If a joint return, both taxpayers must sign.
- c. Update CC ENMOD if an address change is required. If paper refund is **less than** one year old or refund was direct deposit, follow procedures in IRM 21.4.2.4.2, Input Command Code (CC) CHKCL, to input CC CHKCL.

Reminder: A control base must remain **open** pending the trace process, which can take up to 120 days for direct deposits and 6 weeks for paper checks. If closing a CII control, use the control numbers listed in IRM 21.4.2-1 (8), Command Code (CC) CHKCL Input, to open a new control base to ensure proper processing of the case.

- d. If paper refund is **more than** one year old, **or** taxpayer is requesting a refund trace for a combination of both, send the Form 3911 to your local Refund Inquiry Unit for trace to be completed.
- e. If a Form 3911 is received requesting a trace be completed on an account for which either no refund issued or the refund in question is not posted, follow procedures in IRM 21.3.3.3.4, Quality and Timely Responses, to advise taxpayer of the status of their account or that the refund was not issued on the account. Destroy the Form 3911 following procedures in IRM 21.5.1.4.10, Classified Waste.
- f. If forwarding the Form 3911 to another Service Center with an open Refund Inquiry Unit control, create a history item stating **"39112XX"** (XX=SC), using CC ACTON. See note above for a listing of SC abbreviations to be used.

- (4) **Refund Inquiry Employees:** If the taxpayer returns the Form 3911, review the form for completeness. If Form 3911 is incomplete, follow procedures in IRM 21.4.2.3.3, Form 8599, Request for Missing Information Regarding Refund, to request the missing information. If a joint return, both taxpayers must sign. Update CC ENMOD if an address change is required.

- (5) If research indicates one or both taxpayers are deceased, and Form 3911 was signed prior to the taxpayers' death on CC INOLES, follow procedures in IRM 21.4.2.3.3, Form 8599, Request for Missing Information Regarding Refund. Advise that a newly signed Form 3911 and Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, or court documents are required to trace the missing refund and re-issue the refund if returned.
- (6) If a Form 3911 mailed to the taxpayer is returned by the United States Postal Service as undeliverable, the Refund Inquiry Unit will research for a new or corrected address or a phone number to contact the taxpayer. If a corrected address is found, re-mail the Form 3911. If no new address is located, destroy the Form 3911.

21.4.2.4.2
(10-01-2019)
**Input Command Code
(CC) CHKCL**

- (1) CC TXMOD must precede input of CC CHKCL. If CC TXMOD is not available, use CC MFREQC. Input CC CHKCLR to request the CC CHKCL screen format. The following items generate from the preceding CC TXMOD:
 - CC CHKCL
 - Valid TIN
 - MFT
 - Tax Period
 - Name Control

Caution: **DO NOT** input CC CHKCL if one or more TOP offsets, TC 898s, were done for the full amount of the refund TC 840 or TC 846. Refer to IRM 21.4.6.5.1, Taxpayer Inquiries on TOP Offset.

- (2) For the input of the CC CHKCL and time frame guidance, see Exhibit 21.4.2-1, Command Code (CC) CHKCL Input.

Note: Accounts Management employees are required to use the Missing Refund (CHKCL) IAT tool, see IRM 21.2.2-2, Accounts Management Mandated IAT Tools. This tool assists users with the input of CC CHKCL for situations that meet oral statement criteria and all situations necessary for refund inquiry users.

- (3) Input information on the CC CHKCL format.

21.4.2.4.3
(12-18-2023)
**Processing the
Command Code (CC)
CHKCL Trace Request**

- (1) When CC CHKCL is input, the request is sent electronically to the RFC. The request is then forwarded to Philadelphia, PA, where Bureau of the Fiscal Service (BFS) determines the status of the check, cashed, or not cashed. Trace requests for direct deposits are processed at RFC. Refer to the table below for resulting action.

Caution: **Do not** initiate a refund trace if there is RIVO involvement on the module. See IRM 25.23.12.4.1, Telephone Inquiries Regarding Identity Theft Victim Assistance (IDTVA) Tax-Related Cases, for additional information. Also see IRM 21.5.6.4.35.3, -R Freeze Overview For Accounts With Return Integrity Verification Operations (RIVO) Involvement, for additional information.

If	And	Then
Check has not been cashed	Check is one year old or less	Credit is returned to the taxpayer's account and a new refund is issued.
Check has not been cashed	Check is more than one year old	Check is automatically cancelled (TC 740) and reissued.
Check has been cashed	Check is less than one year old	BFS will send photocopy and claim FS Form 1133 to the taxpayer.
Check has been cashed	Check meets Limited Payability criteria	A photocopy of the cashed check is sent to the Refund Inquiry Unit to determine forgery.

Exception: A replacement check will not be issued for the first, second, or third round of Economic Impact Payments. Instead, advise the taxpayer will need to claim the Recovery Rebate Credit on the tax return for 2020 (EIP 1 and 2)/2021(EIP 3) as appropriate, if eligible. See IRM 21.6.3.4.2.14, Recovery Rebate Credit, for more information.

Note: Unlike the processing of regular check traces, **Limited Payability** procedures do not apply to direct deposit cases. It does not matter if the direct deposit is older than 14 months old. A **non-receipt Code of N** should be used regardless of the age of the direct deposit.

Caution: Remember, all taxpayer authentication rules and security requirements are the same for all refund accounts. It does not make a difference how the refund was issued, either direct deposit to the taxpayer's account, a Refund Advance Product (RAL/RAC) from the preparer or issued via paper check. See IRM 21.4.1.5.7 (2), Direct Deposits - General Information, **for more information on RAL/RACs.**

Caution: If the refund was based on an injured spouse claim (TC 150 with blocking series 920 -929 or TC 971 AC 071) and the overpayment will offset to the non-injured spouse obligation, input CC CHKCL with non-receipt code "H" to set the P- freeze and hold the refund for manual processing. See IRM 21.4.6.5.10.6, Issuing the Injured Spouse Refund, and IRM 21.4.4, Manual Refunds, for additional information.

21.4.2.4.4
(06-11-2024)
**Responding to
Taxpayer's Subsequent
Inquiries Regarding
Refund Trace**

- (1) The taxpayer may subsequently inquire, either by phone or in correspondence, after initiation of a refund trace on their missing refund check or non-receipt of a direct deposit refund. Determine if the taxpayer expected to receive their refund as a paper check or direct deposit. Use the following table in your attempt to resolve the taxpayer's issues. If no TC 971 AC 011, for the refund in question, is posted after the TC 846 date, see IRM 21.4.2.4, Refund Trace Actions.

Reminder: The "MEMO-MONEY-AMT" field of the TC 971 AC 011, which indicates a previous trace, indicates the dollar amount of the refund being traced.

Note: In the chart below if it states, "your affiliated RI unit", Puerto Rico will send their IMF IRM-directed Forms 4442/e-4442 to the Brookhaven Campus

Refund Inquiry unit and all BMF IRM-directed Forms 4442/e-4442 will be referred to the Cincinnati Campus Refund Inquiry unit.

Row	If	And	Then
1	Taxpayer calls to check the status of their refund trace	The refund was issued as a paper check	<ol style="list-style-type: none"> 1. Research IDRS to determine the disposition code of the claim. Follow the procedures for the appropriate disposition code. See Exhibit 21.4.2-5, Disposition and Status Codes — Additional Action Time Frames, for more information. 2. If it has been longer than six weeks since the refund trace was started and there is no disposition code or you cannot resolve the taxpayer's inquiry, send Form 4442/e-4442 to the Refund Inquiry Unit which either now controls the case, or to your affiliated RI unit if there is no current control base. Select Referral Type IRM with Category - Other Write-In. For Write-In description use IRM 21.4.2.4.4, Responding to Taxpayer's Subsequent Inquiries, and for Reason, select Other or Complex Issue/ Training Specialization. Under notes section, include pertinent information. Verify taxpayer's telephone number and address. Advise the taxpayer to expect a response within 30 days.
2	Taxpayer calls to check the status of a direct deposit refund trace	Less than 90 days from the Activity Code 3911TORDCC	<p>Advise the taxpayer banks are allowed up to 90 days to respond to our request for information, from the date of the CC CHKCL input.</p> <p>Note: While banks may have 90 days to respond, it may take up to 120 days for resolution.</p>

Row	If	And	Then
3	Taxpayer calls to check the status of a direct deposit refund trace	90 days or more from the Activity Code 3911TORDCC	<ol style="list-style-type: none"> 1. Research IDRS to determine the disposition code of the claim. Follow the procedures for the appropriate disposition code. See Exhibit 21.4.2-5, Disposition and Status Codes — Additional Action Time Frames, for more information. 2. If there is no disposition code or you cannot resolve the taxpayer's inquiry, send Form 4442/e-4442 to the Refund Inquiry Unit which either now controls the case, or to your affiliated RI unit if there is no current control base. Select Referral Type IRM with Category - Other Write-In. For Write-In description, use IRM 21.4.2.4.4, Responding to Taxpayer's Subsequent Inquiries, and for Reason, select Other or Complex Issue/ Training Specialization. Under notes section, include pertinent information. Verify taxpayer's telephone number and address. Advise the taxpayer to expect a response within 30 days.
4	Taxpayer finds their paper refund check after Form 3911, Taxpayer Statement Regarding Refund, was sent, or a refund trace was initiated per oral statement authority		<ol style="list-style-type: none"> 1. Determine if the CC CHKCL action can be interrupted. See Note below for CHKCL TERUP time frame. Note: A refund trace cannot be interrupted if the campus deadline to "DQ" the trace has passed. Per IRM 2.4.23.2 (5), General Overview for Command Code CHKCL/CHKCLR, CC TERUPC can only be done on the same day of input. 2. If it is too late to cancel the trace and the trace was valid, advise the taxpayer to wait for a replacement check and return the original when the replacement is received. If the original check is found and cashed, advise the taxpayer to return the replacement check. See IRM 21.4.3.5.4, Returned Refund Check Procedures, for information. Input a History Item on CC TXMOD saying "CHKFOUND". 3. If the CC CHKCL was input today and the TERUP can be completed (this action requires same day contact with the site that completed the input of CC CHKCL), advise the taxpayer the refund trace can be cancelled, and the check can be cashed.

Row	If	And	Then
5	Taxpayer locates their direct deposit refund after Form 3911, Taxpayer Statement Regarding Refund, was sent, or a refund trace was initiated per oral statement authority		<ol style="list-style-type: none"> Determine if the CC CHKCL action can be interrupted. See Note below for CHKCL TERUP time frame. <p>Note: A refund trace cannot be interrupted if the campus deadline to "DQ" the trace has passed. Per IRM 2.4.23.2 (5), General Overview for Command Code CHKCL/CHKCLR, CC TERUPC can only be done on the same day of input.</p> <ol style="list-style-type: none"> If it is too late to cancel the trace and the trace was valid, advise the taxpayer to contact their bank regarding the trace and request assistance. Input a History Item on CC TXMOD saying "DEPFOUND". If the CC CHKCL was input today and the TERUP can be completed (this action requires same day contact with the site that completed the input of CC CHKCL), advise the taxpayer the refund trace can be cancelled, and the direct deposited funds can be used.
6	Taxpayer received FS Form 1133, Claim Against the United States for the Proceeds of a U.S. Treasury Check.	Check was cashed by someone other than the taxpayer	<p>Advise the taxpayer to complete the claim form (FS Form 1133) and return it to the Bureau of the Fiscal Service (BFS) to pursue the claim.</p> <p>Note: If the taxpayer needs assistance with FS Form 1133, provide the taxpayer with the BFS Check Claims Branch toll-free number, 855-868-0151. Advise to press option 1, then option 1 again. Both English and Spanish speaking assistance is available on the Check Claims toll free number.</p>
7	Taxpayer received FS Form 1133, Claim Against the United States for the Proceeds of a U.S. Treasury Check	Does not wish to pursue the claim	Advise the taxpayer no further action is required. Taxpayer may keep the copy of the check for personal records.
8	Taxpayer finds the original check	Also received a replacement check	Advise the taxpayer to return the original as soon as possible. See IRM 21.4.3.5.4, Returned Refund Check Procedures, for information. Input a History Item on CC TXMOD saying " CHKFOUND ".

Row	If	And	Then
9	Taxpayer sends correspondence to check the status of their refund trace	A TC 971 AC 011 is posted after the TC 846 date	<ol style="list-style-type: none"> 1. Use information from the boxes above to research the account. 2. Follow procedures in IRM 21.3.3.3.4, Quality and Timely Responses, to advise taxpayer of the current status of their refund trace.

Note: If you are unable to determine where an employee is located, refer to the *IUUD:IDRS UNIT & USR DATABASE* and *Discovery Directory*. When faxing Form 4442/e-4442, you must use the fax number provided in the IRM if one is available. If a fax number is not available, refer to the fax number for the appropriate function shown on the *Form 4442 Referral Fax Numbers* on the SERP Who/Where page. For additional information regarding preparing Form 4442/e-4442 and sending to the responsible Refund Inquiry function, see IRM 21.3.5.4.3, How to Transmit/Route Referrals to Another Office/Function.

- (2) Upon receipt of cases from the field where it has been more than three weeks since the CC CHKCL was input and no disposition code received, the Refund Inquiry Unit is to reinput the CC CHKCL and advise the taxpayer of the action. Once the trace is reinput, the refund trace time frames start over again, the TP must allow 6 weeks for paper checks and up to 120 days for direct deposits.

21.4.2.4.4.1
(10-01-2019)

**Subsequent Inquiries,
with Status Codes,
without Prior Forgery
Determination
(Customer Service
Representatives (CSRs)
and Refund Inquiry Unit)**

- (1) If a subsequent claim has been initiated, AND CC CHKCL was input, THEN complete the following:
- a. If the Disposition Code "11" is on IDRS, provide the check information (check and serial numbers) using CC IMFOL# and have the taxpayer contact the Bureau of the Fiscal Service (BFS). They can be reached by phone at 855-868-0151 (press option 1, then option 1) between the hours of 6:00 a.m. and 6:00 p.m. ET Monday - Friday and advise the taxpayer that they offer English and Spanish speaking assistance. Refer to Exhibit 21.4.2-2, Disposition Code Chart - Refund Inquiry Employee Actions, and Exhibit 21.4.2-5, Disposition and Status Codes - Additional Action Time Frames, to identify codes.
If the taxpayer prefers, they can send a letter to BFS at:

Department of Treasury
Bureau of the Fiscal Service
Check Resolution Division
P.O. Box 51318
Philadelphia, PA 19115-6318

Note: Do not provide the phone number and address of BFS's Check Claims Branch to taxpayers who received a direct deposit refund. The Check Claims Branch deals only with paper checks and cannot help with direct deposit refunds.

- b. If you cannot determine the disposition code (history has fallen off IDRS), a TC 971 AC 011 is on the module and the refund does not meet Limited Payability criteria, provide the check information (check and serial numbers) using CC IMFOL# and refer the taxpayer to BFS per paragraph (1) (a) above.
- c. Close the case.

- (2) This applies **only** to refunds checks issued within 14 months of the TC 971 AC 011 date and there is not a TC 841 or TC 740 matching the TC 846 or TC 840 date.
- (3) For more information on refund checks issued more than 12 months from the current date, see IRM 21.4.2.4.7, Limited Payability (LP) Rules.
- (4) If a refund was direct deposit, refer to IRM 21.4.1.5.7.1, Direct Deposit of Refunds.

21.4.2.4.5
(10-01-2018)
**Disposition Status
Codes**

- (1) The Refund Inquiry Unit will monitor cases after input of CC CHKCL to ensure proper actions. See Exhibit 21.4.2-2, Disposition Code Chart - Refund Inquiry Employee Actions, and Exhibit 21.4.2-5, Disposition and Status Codes Additional Action Time Frames, to determine if follow-up action(s) is required.
- (2) The following actions occur once the refund trace reveals the check has been cashed:
 - a. The Bureau of the Fiscal Service (BFS) sends a copy of the check with a FS Form 1133 Claim Form directly to the taxpayer.
 - b. The taxpayer returns the FS Form 1133 directly to BFS, except in case of Limited Payability.
 - c. The IRS will receive a Disposition Code "11" and Refund Inquiry will send Letter 206C, Refund Inquiry; Copy of Check Requested/Check Being Traced (FS Form 1133), with appropriate paragraph. Provide the check information and close case.
 - d. Refund Inquiry will forward subsequent claims received to BFS and notify the taxpayer.
 - e. Depending on BFS's response, the taxpayer may receive either a replacement refund, denial letter, or interim response.
- (3) BFS sends a Claims Disposition Notice to the IRS showing the final or interim disposition. In addition, BFS notifies the taxpayer of the status of the claim.

Note: For more information on the Claims Disposition Notice, see IRM 21.4.2.4.13, Bureau of the Fiscal Service (BFS) Claims Disposition Notice (CDN).

21.4.2.4.6
(10-31-2016)
**Refund Inquiry Unit
Processing**

- (1) Input of CC CHKCL generates a request of non-receipt claims and stop payment information. This information is transmitted to the RFC for processing. The RFC will:
 - a. Compare information with their records.
 - b. Transmit information to the IRS indicating status or disposition of claim.
- (2) RFC procedures for processing the request are given in the table below:

If	Then
RFC is unable to read the information transmitted	RFC requests the campus to transmit again.
RFC can read the information	RFC retains the information for 15 days .
Claims information is processed by RFC	Information is used to update open control bases with Status of claim.

(3) The non-receipt claim must:

- a. Be processed in **five (5) working days**.
- b. Include date of receipt, releasing stop, and disposition.
- c. Determine status of payment or any previous action taken.

Note: The disposition code listing goes back to the Refund Inquiry Unit of the center that inputs CC CHKCL or center affiliated with the office which input the CC CHKCL.

Note: When there is a discrepancy between the payee name on the refund check and non-receipt claim, the RFC will use the payee name.

(4) Depending on the Status of the refund check one of the following occurs:

Row	If non-receipt (or stop reason) code is	And	Then	Generated Code at the Bureau of the Fiscal Service (BFS)
1	"N", "L", "D", "S", or "E".	Check is outstanding	A recertified refund is automatically issued.	D
2	"H" or "X"	Check is outstanding	Sets P Freeze. Credit must be released (i.e., manual refund, credit transfer). Note: If the trace involves an injured spouse condition, refer to IRM 21.4.6.5.10.6, Issuing the Injured Spouse Refund, and IRM 21.4.4, Manual Refunds.	D
3	"P" for Photocopy request for spousal dispute	Check outstanding Disposition "33"	Send Letter 1219C, Refund Inquiry; (Joint Form 3911) Requires Certification: Form 1040, with appropriate paragraphs.	K
4	"P" for Photocopy request for taxpayer's records	Check outstanding Disposition "33"	<ol style="list-style-type: none"> 1. Send appropriate "C" letter. 2. Advise the taxpayer the check has not been paid. 3. Include a Form 3911, Taxpayer Statement Regarding Refund. 4. Advise the taxpayer if they wish to request a replacement check to complete the Form 3911 and return it to the center which issued the check. 5. If an open control base, close with Activity Code "3911TOTP". 	K
5	"C".	Check Cashed	BFS sends Certified photocopy of the cashed check.	L
6	Any code except "C" or "P"	Refund less than 14 months old and check cashed	BFS sends photocopy and FS Form 1133 Claim Form to taxpayer.	D

Row	If non-receipt (or stop reason) code is	And	Then	Generated Code at the Bureau of the Fiscal Service (BFS)
7	"P" and Limited Payability Note: Use of any other non-receipt code on a Limited Payability check will cause a Disposition 18 and BFS will not send a check copy.		1. BFS sends photocopy only to the campus. 2. The campus determines whether the check was forged or sends a Form 13818, Limited Payability Claim Against the United States for the Proceeds of an Internal Revenue Refund Check, and the check photocopy to the taxpayer.	K

21.4.2.4.7
(05-07-2024)
**Limited Payability (LP)
Rules and Procedures**

- (1) Title 4 of the Competitive Equality Banking Act of 1987 (CEBA), *Public Law 100-86*, (Aug. 10, 1987), commonly referred to as Limited Payability (LP), established rules for cashing government checks:

- Treasury does not have to pay a refund check issued prior to October 1, 1989, that was not negotiated by September 30, 1990. See Section 1002 of CEBA codified at *31 USCA 3328 (a)(1)(B)*.
- Treasury does not have to pay a refund check issued on or after October 1, 1989, that was not negotiated within 12 months after the issue date of the check. See Section 1002 of CEBA codified at *31 USCA 3328 (a)(1)(A)*.
- After 12 months Treasury cancels a refund check: and, if the check is still outstanding on the 15th day of the 14th month, the proceeds are "returned" to the IRS for crediting taxpayers' accounts to offset the payment entries. See *31 USCA 3334*.
- The law also places a limitation on the time the IRS can recover funds from the banks or financial institutions.

Under the Limited Payability provision, checks expire (are not negotiable) the last business day of the 12th month from the issue date. See table in paragraph (3) below.

- (2) Taxpayers may submit claims for refund checks after the one-year time limit has expired. These claims are subject to Limited Payability provisions. Claims must be submitted to the Bureau of the Fiscal Service (BFS) by the 15th day

of the 14th month, by using CC CHKCL with non-receipt Codes N, L, S, D, E, H, or X. See chart in paragraph (3) below.

Note: Unlike the processing of regular check traces, **Limited Payability** procedures do not apply to direct deposit refund cases. It does not matter if the direct deposit is more than 14 months old. A **non-receipt Code** of “**N**” should be used for direct deposit traces.

- (3) The chart below provides the refund issue date, the date a check can no longer be negotiated, and the last date an LP claim can be submitted.

Refund Issue Date is	12 Months after check date. Check cannot be cashed	15th day of the 14th month after issue date
January	February 1	March 15 (of the following year)
February	March 1	April 15
March	April 1	May 15
April	May 1	June 15
May	June 1	July 15
June	July 1	August 15
July	August 1	September 15
August	September 1	October 15
September	October 1	November 15
October	November 1	December 15
November	December 1	January 15
December	January 1 (second subsequent year)	February 15

- (4) The CP 32, We Sent You a Replacement Refund Check to Replace the One That Expired, and CP 237, Notice of Issuance of a Refund Check to Replace an Expired Check (BMF), is sent to the taxpayer when an expired check is reissued. Refer to IRM 21.3.1, Taxpayer Contacts Resulting From Notice Issuance.
- (5) All LP claims received after the 15th day of the 14th month must be processed by the IRS. Take the following actions:
- Research the Treasury Check Information System (TCIS) for a copy of the check.
 - If check is available on the TCIS system, print a copy of the check.
 - Input a TC 971 AC 011 on CC TXMOD using the date you secure the check, the money amount of the check in the FREEZE-RELEASE-AMT field and a **3** in the MISC CODE field.
 - Send Letter 206C, Refund Inquiry; Copy of Check Requested or provided/Check Being Traced Form 1133, to provide the taxpayer with a copy of the check. If the taxpayer submitted Form 3911, include paragraph **R** in your response. Close your case control and treat the document as classified waste. If the taxpayer submitted correspon-

dence, include paragraph **Y** along with an open paragraph with the following suggested verbiage "If you didn't cash the refund check, provide the information at the end of this letter and return it to the IRS's Refund Inquiry Unit." Also, include the contact information for your Refund Inquiry Unit and paragraph **j** in your response. Close your case control and treat the document as classified waste.

Note: A written statement can be accepted provided all oral statement criteria are met and the correspondence is signed by the taxpayer or their authorized representative.

If the check is not available on the TCIS system, see IRM 21.4.2.4.7 (8) below.

Note: If the check in TCIS appears altered (e.g., different name on check, different money amount which is not supported by account research, etc.) proceed to IRM 21.4.2.4.11 (8), Limited Payability: Taxpayer Disputes/Check Cashed/Possible Forgery.

- (6) If the taxpayer requests a certified copy of a check from within the past seven years:
- Input CC CHKCL with non-receipt code **C** and BFS will provide a photocopy of the check directly to the taxpayer.
 - Input a TC 971 AC 011 on CC TXMOD using the date you secure the check, use the money amount of the check in the FREEZE-RELEASE-AMT field and a **1** in the MISC CODE field.
 - Send Letter 206C, Refund Inquiry; Copy of Check Requested or provided/Check Being Traced Form 1133, advise te taxpayer that BFS will mail them the certified copy. You may use the following suggested verbiage: We asked the Bureau of the Fiscal Service (the office that issues refund checks) for a certified copy of your check. They will forward the copy to you within the next 30 days if the check was cashed.
 - Close your case.
- (7) Any CC CHKCL input after the 15th day of the 14th month with a non-receipt code other than P or C will receive a Disposition Code 18 (if check is cashed) and will NOT create an BFS claim. See Exhibit 21.4.2-2, Disposition Code Chart - Refund Inquiry Employee Actions, for Disposition Code 18.
- (8) If BFS records show the refund check is still outstanding on the 15th day of the 14th month, then BFS will cancel the refund and return a credit to the IRS which will post in approximately the third week of the 15th month after issuance. It will post on the tax module as a TC 740 with blocking series 66666. See IRM 21.4.2.4.7.2, Limited Payability Computer Paragraph (CP) 32/237.

21.4.2.4.7.1
(06-11-2024)
**Refund Credits/Debits
TC 740/TC 841/TC 843 —
Bureau of the Fiscal
Service (BFS)
Reason/Cancellation
Codes**

- (1) The Bureau of the Fiscal Service (BFS) returns credits to the IRS through the Government On-Line Accounting Link Systems (GOALS). BFS in Philadelphia, PA sends detailed supporting information to Martinsburg Computing Center (MCC).
- (2) The Treasury Receivable, Accounting and Collection System (TRACS) replaces the SF1081 and includes three types of transactions:
 - Limited Payability
 - Reclamation credits
 - Payment Over Cancellation (POC) debits
- (3) MCC sorts the transactions as either IMF, BMF, or Miscellaneous. IMF and BMF transactions are directly posted to taxpayer's Master File accounts and MCC forwards three separate listings for each of the three categories to the campus for further processing. These listings are to be used by the Refund Inquiry employees as research tools.
- (4) The listings are titled as follows:
 - TRACS LISTINGS: RECLAMATIONS (REC)
 - TRACS LISTINGS: UNAVAILABLE CHECK CANCELLATION (UCC)
 - TRACS LISTINGS: PAYMENT OVER CANCELLATION (POC)
- (5) Transactions are posted as:
 - TC 740 – Limited Payability (LP) cancellations — block and serial number “66666”, **S-** Freeze is set. Credit returned on checks automatically cancelled after expiration of one (1) year negotiability period as provided by the Limited Payability Law.

Exception: Must be the same credit, see paragraph (8) below.

- TC 841 - Altered Check— block and serial number **77715**, **P-** Freeze is determined after review by RICS, to either freeze or release returned funds.
- TC 841 – Reclamation Credits — block and serial number “88000”, **P-** Freeze is set.
- TC 841 – Unavailable Check Cancellations (Form 1184 request) — block and serial number “88111”, **P-** Freeze is set.
- TC 841 - Unavailable Check Cancellations (non-receipt codes H or X) -- block and serial number “88888”, no **P-** Freeze set.
- TC 843 – Payments Over Cancellations — block and serial number “55111”.

Note: See Exhibit 21.4.2-3, Reason for Cancellation Codes and Generated Account Information.

- (6) The Reason Codes for the TC 740 are:
 - Code 02 – Checks returned to the RFC by the Postal Service as undeliverable. Credits will post as TC 740 with the block and serial number “99999” and set an **S-** Freeze.
 - Code 40 – Credit returned on checks automatically cancelled after the expiration of 1 year negotiability period as provided by Limited Payability Law. Credits will post as TC 740 with a block and serial number

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(7) The Reason Codes for the TC 841 are:

- Code 01 – Checks intercepted per the IRS request. Credits will post as TC 841 with the block and serial number “55555” and set a **P-** Freeze.
- Code 03 – Checks returned to the RFC for reasons other than undeliverable. Credits will post as TC 841 with the block and serial number “99999” or **77715** and set a **P-** Freeze.
- Code 08 – Checks returned on outstanding check because of a Check Claim (CC CHKCL Status “32”), input with non-receipt codes “H” or “X”. Credits will post as TC 841 with the block and serial number “88899” and set a **P-** Freeze.
- Code 09 – Credits returned as the result of a check claim when the check is outstanding. Credits will post as TC 841 with a block and serial number “88888” or **77715** and does **NOT** set a freeze.

Note: CC IMFOL and CC TXMOD will display the BFS Cancellation Dates for TC 740 and TC 841.

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second or subsequent LP cancellation remains frozen on the account and eventually results in a TC 388 “Statute Expiration Clearance” to zero balance if credit is never released.

21.4.2.4.7.2
(10-01-2018)
Limited Payability
Computer Paragraph
(CP) 32/237

CP32, New Refund Check - Old Check Not Cashied, or CP 237, Notice of Issuance of a Refund check to Replace an Expired Check, is issued to the taxpayer explaining the original check was not cashed and a replacement

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no further action will be taken unless the taxpayer contacts the IRS.

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Check - Old Check Has Now Expired, or CP 237A, Please Contact us to Request a Replacement Check for the Check that Expired, to the taxpayer and set an **S-** Freeze. Taxpayers must contact the IRS for the refund to be released. If the taxpayer responds by phone, notice, or letter, see IRM 21.4.2.4.10, Processing Limited Payability (LP) Responses.

Note: In July 2011, a “2-D Bar Code” pilot program involving various CP notices (including CP 32A) was implemented. Some of the notices will still display the entire SSN while others will have the SSN redacted/masked (e.g., XXX-XX-1234). To identify the account, a “hand held” bar code scanner must be used to read the taxpayer account information. If the scanner cannot read the bar code, CC TPIIP must be used. For more information on the command code, refer to *IDRS Command Code Job Aid* located on SERP under IRM Supplements. Additional CP notices utilizing this configuration requiring the bar code scanner will be rolled out periodically in the future.

(3) CP 32 and CP 32A are no longer routed to the Refund Inquiry Unit for 100 percent review. These notices are mailed directly from Machine Services. The new notice format sufficiently explains the Limited Payability (LP) expired

check and subsequent refund to the taxpayer. Taxpayers receiving a CP 32A or CP 237A notice, must respond by phone or mail before a refund can be re-issued.

Note: LP Cancel transcripts are identical to CP 32A or CP 237A. Transcripts can be destroyed when received.

21.4.2.4.8
(10-01-2005)

**Responding to Inquiries
about Expired Refund
Checks**

- (1) Employees other than those at the Refund Inquiry Unit must follow the table below:

If	Then
Taxpayer wishes to return an expired check	Follow returned check procedures in IRM 21.4.3.5.6, Resolving Returned Expired Refunds Limited Payability.
Expired check on the account with an S- freeze	Follow S- Freeze procedures in IRM 21.4.3, Returned Refunds/Releases.
Expired check with no credit on the module	Notify the taxpayer of the status and follow normal refund inquiry procedures if taxpayer indicates check was not received. See IRM 21.4.1, Refund Research.

Note: If original refund was a manual refund, it may need to be reissued manually. Refer to IRM 21.4.4, Manual Refunds.

Note: Refer to IRM 21.4.1, Refund Research, for information on researching refunds.

21.4.2.4.9
(10-01-2006)

**Processing Limited
Payability (LP)
Cancellations on Checks
Dated after 9/30/1989**

- (1) The following account actions occur automatically:

If	And	Then	
		<ol style="list-style-type: none"> 1. Refund is automatically reissued (unless other freezes on the account that prevent refund). 2. A computer-generated notice CP 32, We Sent You a Replacement Refund Check to Replace the One That Expired, or CP 237, Notice of Issuance of a Refund Check to Replace an Expired Check. 	# #
There is a second or subse-	Taxpayer does not contact the IRS	<ol style="list-style-type: none"> 1. No further action is taken. 2. LP cancellation remains frozen 3. TC 388 statute expiration clearance posts. <p>Note: TC 389 will post and reissue the refund when the account is brought back from retention.</p>	# #
		<ol style="list-style-type: none"> 1. No automatic release. 2. Will post as S- Freeze. 3. A CP 32 or CP 237 is not issued. 4. No further action is taken. 	#
		No automatic release. A CP 32 or CP 237 is issued.	#

- (2) LP cancellation credits post to an account as a TC 740. The posted credits have a DLN with a blocking series-serial number "66666".

other reasons, including second LP cancellations, will generate complete master file transcripts and CP 32, and CP 237. These CP notices are identical to CP 32A and CP 237A except for the routing instructions.

21.4.2.4.10
(03-15-2023)
**Processing Limited
Payability (LP)
Responses**

- (1) If taxpayer contacts the IRS by phone, paper, or in person, use the following table to release a refund on a LP response.

If	And	Then
Original refund was a generated refund, TC 846	S- Freeze and credit on module, and no open control present on the account (credit tax period or other tax periods)	<ol style="list-style-type: none"> 1. Release the credit using CC CHK64 or a manual refund, if appropriate. 2. See Note below.
Original refund was a manual refund		<ol style="list-style-type: none"> 1. Further research may be necessary. 2. Replacement refund may need to be manual.

Note: CC CHK64 input without further action requires no source document. Enter “No Source Document (NSD) LP Release” or other appropriate remarks. **If the IRS is not at fault, DO NOT** allow additional interest. Suppress the undeliverable notice. See IRM 21.4.3.5.6, Resolving Returned Expired Refunds Limited Payability, for additional information.

Reminder: CC CHK64 does not allow for the input of a Bypass Indicator (BPI). Injured Spouse refunds must be issued via manual refund. A manual refund is also needed for a deceased taxpayer along with the appropriate documentation. Refer to IRM 21.4.4, Manual Refunds, and IRM 21.4.6, Refund Offset.

Reminder: CC CHK64 is available as the “Reissue Refund (CHK64)” IAT tool and is a mandated IAT tool, see IRM 21.2.2-2, Accounts Management Mandated IAT Tools.

(2) Take further action on the account if needed:

- a. Contact other functions of the IRS.
- b. Contact the taxpayer. See Letter 533C, Refund Check Undelivered or Not Negotiated. Suspend case for **45 days (70 days for overseas taxpayers)**, allowing time for the taxpayer to respond.

21.4.2.4.11
(05-07-2024)
**Limited Payability:
Taxpayer
Disputes/Check
Cashed/Possible
Forgery**

(1) The following directions are for processing claims from taxpayers disputing cashed refund checks that are now Limited Payability (LP). If procedures in IRM 21.4.2.4.7, Limited Payability Rules and Procedures, have been followed to provide the taxpayer with a copy of their cashed refund check, proceed with determination below.

Note: If the check in TCIS appears altered (e.g., different name on check, different money amount which is not supported by account research, etc.) proceed to IRM 21.4.2.4.11 (8) below.

Reminder: If the taxpayer indicates a refund check was not received after the one-year time limit has expired follow procedures in IRM 21.4.2.4.7, Limited Payability (LP) Rules.

(2) If the check meets Limited Payability criteria and the taxpayer’s correspondence claims the check involves forgery, compare endorsement(s) on the check to available samples of taxpayer signatures, including any other check copies found in TCIS. If you are **able** to make a determination of the taxpayer’s

er's signature, deny the claim. Proceed to IRM 21.4.2.4.11 (5) below for paragraphs to include in letter.

Note: Using multiple signature examples for comparison may produce a more accurate result.

- (3) If you are **unable** to make a determination, or no signature appears on the check:
- a. Send Form 13818, Limited Payability Claim Against the United States for the Proceeds of an Internal Revenue Refund Check. Complete the following fields before sending Form 13818 to the taxpayer:

FIELD	Field Description
Date	Today's Date
Tax Examiner	IDRS number of TE preparing the form and who will work Form 13818 response, see IRM 3.13.2.2.1, Identification Requirements for IRS Employees, for more information
Payee name and address	Name and address to which check was issued
Check amount	Amount of check
Symbol number	4-digit check symbol number
Check number	8-digit check serial number
Date of check	Issued date of check (i.e., date printed on check)
Tax Year	Tax period from which refund was issued
Form	Form for which refund was issued

- b. Provide the taxpayer with a copy of the negotiated refund check secured from TCIS, and a return envelope for your Refund Inquiry function. Also attach copies of both the Form 13818 and refund check secured to your case file.
 - c. Notate "F13818TOTP" in the activity field of your open control, and place the control in monitor status, **do not** change the category code on IDRS. Allow 45 days for domestic taxpayers to respond and 70 days for overseas taxpayers.
 - d. If no response, close case with TC 290 .00 using case file as a source document.
 - e. If a current address is unavailable or transposition errors not found, update the control base with Activity Code "**NONEWADDR**" and close the base. Destroy the Form 13818 as classified waste per IRM 21.5.1.4.10, Classified Waste.
- (4) When the taxpayer returns the completed and signed Form 13818, the Refund Inquiry tax examiner must:
 - a. Review the claim form for all required information and signatures.
 - b. Review the taxpayer's answers to questions on the Form 13818.
 - c. Determine if the IRS erred in sending the refund check to an incorrect address.

Reminder: Do not deny the claim based solely on the address. The check could have been intercepted prior to the taxpayer taking possession.

- d. Compare endorsement(s) on the check to available samples of taxpayer signatures, including any other check copies found in TCIS. Look for any obvious similarities or differences in the signature that would lead you to support or deny the taxpayer's claim.

Note: If the taxpayer has returned the Form 13818, and is requesting an update on their refund, advise to allow 45-60 days to receive a determination from the IRS.

- (5) Based on the review of all information supplied by the taxpayer, follow the chart below:

Note: When denying the claim, include paragraph W, unless otherwise noted below, to allow the taxpayer the opportunity to request reconsideration of their denial.

Row	If	Then
1	It appears the taxpayer benefited from the check proceeds. For example: an indication that the check was deposited by one spouse on a joint account. Endorsement from a prison for deposit to a prisoners account.	<ol style="list-style-type: none"> 1. Deny the claim. 2. Send Letter 2218C, Refund Inquiry; Check Claim Disallowed, Check Endorsed/Paid. Include paragraph L or N in your response. Do not include paragraph W in your response. <p>Exception: For prisoner refund checks that are stamped by their facility (ex: jail, prison, detention center) do not include paragraph L or N in your response, instead advise the prisoner to speak with their facility for assistance with their refund.</p>
2	It appears the check was cashed with taxpayer's permission	<ol style="list-style-type: none"> 1. Deny the claim. 2. Send Letter 2218C; include paragraph K in your response. Do not include paragraph W in your response.
3	It appears the check was endorsed by the taxpayer	<ol style="list-style-type: none"> 1. Deny the claim. 2. Send Letter 2218C; include paragraph X in your response. Do not include paragraph W in your response.
4	It appears the taxpayer allowed someone else to endorse their check	<ol style="list-style-type: none"> 1. Deny the claim. 2. Send Letter 2218C; include paragraph I in your response. Do not include paragraph W in your response.

Row	If	Then
5	Check is stamped with a business endorsement different from name on CC ENMOD and no connection to the taxpayer can be found	Allow the claim.
6	There is no endorsement other than the bank's endorsement on the check. (No signature appears on the check, this includes an indication of electronic/virtual/photo deposit)	<ol style="list-style-type: none"> Upon receipt of the completed Form 13818, take the following actions: <ul style="list-style-type: none"> Compare the banking information supplied by the taxpayer to the bank of first deposit (BOFD) listed on the check copy. Research TCIS for copies of any other negotiated checks to determine previously used BOFDs. If evidence is found that the BOFD has been used previously by the taxpayer, deny the claim. If no evidence of prior BOFD use, contact BOFD and request assistance in determining account ownership, or confirmation of non-endorsement acceptance. Depending on the answers from BOFD, accept or deny the claim as appropriate. After making a determination whether to settle or deny the taxpayer's claim, continue with IRM 21.4.2.4.11 (6) below.
7	There is indication the taxpayer is making a fraudulent claim	<ol style="list-style-type: none"> Deny the claim. Send Letter 2218C, with an explanation to the taxpayer. Include paragraphs F and Q in your response. Do not include paragraph W in your response.
8	No check copy or endorsement is available for handwriting analysis	<ol style="list-style-type: none"> Review taxpayer's account for any prior or subsequent year claims (TC 971 AC 011). Request any documentation such as: <ul style="list-style-type: none"> Bank Statements Police Reports Taxpayer Letters Anything the taxpayer has that convinces them the check was not received, or information you feel may be helpful.

Note: The above guidelines are for the most common occurrences. If you have a case that is not covered in the table above, consult with your manager, senior, or lead tax examiner. If you cannot determine if the endorsement on the U. S. Treasury check is a forgery, go to IRM 21.4.2.4.11 (9) below.

(6) After all information is considered:

Note: When denying the claim, include paragraph W, unless otherwise noted above, to allow the taxpayer the opportunity to request reconsideration of their denial. If you are denying a reconsideration request, do not include paragraph W in your reply.

If	Then
Claim is valid	Continue to process, see IRM 21.4.2.4.14, Account 6565 Processing for Refund Inquiry Function.
Examiner cannot make a decision to settle or deny the claim	Additional processing is required. Prepare claim to send to National Forensics Laboratory (NFL). See IRM 21.4.2.4.11 (9) below.
Denying the claim	<ol style="list-style-type: none"> Send Letter 2218C, and attach a copy to your case file. If a copy of the check was needed to work the case, attach a copy to the case file. Close case with TC 290 .00 using case file as a source document.

- (7) If you believe the taxpayer's claim is valid or no specific reason to deny the claim can be found, allow the claim following the procedures in IRM 21.4.2.4.14, Account 6565 Processing for Refund Inquiry Function.

Exception: Do not issue a replacement check for the first, second or third round of Economic Impact Payments (EIP). For consistency, follow established procedures in IRM 21.4.1.5.7.5, non-receipt of Direct Deposited Refunds—"Refund Inquiry Employees", paragraph 4 or 5 as appropriate. Do not issue a replacement check for the Advance Child Tax Credit (AdvCTC) Payments, instead follow procedures in IRM 21.6.3.4.1.24.2.2, Reconciling Advance Child Tax Credit (AdvCTC) Payments - REFUND INQUIRY EMPLOYEES ONLY.

- (8) If an altered limited payability check is identified during your research, take the following actions:

- Refer a PDF copy of the claim package to the TIGTA Complaints Management Team (CMT) at OI.GovReports@tigta.treas.gov with a copy to the IRS CI mailbox at SDCLeads@ci.irs.gov. TIGTA CMT will respond with a reference number for your case file.

Note: TEs should have a reference number within 14 days. If you have not received a reference number within 21 days, send a follow-up email to the TIGTA CMT mailbox requesting a reference number. **DO NOT** re-send the information unless instructed to do so by the TIGTA CMT agent.

Note: A TIGTA Special Agent will contact the financial institution to retrieve the altered check if they are in possession of it.

- Since these mailboxes are not secure, two e-mails must be sent regardless of the order. Documents must be password protected, you must create that password and send separate from the documents.

- Include the following when sending the PDF copy of the claim package:
 1. A complete image of the front and back of the altered check(s).
 2. A screenshot image of the TCIS Payment details screen.
 3. BOFD information for the bank where the check was cashed. Use the link at *Financial Institution Routing Numbers* to find the BOFD's information based on the RTN.
 4. A complete copy of the taxpayer's claim, including any additional information which may have been supplied by the taxpayer.
- Indicate in the body of the e-mail that the Lead Submission Excel spreadsheet pertaining to the specific altered check is not applicable.
- If the TE/CSR/Reviewer has determined the check to be altered then, upon receipt of the reference number from TIGTA CMT, follow the procedures in IRM 21.4.2.4.14, Account 6565 Processing for Refund Inquiry Function, to allow the Limited Payability (LP) claim.

Exception: Do not issue a replacement check for the first, second or third round of Economic Impact Payments (EIP). For consistency, follow established procedures in IRM 21.4.1.5.7.5, non-receipt of Direct Deposited Refunds—"Refund Inquiry Employees", paragraph 4 or 5 as appropriate. Do not issue a replacement check for the Advance Child Tax Credit (AdvCTC) Payments, instead follow procedures in IRM 21.6.3.4.1.24.2.2, Reconciling Advance Child Tax Credit (AdvCTC) Payments - REFUND INQUIRY EMPLOYEES ONLY.

- (9) Send the case to the Center for Science and Design (CSD) (formerly National Forensics Laboratory (NFL)) for signature comparison **only** if you cannot determine if the endorsement on the U. S. Treasury check is a forgery. It may be necessary to request CSD assistance in the following instances:
- The endorsement is **written**, while the samples are printed. Obtain written samples from the taxpayer before forwarding to CSD.
 - The endorsement is **printed**, while the samples are written. Obtain printed samples from the taxpayer before forwarding to CSD.
 - A stylized signature appears on the check and legible writing is used on Form 13818 or Form 3911, Taxpayer Statement Regarding Refund.
 - Legible writing is used for the endorsement and stylized signatures are used on the Form 13818 or Form 3911.
- (10) When sending the case to CSD take the following actions:
- Review the check copy to make sure the check number, symbol number, payee name and amount are correct.
 - Complete Form 13437, IRS Center for Science and Design Request for Services (Rev. 03/2023), and transmit electronically using the **Submit by Email** button located at the top of the form. The first page of Form 13437, is used to create a case in the laboratory while establishing the chain of custody as evidence is received by laboratory personnel. A copy of the completed Form 13437 must be included with the complete case being sent as evidence.
 - Follow the instructions on page 2 of the form under the header **Submission of Physical Evidence**, for the handling and delivery of the complete case to CSD.
 - In addition to a completed Form 13437, a complete case will include a photocopy of the check (front and back), a completed Form 13818, and/or any taxpayer correspondence received. If available, photocopies

of prior checks signed by the taxpayer found on TCIS during your research and photocopies of three tax returns should also be included.

Note: CSD policy does not allow for evidence to be sent via email as an attachment. Therefore, shipments sent to the laboratory should be made via United Parcel Service (UPS). Shipping via Fed Ex or U.S. Postal Service (registered mail using proper return receipt) is acceptable, but UPS is the preferred carrier.

- (11) Requests for lab assistance are usually completed in less than 60 days from the time the lab receives the complete case. If you have not received a

#

them you are calling to follow up on a Limited Payability Trace. Provide the taxpayer's last name and Taxpayer Identification Number.

Note: The phone number above is for internal the IRS use only. This number is not staffed for public contact. Any taxpayer calls received are directed to a toll-free number for assistance.

- (12) When the response is received from the CSD, the entire case file will be returned with a cover sheet entitled "Report of Laboratory Examination, IRS Claim Resolution (LP Trace)."

If CSD response indicates	Then
the payee endorsed the check	<ol style="list-style-type: none"> 1. Deny the claim. 2. Send Letter 2218C; include paragraph O in your response.
the payee did not endorse the check	Allow the claim, if it otherwise appears valid.
additional signature samples are required	<ol style="list-style-type: none"> 1. Correspond with taxpayer using Letter 2219C, Refund Inquiry; Check Claim Received, Interim, Handwriting Sample Requested, using an open paragraph. Suspend case for 45 days (70 days for overseas taxpayers). 2. Request copies of ten (10) documents signed within one year of date of refund check, if available, or 3. Request taxpayer to sign his name ten times on the back of the "C" letter. 4. When signatures are received, return case to "CSD" with "CSD" cover sheet on front or make the forgery determination if possible.
a better copy of the check is needed	<ol style="list-style-type: none"> 1. Research TCIS for a better photocopy of check. 2. If a better copy is located, return case to "CSD" with "CSD" cover sheet on front. 3. If a better copy is not located, elevate the case to your manager to request better check copy from BFS. Follow (2) above when better copy is received. If better copy is not provided, do not return to "CSD".

- (13) If claim on a Limited Payability trace is denied for any reason, send Letter 2218C. Keep a copy of the letter and a copy of the check with your case. Close case TC 290 .00 and file document.
- (14) If taxpayer disputes denial, reopen case and reconsider decision based on the information provided by the taxpayer.

21.4.2.4.12
(08-23-2019)

**Bureau of the Fiscal
Service (BFS) Claims**

- (1) When a regular CC CHKCL trace finds the refund check has been negotiated, the Bureau of the Fiscal Service (BFS) will send a copy of the check with a FS Form 1133 Claim Form directly to the taxpayer. FS Form 1133 is used by the taxpayer to file a claim for replacement of a refund check that has been negotiated by someone other than the taxpayer and the taxpayer or BFS may send the forms to the IRS. FS Form 1133 on BFS claims received in the Refund Inquiry Unit should be processed as indicated below:

If	And	Then
Taxpayer confirms the signature on back of check is authentic or genuine	Taxpayer returns claim form to the IRS	Close control base: "TPRECCK".
Taxpayer confirms the signature on back of check is authentic or genuine	<ol style="list-style-type: none"> 1. Taxpayer returns the claim form to BFS 2. When BFS sends information to the IRS 	Close control base.
Taxpayer states signature is not authentic	<ol style="list-style-type: none"> 1. Taxpayer returns FS Form 1133 to the IRS 2. Refund Inquiry Unit will review the form for completeness and then send it to BFS. Send the taxpayer an acknowledgement Letter 206C, Refund Inquiry; Copy of Check Requested/ Check Being Traced (FS Form 1133), advising them their claim was forwarded to BFS. 	<ol style="list-style-type: none"> 1. BFS will make the claim determination, and 2. Forward the determination to the IRS on the BFS Claims Disposition Notice (CDN). 3. Refund Inquiry Unit will work case according to disposition on the CDN.
Taxpayer states signature is not authentic	The FS Form 1133 is incomplete	Refund Inquiry Unit will return it to the taxpayer, with appropriate "C" letter requesting they complete the form and return to BFS.

- (2) If the taxpayer calls to check on the status of FS Form 1133 after it has been returned to the BFS Check Claims Branch, advise them they must personally contact the Branch at the toll-free number 855-868-0151 (press option 1, then option 1) (English and Spanish speaking assistance is available at this number). Provide the taxpayer with the check symbol and number. Use IMFOL# to find the check symbol and number.

21.4.2.4.12.1
(10-01-2019)

**Undeliverable Bureau of
the Fiscal Service (BFS)
FS Form 1133**

- (1) Upon receipt of an undeliverable Bureau of the Fiscal Service (BFS) FS Form 1133 from BFS, National Office or U.S. Postal Service, Refund Inquiry Unit will complete the following:
 - a. Open control base with Activity Code "UNDEL1133C".
 - b. Use the received date of the undeliverable BFS FS Form 1133 as the received date.
 - c. Put account into Status "B", Category Code "3858".

Example: CC ACTON
C01,UNDEL1133C,B,3858
 - d. Research CC ENMOD for address update after the date of the taxpayer inquiry.
 - e. Determine if there were transposition errors in the name/address.
- (2) If you can locate an updated address or you can correct transposition errors in the address:
 - a. Close the IDRS control base "REMAIL1133".

Example: CC ACTON
C01,REMAIL1133,C
 - b. Re-mail FS Form 1133 to taxpayer.
- (3) If a current address is unavailable or transposition errors not found, update the control base with Activity Code "NONEWADDR" and close the base. Destroy the FS Form 1133 as classified waste per IRM 21.5.1.4.10, Classified Waste.

21.4.2.4.13
(12-18-2023)

**Bureau of the Fiscal
Service (BFS) Claims
Disposition Notice (CDN)**

- (1) Once it is determined a refund check has been cashed and BFS decides whether to honor the payee's check claim, the disposition information is sent to the Refund Inquiry function on an BFS CDN. As of March 30, 1998, BFS issues replacement settlement checks directly to the taxpayer on refunds determined to be forged or when appropriate, issues denial letters.
- (2) Using the Payee Identification or check information on the CDN, research CC SUMRY, CC IMFOLT, or CC IMFOLC to locate the refund in question. If using IMFOLC the correct tax module will appear.

Note: If there is a control open to Accounting function or the CDN is for a refund with a Payment Over Cancellation (POC) condition (for example, a replacement refund check was issued, and both the replacement and the original check were negotiated causing a TC 843 to post.), route the CDN to the open control or as appropriate to the Accounting team that works POC cases. For more information see IRM 3.17.80.4, Processing Payments Over Cancellation (POC) - Preliminary Processes before an Erroneous Refund.

- (3) If "Settlement Denied" or "Forgery Established" is noted on the CDN, input CC MFREQ(C) if the module is not up on IDRS.
- (4) If the explanation says, "Forgery Established", use CC REQ77 to input TC 971 AC 078 on CC TXMOD. Input the date of the CDN as the transaction date. Close case with TC 290, with appropriate non-refile blocking series, using the CDN received as your source document.

- (5) BFS may send more than one CDN on the same refund claim. The first CDN is to advise the IRS they are settling with the taxpayer and another CDN with the settlement check information. If there is a previous TC 971 AC 078 on the module, associate the CDN with the previous one in the file or destroy it. Do not input more than one TC 971 AC 078 for the same refund.

Note: If the CDN indicates "Settlement check number" or the CDN has settlement check information PRIOR to "forgery established", input a TC 971 AC 078.

- (6) If the CDN indicates the "agency will be credited" or similar wording, monitor for the posting of the credit and take appropriate action. If forgery is determined, BFS will pay the taxpayer out of the Check Forgery Insurance Fund (CFIF). See IRM 21.4.2.4.15.3, Secret Service and Check Forgery Insurance Fund (CFIF).

Note: The IRS cannot provide the taxpayer any information about the status of the BFS settlement checks and cannot trace them.

- (7) If the explanation says, "Settlement Denied", "Settlement Not Authorized", or "Settlement Not Recommended and Case is Closed", BFS has disallowed the claim and advised the taxpayer. Input a TC 971 AC 079 and file the CDN with TC 290 as instructed in (4) above. Do not input more than one TC 971 AC 079 for the same refund.
- If there is a previous TC 971 AC 078 for the same refund, BFS has done further investigation and has disallowed the claim after previously allowing it. Input TC 971 AC 079 and associate with the previous CDN.
 - If claimant never lived at the check address (FS Form 1133 question 9 is "No"), research the return. If the check address was incorrect due to an IRS error, research for another taxpayer with the same name at the address shown on the check. If found, process as erroneous refund. If not found, send the case back to BFS with a note: "Please Adjudicate IRS error". The BFS adjudication process could extend the time frame for final resolution by 2 - 6 months. Advise the taxpayer they will be contacted by BFS if additional information is required. If the address on the check is the same as that on the return, send the form back to the taxpayer with Letter 206C, Refund Inquiry; Copy of Check Requested/ Check Being Traced (FS Form 1133), using appropriate paragraphs. If the case is a mixed entity, further research may be required to determine if the claimant is entitled to the check. Correct the account if necessary.
 - If "Settlement not recommended pending refund from bank, incomplete FS Form 1133 Claim Form, or further investigation" or similar wording, file the CDN. Input TC 290 with blocking series 05.

Caution: If BFS advises the IRS a settlement check has been issued to the taxpayer, do not issue a manual refund. This action will cause an erroneous refund. Anyone causing an erroneous refund must document the action and the employee must refer to IRM 21.4.5, Erroneous Refunds, and follow applicable actions.

- (8) The CDN may have an unusual response and include copies of the FS Form 1133, check copies, or other forms. If it is not clear what BFS wants, contact

BFS Customer Engagement Center via phone at 855-868-0151 and ask what action they intended for the taxpayer or the IRS.

Reminder: If after Disposition 11 is received and the taxpayer contacts the IRS, they should be referred to BFS whether a CDN has been received or not. See IRM 21.4.2.4.4.1, Subsequent Inquiries, With Status Codes, Without Prior Forgery Determination (CSR's and Refund Inquiry Unit), for the BFS address and phone number. Do not interfere with BFS claim process.

- (9) If the CDN notes that "The payee has released their claim", close the control base with activity "TPRECK".
- (10) See IRM 21.4.2.4.15.3.3, Check Forgery Insurance Fund (CFIF) Impact on the Agencies, for additional information regarding CDNs related to forgery claims.
- (11) Any CDN that is informational only should be destroyed as classified waste without taking a case count. The following list of examples is not all inclusive.
 - Alleged forgery being investigated. More information to follow.
 - Settlement is not recommended at this time. A request has been made to the payee for additional examples of their signature.
 - Appeal received. Further review is necessary to determine what action should be taken.
 - Settlement is not recommended at this time, pending further review by the United States Secret Service.

21.4.2.4.14
(10-02-2023)
Account 6565
Processing for Refund
Inquiry Function

- (1) If a decision is made to allow the Limited Payability (LP) claim by the TE/CSR/Reviewer, the "Account 6565" is debited and a refund is issued to the taxpayer. Prepare Form 3809, Miscellaneous Adjustment Voucher, to debit "Account 6565" and post TC 841 to the taxpayer's account. Be sure to use the TC 840 or TC 846 date of the applicable refund. Annotate "CAT 1" in the upper left of Form 3809. See Exhibit 3.17.80-11, Form 3809 Miscellaneous Adjustment Voucher, for information on completing the form.
- (2) To determine the appropriate campus for routing the Form 3809 to Accounting, use the 8th and 9th position of the Refund Schedule Number (RSN). See Exhibit 3.17.79-4, Refund Schedule Number Format.

Example: A refund has an RSN showing 2010046281Z. The 8th and 9th position is 28 which represents Philadelphia.

If the 8th and 9th digits of the RSN are	Then email the erroneous refund package to
<ul style="list-style-type: none"> • 08 (Andover) • 07 (Atlanta) • 89 (Fresno) • 09 (Kansas City) 	Kansas City A/ER Team at *TS SP Erroneous Refund Kansas City
<ul style="list-style-type: none"> • 18 (Austin) 	Austin A/ER Team at *TS SP Erroneous Refund Austin

If the 8th and 9th digits of the RSN are	Then email the erroneous refund package to
<ul style="list-style-type: none"> • 19 (Brookhaven) • 17 (Cincinnati) • 49 (Memphis) • 28 (Philadelphia) • 29 (Ogden) 	Ogden A/ER Team at *TS SP Erroneous Refund Ogden

The subject line on the email and the file will be the 6565 ACCT_Refund Schedule Number (RSN) last four digits on TIN. **Example:** 6565 ACCT 2014094175W_6081.

Note: Please send a follow up email to the accounting site where the Form 3809 was submitted after the 15th business day of submission, when no account actions are showing on the tax module.

(3) When forwarding to Accounting include the following:

- Completed Form 3809.
- History sheet.
- Complete transcript of account.
- Copy of Form 3911, Taxpayer Statement Regarding Refund, or taxpayer correspondence.
- Form 13818, Limited Payability Claim Against the United States for the Proceeds of an Internal Revenue Refund Check, response if one was sent to the taxpayer.
- Photocopy (front and back) of the cancelled check. If photocopy not available, an explanation is required on Form 3809.
- If case was sent to Center for Science and Design (CSD) (formerly National Forensics Laboratory (NFL)), include their response. Annotate on Form 3809 that this response is attached.

(4) Monitor the account for posting of the TC 841. The TC 841 DLN will carry a Document Code "48" and Block Series "89XXX". Input TC 290 for .00 to release refund to the taxpayer. Limit interest to the amount on the original refund by including a TC 770 for .00 or the original credit interest amount along with the original CR-INT-TO-DATE of the original TC 776/770.

Note: If the original was a manual refund, a manual refund may be required. See IRM 21.4.4, Manual Refunds.

21.4.2.4.15
(10-01-2005)
**Miscellaneous Refund
Trace Issues**

(1) The following information covers miscellaneous refund trace issues. It also contains information on the Check Forgery Insurance Fund (CFIF), listings for monitoring cases, and the Bureau of the Fiscal Service (BFS) Reports.

21.4.2.4.15.1
(08-23-2019)
Holder in Due Course

- (1) When the taxpayer endorses the refund check and gives it to an individual or business, other than a commercial bank, in exchange for something of value (cash, services, payment of debt, etc.), the individual or business getting the check is known as a "Holder in Due Course."
- (2) If the check is later lost by or stolen from the "Holder in Due Course", or processed for an incorrect amount, the holder may be able to make a claim on the check.

- (3) A credit union may be considered a “Holder in Due Course” if it handles its finances through a commercial bank. Some larger credit unions deal directly with the Federal Reserve Board (FRB), and therefore would handle a lost in transit issue in the same way as a commercial bank.
- (4) Claims sent to the IRS by commercial banks for checks that have been cashed and then lost or stolen in transit between commercial banks or between a commercial bank and the FRB will be returned to the bank with all required check information.
 - a. If check symbol and serial number are not available, request this information from the RFC.
 - b. The claim must be filed with the commercial bank’s Federal Reserve Bank, Government Check Department.
 - c. Once the bank submits a claim to the FRB, the FRB will file the claim with the Bureau of the Fiscal Service (BFS).
 - d. Since this was not initiated by the taxpayer, and since the Refund Inquiry function will be researching Treasury Check Information System (TCIS) for check information, these cases will not be Taxpayer Advocate Service cases.
- (5) A “Holder in Due Course” claim must be submitted within one year of the issue date of the check.

If	Then
Claim is submitted after the one-year period expires	Send a denial letter stating: “We are sorry, but we cannot honor your claim on (fill in check identifying information). Under the Competitive Equality Banking Act of 1987, any claim on a Treasury check is barred unless it is presented to the agency that authorized the issuance of the check within one year after the date of the issuance of the check. We cannot take any further action in this matter. ”
Claim is submitted within one year	Inform the taxpayer to contact BFS by phone at 855-868-0151 (press option 1, then option 1) or by sending a letter to: Department of Treasury Bureau of the Fiscal Service Check Resolution Division P.O. Box 51318 Philadelphia, PA 19115-6318

21.4.2.4.15.2
(10-01-2016)
**Request for
Administrative
Photocopy**

- (1) At times, a request for the disposition of a refund check is submitted by the United States Attorney’s office, or by a state attorney’s office for court cases.
- (2) Ask the requester if a subpoena can be served; if so, it should be served to:
Bureau of the Fiscal Service
Regional Finance Center
Attn: Leonard Watley
PO Box 51320
Philadelphia, PA 19115-6320

- (3) If the requester states that a subpoena cannot be served, inform them that a formal written request must be sent to the campus and the copy may take several weeks.
- (4) If a formal request is received and the requester did not state that a certified copy is needed, obtain a check copy from TCIS. If not on TCIS, input the request for photocopy on IDRS using CC CHKCL with type of non-receipt code "P". If a certified copy is needed, input CC CHKCL with non-receipt code "C". See IRM 21.4.2.4.2, Input Command Code CHKCL.
- (5) Area Offices use Form 4442/e-4442, Inquiry Referral, to request administrative photocopies. The area office will provide:
 - Taxpayer identification number
 - Tax Period and MFT
 - Type of refund issued TC 846 or TC 840
 - Amount of refund
 - Date of refund
 - Name, address (where the copy will be mailed) and phone number of the IRS employee requesting photocopy
- (6) The Refund Inquiry function will process these requests. If any of the required information is missing, the request will be returned to the requester. A photocopy for this purpose should not be regarded as a claim or used to follow-up on a prior claim action.

21.4.2.4.15.3
(05-29-2018)
**Secret Service and
Check Forgery
Insurance Fund (CFIF)**

- (1) If an inquiry is received stating the Secret Service (SS) has informed the taxpayer that SS is in possession of the refund check, you must follow these procedures:
 - a. Contact:

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Note: The above phone number is for internal IRS use only. This number is not staffed for public contact. Any taxpayer calls received are directed to the toll-free numbers for assistance.

- b. Identify yourself as an IRS employee.
- c. Tell the SS agent you have an inquiry stating that the SS has possession of the refund check.
- d. Provide all necessary taxpayer information regarding the check.
- e. Request verification that SS has possession of refund check.
- f. Obtain from the agent the check and symbol number as well as taxpayer information printed on check.
- g. Print a copy of the check from TCIS. **Do not** input CC CHKCL.
- h. When credit is returned, if manual refund criteria is met, follow instructions for preparing and issuing a manual refund.

Note: If the Bureau of the Fiscal Service (BFS) forwards a Claim Disposition Notice (CDN) stating the Secret Service is investigating the negotiation of a refund check, do not contact Secret Service, unless the refund has been seized. Contact the Secret Service to request the status of the refund. Refer the taxpayer to BFS. See IRM

21.4.2.4.4.1, Subsequent Inquiries, With Status Codes, Without
Prior Forgery Determination (CSRs and Refund Inquiry Unit).

21.4.2.4.15.3.1
(10-01-2006)

**Check Forgery
Insurance Fund (CFIF)**

- (1) The Check Forgery Insurance Fund (CFIF) (31 U. S. C. §3343) is a revolving fund established to settle payee claims of non-receipt where the original check has been fraudulently endorsed. The CFIF cannot be used to settle claims when the original refund was direct deposited, and the taxpayer did not receive the refund.
- (2) The Bureau of the Fiscal Service (BFS) issues all responses to taxpayers whenever there are claims filed that are the result of the non-receipt of a refund check issued within the past year. Their response includes, settlement checks, denial letters and determination pending letters.
- (3) The IRS will continue to receive credits for non-receipt claims when it is determined the refund check has not been negotiated. This will be for both undelivered refund checks and non-receipt claims resulting in Status "32".

Reminder: When **BFS determines forgery, they will send the settlement check to the payee.** Do not issue a refund check to the taxpayer upon receipt of the BFS forgery determination, **even when BFS authorizes settlement.**

21.4.2.4.15.3.1.1
(10-01-2018)

**Timeliness of Claim Due
to Forgery**

- (1) Claims involving a Treasury check shall be barred unless:
 - a. The claimant presents a statement of non-receipt to the payment certifying or authorizing agency within one year after date of the issuance of the check (31 CFR § 245.3); and
 - b. The claimant files a claim within four months from the date on the claims package.
- (2) For a timely filed claim, the Commissioner of the Bureau of the Fiscal Service (BFS) will pay out of the Check Forgery Insurance Fund (CFIF) to a payee or special endorsee of a Treasury check the amount of the check if the Commissioner determines that the payee or special endorsee has established:
 - a. The presentment of a timely statement of non-receipt to the payment certifying or authorizing agency and the timely filing of a claim form with Treasury pursuant to 31 CFR § 245.3.
 - b. The original check was lost or stolen without the fault of the payee or special endorsee, and whose endorsement is necessary for further negotiation.
 - c. The original check was cashed and paid by Treasury on a forged or unauthorized endorsement of the payee's or special endorsee's name.
 - d. The payee or special endorsee has not participated in any part of the proceeds of the negotiation or payment of the original check.
- (3) Losses as a result of the negotiation of checks issued to deceased payees or to payees who were not entitled to payment will be charged to the CFIF.

21.4.2.4.15.3.1.2
(10-01-2019)

**Bureau of the Fiscal
Service Forgery Claim
Package and Taxpayers
Filing A Claim**

- (1) A claim may be filed by the payee/claimant after the receipt of a claims package, FS 3858. The claims package includes the claim FS Form 1133 copy of the paid check, and instructions for completing the claim form.
 - (2) The claim package is systemically sent if the check requested during processing of CC CHKCL has been paid. The Bureau of the Fiscal Service (BFS) claim FS Form 1133 and copy of the negotiated check are sent to the payee/claimant by BFS for examination. After examining the copy, if the payee/claimant denies negotiating the check, the payee/claimant should:
 - a. Respond to BFS within 4 months from the date on the claim package.
 - b. Follow instructions for completing the claim package.
 - c. Complete and answer all questions on both sides of FS Form 1133.
 - d. Sign FS Form 1133 where indicated. Both payee/claimants must sign if check is drawn to co-payees.
- Note:** If the payee/claimant signs by a mark, the mark must be witnessed.
- (3) If the payee admits to negotiating the check or does not return the claim form, BFS will take no further action.

21.4.2.4.15.3.1.3
(10-01-2006)

**Processing Forgery
Payment Over
Cancellation (POC) in
Treasury Check
Information System
(TCIS)**

- (1) When the Bureau of the Fiscal Service (BFS) processes POCs on forgery cases, they will:
 - Charge the agency for the overpayment.
 - Send 3858 Claims Package to the agency.
 - Adjudicate the claim after receipt of the claim form from the agency.
 - Institute reclamation to the financial institution.
 - Refer to Secret Service if valid.

21.4.2.4.15.3.1.4
(10-01-2006)

**Reversal of Forgery
Determination**

- (1) When the Bureau of the Fiscal Service (BFS) issues a settlement check to a payee based upon an initial determination of forgery before they complete the check tracing process, the forgery determination is often premature. When the BFS reverses the original forgery determination, they resolve their error by sending to the campuses the Form SF 1081 debit, Payment Over Cancellation (POC). This action places the taxpayer accounts into balance due status.
- (3) The Accounting function will manually post a TC 840 debit for these refunds to the account. The Refund Inquiry Unit can identify these accounts by the Accounting function's use of the following special blocking series on these specific IMF and BMF accounts:
 - For the IMF Tax Class 2 and BMF Tax Classes 1, 3, and 4, the blocking series on the TC 840 is 550 through 553.
 - For BMF Tax Class 2, the blocking series on the TC 840 is 554.
- (4) Accounting will send a copy of the SF 1081 debits to the Refund Inquiry Unit located at their campus. The Refund Inquiry Units will attach the SF 1081 to their case. This will allow for the immediate identification of any Payment Over Cancellation Case where BFS was the initiator of the settlement check and the settlement check went to the Payee and not to the IRS.

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- (5) Upon identification, see IRM 21.4.2.4.15.3.1.3, Processing Forgery Payment Over Cancellation (POC) in TCIS.

21.4.2.4.15.3.2
(10-01-2021)

**Appeal Decision on
Forgery Based Check
Claims**

- (1) If the Bureau of the Fiscal Service (BFS) decides that a claim is valid, they will notify the payee/claimant that the payee/claimant's appeal was successful. BFS will also notify the payment-authorizing agency or certifying agency that the payee/claimant's appeal was successful. Payment to the payee/claimant will be made in accordance with 31 CFR Part 235 and 31 CFR Part 245 within the Regulation relating to the CFIF (Settlement from the Check Forgery Insurance Fund).
- (2) If BFS determines that a claim is not valid, they will notify the payee/claimant of the claim denial. The payee/claimant may appeal the denial of a claim within 60 days following the denial letter. If the payee/claimant's appeal is denied, the payee/claimant may then file a civil suit.
- (3) The notice of denial of a claimant's appeal will serve as the final agency action on a claim. No civil suit may be filed until the claimant has filed an appeal and received an appeal decision.

21.4.2.4.15.3.2.1
(08-23-2019)

**Appeals of Denials on
Forgery Check Claims**

- (1) An appeal is appropriate when a claimant seeks review of a denied claim based on the same information used by the Bureau of the Fiscal Service (BFS) in reaching its initial decision to deny a claim. The claimant may not seek a review of the initial denial based on new or additional information not available at the time of the initial denial.
- (2) Appeals shall be made in writing and must be mailed to BFS at the following address:
- Bureau of the Fiscal Service
Check Resolution Division
P.O. Box 51318
Philadelphia, PA 19115-6318
- (3) Requests for appeal must include a reference check and symbol numbers identified in the notice of denial. To be considered, an appeal must be post-marked no later than 60 days following the date on the notice of denial.

21.4.2.4.15.3.3
(01-22-2014)

**Check Forgery
Insurance Fund (CFIF)
Impact on the Agencies**

- (1) Under the CFIF, all agencies will be impacted by the following:
- Generally, Treasury will resume recertification for all agencies on non-receipt claims after forgery is substantiated and the settlement criteria have been met.
 - The Bureau of the Fiscal Service (BFS) will issue settlement checks to the payees in a timely manner when forgery is substantiated.
 - Generally, agencies will not be responsible for recertifying payments out of their appropriations on non-receipt claims after forgery is substantiated and the settlement criteria has been met.
 - Agencies will receive credit from the CFIF on Payment Over Cancellations (POCs) for “**C**” and “**D**” **Stops** after forgery is substantiated, and the settlement criteria have been met. See Exhibit 21.4.2-4, Stop Reason Code Conversion Guide, for stop/non-receipt reason code definitions.
 - After CFIF implementation and a non-receipt claim is received and the issue amount is less than or equal to \$25.00, the Stop Reason Code is

- “E” and the check is paid, the following message will be submitted to the agency on the Daily Advise of Status (DAS), “Paid the issue amount is \$25.00 or Less, no further action will be taken”.
- After CFIF implementation, 3858 Claim Packages will be mailed to the Payee/Claimant on stop codes “C” and “D”, unless otherwise instructed by the Agency. (For stop codes “F” and “G”, the 3858 Claims Package will be mailed to the address provided by the agency).
- (2) After CFIF implementation, the following messages will be included in addition to the Claims Disposition Notice (CDN) messages currently used to advise the agencies of an action taken in adjudicating claims:
- “Forgery Established. A Settlement Check Is Being Issued to the Payee”.
 - “Forgery Established. Treasury Is Crediting Your Account”.
 - “Alleged Forgery Being Investigated. Settlement Check Has Not Been Issued to the Payee Pending Investigation”. Information only. No action needed. Destroy as classified waste without taking a case count.
 - “Alleged Forgery Being Investigated. More Information To Follow”. Information only. No action needed. Destroy as classified waste without taking a case count.
 - “Forgery Established. Treasury Will Not Pursue Reclamation Action Because The Cost Of Collection Exceeds The Check Amount. Case Closed”.
 - “Forgery Established. Claim Valid but Settlement Not Appropriate, Based On Your Non-Entitlement STOP CODE. Treasury Will Credit Your Account When the Funds Are Collected”.
 - “Claim Valid but Settlement Not Appropriate Based On Your Non-Entitlement STOP CODE. Treasury Is Crediting Your Account”.

Note: The above list is not all inclusive. Any CDN that is informational only should be destroyed as classified waste without taking a case count.

21.4.2.4.15.4
(10-01-2006)
**Law Enforcement
Agencies Have
Possession of
Taxpayer’s Refund
Check**

- (1) If an inquiry is received stating a law enforcement agency other than the Secret Service has taken possession of a taxpayer’s refund check, obtain information for contacting the agency before inputting CC CHKCL:
- a. Obtain the name and phone number of the agency.
 - b. Request a copy of the police report.
 - c. Contact agency to verify it has possession of check.
 - d. Tell the agency to destroy refund check when case has been completed.
- Do not** have agency return the check to the IRS.
- (2) When the United States Postal Inspection Service seizes a U.S. Treasury check during an investigation, their procedures require them to inform the Regional Financial Center (RFC) that issued the check. They do this by sending a United States Postal Service (USPS) Form 2697. For checks authorized by the IRS, the RFC forwards the form to the agency for recertification of a check.
- (3) If USPS Form 2697 is received from the RFC, make sure it indicates the taxpayer is entitled to the check and that the original refund check will not be given to the taxpayer. If sufficient information is available to process a check, initiate a check trace. The form **must** remain with the case to document the reason for initiating a check tracing action.

21.4.2.4.15.5
(12-05-2022)

Listings for Monitoring Cases

- (1) As cases progress to each stage of processing required for final resolution, the category code(s) will be changed to reflect the current state of processing.
 - a. In some cases, this is done automatically by the computer. In other cases, they are changed using CC ACTON and will be reflected on CC TXMOD.
 - b. Each category code has its own “aging” time that determines when an asterisk appears in the HMMM column on the aged listings.
 - c. The “aging” time is keyed to the minimum follow-up time for that step in the process. If an action is not taken on a case before the cutoff for the next aged case listings, the number “1” will appear in the HMMM column instead of an asterisk.
 - d. If anything appears in the “HMMM” column such as an “*”, a number, or “>” symbol, the case is considered overaged.
- (2) Category codes that allow aging from the last action date do so only when the case is in “B” Status. For this reason, it is important to maintain the case in “B” Status, unless otherwise directed, to allow easy monitoring of cases.
- (3) See Exhibit 21.4.2-6, Category Codes, for “category codes” used in refund inquiry cases. Please note that any category code generated by the computer can also be input manually by using CC ACTON if it is needed to reflect the true Status of the case.
- (4) To prevent an excess of closed cases being left in the suspense file, a clerk or designated person must purge the file monthly. If required, input TC 290 .00, blocking series “05”, using case as your source document.
- (5) If a stop pay disposition code is not received within 14 days following CC CHKCL input, reinput request.
- (6) Monitor cases on a weekly basis using IDRS Category Code listing below:

Category Code	Activity Code	1st day overaged	Action to take if “HMMM” appears
1664	Various	45 days from received date.	Find case and take action. If no case, research IDRS for a previous action.
3858	Various	45 days from action date.	If this category code is for an LP Claim Form received from the taxpayer, take immediate action. Perform necessary research (i.e., doc request, signature requests.) Analyze the Forgery Claim Form.
3859	Various	14 days from received date.	Find case and take action. If no case, research IDRS for a previous action.
3911	Various	30 days from received date.	Look for a case. If no case, contact taxpayer by phone to determine if oral statement criteria is met. If unable to contact taxpayer or oral statement criteria is not met, send a Form 3911, Taxpayer Statement Regarding Refund, to the taxpayer. Apologize that we are unable to locate prior inquiry. See IRM 21.4.2.4.1, Form 3911, Taxpayer Statement Regarding Refund

Category Code	Activity Code	1st day overaged	Action to take if "HMMM" appears
3913	Various	45 days from received date.	Find case and take action. If no case, research IDRS for a previous action.
840-	Various	45 days from received date.	Check IDRS and close case if TC 840 posted. If no TC 840, further research is required.
841P	32yyyymmdd	14 days from action date.	Case is workable when the TC 841 posted. This is present if CC CHKCL input with an H non-receipt code, returned check, or a refund delete. Take action to resolve freeze.
841P	RRyyyycyrc	14 days from action date.	Refund delete, TC 841 has posted. Take appropriate action on the case.
ACKN	01yyyymmdd and 65 or 7_	30 days from action date	Acknowledgement of refund trace. Should have updated to a final disposition: 11, 32, or 06. If the control shows a final disposition (11 or 32) posted before the acknowledgement, proceed with the taxpayer's instructions. If not, check TCIS for status.
DDPD	09yyyymmdd	90 days from action date.	Direct deposit. Check TCIS for the FS Form 150.1. If no FS Form 150.1 is located on TCIS, see Exhibit 21.4.2-2, Disposition Code Chart - Refund Inquiry Employee Actions. Reminder: An open control must be maintained on the case pending the trace process which can take up to 90 days (Control "B" status).
NLUN	Unpostable code	45 days from action date.	Nullified Unpostable, reject. Work immediately and never allow to overage. Check the unpostable code and CC TXMOD and/or CC ENMOD to determine if the transaction requires reinput.
OOPS	04yyyymmdd	14 days from action date.	Refund being traced is already cancelled. If the TC 841 or TC 740 has not posted to the account, check TCIS for a cancellation date. Research for an unpostable TC 841 or TC 740 under the old taxpayer identification number if the account has merged since the refund was issued. Note: If you are tracing the 2nd refund issued in the same month, you must use TCIS to trace the refund. Remember to update IDRS when tracing through TCIS.
OOPS	06yyyymmdd	14 days from action date	Duplicate CC CHKCL. A previous good CC CHKCL was input for the check and a Disposition 11 or 32 was received.

Category Code	Activity Code	1st day overaged	Action to take if "HMMM" appears
OOPS	07yyyymmdd	14 days from action date.	Work immediately, CC CHKCL was input incorrectly. Research the module to determine if CC CHKCL must be reinput. Note: Do not reinput trace for EIP pre-paid debit cards.
OOPS	08yyyymmdd	30 days from action date.	Second direct deposit trace. (Employees must allow 90 days from the initial trace prior to second trace input.) the Bureau of the Fiscal Service (BFS) will issue another FS Form 150.1 to the bank. Notify the taxpayer you are transferring the case to BFS for resolution and place a monitor control on the case for the next 30 days. See IRM 21.4.2-1, Command Code (CC) CHKCL INPUT, for time frames. If an FS Form 150.1 is received, update the case control with Category Code "DDPD" and follow Disposition 09 instructions.
OOPS	27yyyymmdd	14 days from action date.	Refund being traced was already cancelled as limited payability. If the TC 740 has not posted to the account, check TCIS for a cancellation date. Research for an unpostable TC 740 under the old taxpayer identification number if the account has merged since the refund was issued.
PAID	11yyyymmdd	30 days from action date.	Cashed check. BFS to send claim form to taxpayer. Issue Letter 206C Refund Inquiry; Copy of Check Requested/Check Being Traced (FS Form 1133) and include the check information with appropriate paragraph. Close case.
PAID	14yyyymmdd	30 days from action date.	a. Cashed check, Limited Payability (LP) trace or photocopy requested. If no check copy received, print one from TCIS. If not available on TCIS, contact BFS. b. CC CHKCL input after the Limited Payability (LP) credit posted. Research for TC 740 and take necessary action.
PAID	18yyyymmdd	30 days from action date.	Cashed check, regular CC CHKCL with stop code N, L, D, S, H, E, or X input on an LP check. Do not continue to work UNLESS you have a signed Form 3911, or other written inquiry from the taxpayer.
RCTF	3911TORDCC	30 days from action date	CC CHKCL input. Research account for a TC 971 AC 011. If no TC 971 AC 011, the prior CC CHKCL request did not take. Determine if another CC CHKCL is required and take appropriate action. If CC CHKCL is reinput, advise the taxpayer of the delay, giving 45 days from the date of the letter for final resolution.

Category Code	Activity Code	1st day overaged	Action to take if "HMMM" appears
RFCK	PHOTOREQ	30 days from action date	Photocopy or Limited Payability trace CC CHKCL input. Look for a TC 971 AC 011. If not present, CC CHKCL did not take. Obtain a check copy from TCIS or reinput CC CHKCL.
RFDL	RRyyyycyr	45 days from action date.	Look for refund intercept date. If TC 841 has NOT posted, check TCIS for the cancelled refund. The check may have been missed.
RFIQ	Various	45 days from received date.	Usually, a raw unworked case or can also be a response to CP 564. Find case and take action. If no case, research IDRS for a previous action. May be an error control (i.e., wrong Taxpayer Identification Number, tax period).
ST32	32yyyyymmdd	45 days from action date	Refund cancelled. TC 841 should have posted. If refund was reissued, close control. If the TC 841 has not posted, check TCIS to determine if refund is cancelled or research account for an unpostable. Note: A replacement check will not be issued for the first, second, or third round of Economic Impact Payments. Instead, advise the taxpayer they will need to claim the Recovery Rebate Credit on their 2020/2021 tax return as appropriate, if eligible. Follow IRM 21.6.3.4.2.13.3, Economic Impact Payments - Manual Adjustments, to reverse the EIP credit (if not done systemically). See IRM 21.6.3.4.2.14, Recovery Rebate Credit, for more information.
TOAD	Various	90 days from action date.	If this category is for an LP claim form received from taxpayer, take immediate action. If the case was sent to the National Forensics Laboratory (NFL), a follow-up request is required.
UDRF	Various	45 days from received date.	Replies to CP 231 and Letter 533C. Find case and take action. If no case, research IDRS for a previous action.

21.4.2.4.15.5.1
(06-11-2024)

**Bureau of the Fiscal
Service (BFS) Reports**

- (1) The following reports will aid the Refund Inquiry Units in monitoring their Form 3911, Taxpayer Statement Regarding Refund, case inventory associated with case documentation and/or updating the IDRS history field.
 - Aging Reclamation Report — Report Number CCTRR341
 - SF 1081 Agency Listing (Credit Reversals) — CCTRR409
 - Outstanding Accounts (Form 3911) — CCTRR680
 - BFS Abandonment Notice — CCTRR359
- (2) The Bureau of the Fiscal Service (BFS) also generates the IRS Daily Closure Report that includes a listing of completed FS Form 150.1 for direct deposit refund traces. The report is generated as cases are closed at BFS and issued

to the individual contact site that initiated the refund trace to assist with managing the direct deposit refund trace claim inventory. The report provides a direct link to the posted FS Form which has been scanned to the Treasury Check Information System (TCIS). This allows the Refund Inquiry team to manage which cases have received a response for the trace input more efficiently. The IRS Daily Closure Report should be utilized prior to researching TCIS for FS Forms 150.1 posting.

Note: BFS will suspend cases in their system if the FS Form 150.1 contains a message such as, "R06 sent", "send R06" or TCIS contains notes that an R06 letter was issued. Both the FS Form 150.1 **and** the bank's response to the R06 letter must be scanned to TCIS before the case can be closed by BFS **and** included on the IRS Daily Closure Report. If a case is included on the IRS Daily Closure Report without the bank's final response, contact your local Planning & Analysis liaison with the ACH Trace Number/TCIS Trace Number and request the information be forwarded to Headquarters for coordination with BFS for case investigation. Update the case activity to "**R06toBFS**" and continue with normal Status 09 processing. See Exhibit 21.4.2-2, Disposition Code Chart - Refund Inquiry Employee Actions. Ensure case is not transferred to another site while awaiting resolution from BFS.

Note: If a case has been transferred to another campus, the initiating campus receives a response on their IRS Daily Closure Report for the case and the control remains open in the receiving campus, then the case control should be reassigned back to the initiating campus and the necessary closing actions taken.

Note: The FS Form 150.1 contains possible Personally Identifiable Information (PII) and cannot be sent to the taxpayer.

21.4.2.4.16
(05-10-2022)
**Automated Refund Trace
Applications Integrated
Customer
Communications
Environment (ICCE)
Refund Trace, Internet
Refund Trace (IRTRC),
and Internet Refund Fact
of Filing (IRFOF)**

- (1) Taxpayers can initiate a refund trace through the automated telephone application or on the internet at www.irs.gov "Where's My Refund" (IRFOF). Generally, these automated systems will only trace the first refund issued during the current processing year. These systems do not allow a taxpayer to start their own refund trace if they filed Married Filing Joint or received their refund via direct deposit. Since taxpayers who file Married Filing Joint returns cannot initiate a trace using automation, the applications will offer them a Form 3911, Taxpayer Statement Regarding Refund, to get the process started.
- (2) The caller first goes through the refund inquiry application that provides information regarding the status of their refund (including the mail date and math error information) and decides whether their refund is eligible to be traced in automation. If the caller has selected the option indicating the refund check was lost, stolen, or destroyed, or the mail date was at least 28 days prior to the date of the call, the refund inquiry application will transfer eligible callers to the refund trace application. The following chart highlights the actions taken when an inquiry is initiated through ICCE (formerly Telephone Routing Interactive System - TRIS):

If	Then
The caller obtains "refund issued on" and the response and mail date are less than 28 days from current date and the caller did not indicate the refund check was lost, stolen, or destroyed	The ICCE refund inquiry application will advise the caller the date the refund was issued, when to call back, and will not send the call to the Trace application.
Certain conditions are met such as math error or freeze code	Depending on the condition, the caller may be issued Form 3911, transferred to a customer service representative, or provided a call back number for assistance.
Caller obtains "refund issued on" response and mail date are at least 28 days prior to current date or caller indicates check was lost, stolen, or destroyed	The ICCE refund trace application will input CC CHKCL and control the case to the Refund Inquiry Unit where the caller was routed. Exception: Married Filing Joint taxpayers will be mailed a Form 3911 to complete and send back. No P- freeze will be set.

- (3) The IRFOF (Where's My Refund) web site allows the taxpayer to walk through a series of on-line screens. A refund trace cannot be input on any refund check until 28 days after it was issued. If 28 days has passed and the taxpayer indicates they have not received their check, they can initiate an on-line refund trace (except Married Filing Joint taxpayers and direct deposit recipients). Taxpayers whose refund checks were returned undelivered by the U.S. Postal Service will be provided a contact number to provide a new address. CSRs will follow procedures in IRM 21.4.3.5.3, Undeliverable Refund Checks. If the taxpayer has trouble in initiating a refund trace, they will be advised to call a customer service representative for assistance.
- (4) If refund trace criteria are met, IRFOF will automatically input CC CHKCL and control the case to a predetermined Refund Inquiry Unit through IDRS. The case is controlled to an employee number beginning with 099.
- (5) Both automated system traces proceed through the normal check trace dispositions, "3911TORDCC" and "01" and will end as a Disposition 11 (cashed check) or 32 (outstanding). Treat all other disposition codes like any other case.
- (6) On joint returns, CC CHKCL is not input on either system. ICCE automatically mails a Letter 129C, Refund Inquiry; Form 3911 Required, and Form 3911 to the taxpayer. IRFOF allows the taxpayer to print the Form 3911 on-line. IRFOF provides the mailing address and fax number of the predetermined Accounts Management campus to mail the Form 3911. Married Filing Joint taxpayers must complete and jointly sign the Form 3911 and return it to the IRS before a refund trace can be initiated by the Refund Inquiry examiner.

21.4.2.4.16.1
(10-01-2015)
**ICCE Refund Trace
Reports**

- (1) Two types of reports are generated by ICCE. They are:
 - Refund Trace CC CHKCL Report
 - Management Action Report Refund Trace CC CHKCL Request
- (2) The **Refund Trace CC CHKCL Report** indicates the trace input was successful or that a Form 3911, Taxpayer Statement Regarding Refund, was sent to

the caller. Upon receipt of this report, the Refund Inquiry Unit may need to take the following action for inventory control.

- a. Research IDRS for open control cases. If there is an open control, contact the controlling employee or the employee's manager.
- b. Only one check trace control must remain open, chances are the most recent control can be closed.

- (3) Take appropriate action to begin the refund trace process. Input CC CHKCL when the signed Form 3911 is received.

Note: Both signatures are required on a Form 3911 when filing status is Married Filing Joint.

- (4) The ICCE report **Management Action Report Refund Trace CC CHKCL Request** indicates the trace did not take and the Refund Inquiry Unit employees need to follow-up:

- a. Review the tax module and take appropriate action to complete the trace. If there is not enough information to reinput CC CHKCL, send Letter 129C, Refund Inquiry; Form 3911 Required, with a Form 3911 to the taxpayer.
- b. If the taxpayer's telephone number is available, you may call the taxpayer for additional information.

21.4.2.4.17
(10-01-2019)
**Treasury Check
Information System
(TCIS)**

- (1) The system was developed by the Bureau of the Fiscal Service (BFS) to enhance the check-claim process. The system provides on-line access to the status of both electronic funds transfer and check payments and access to digital images of cashed checks. TCIS provides information on Treasury checks for 7 years after the date of issue and six years for EFT deposits. At most campuses, access to the TCIS system is limited to the Refund Inquiry Units, the Taxpayer Advocate Service, and Criminal Investigation.
- (2) TCIS will allow the capability of initiating a request for a copy of a check within 7 years of issuance, or a refund claim no later than the 15th day of the 14th month from the refund date, if you have the appropriate access.
- (3) TCIS will house FS Form 150.1 information or allow you to initiate a claim on a direct deposit refund issued within 6 years.

Exhibit 21.4.2-1 (05-07-2024)**Command Code (CC) CHKCL Input**

(1) Accounts Management employees are required to use the Missing Refund (CHKCL) IAT tool, see IRM 21.2.2-2, Accounts Management Mandated IAT Tools. See *IAT CHKCL Tool Job Aid* for IAT input guidance and *CC CHKCL* for field descriptions.

(2) Assistors are authorized to input CC CHKCL based on an oral statement authority (OSA) from the taxpayer if **all** the following conditions are met:

Note: If the taxpayer does not meet oral statement criteria, advise the taxpayer that Form 3911, Taxpayer Statement Regarding Refund, is available through the internet on IRS.gov. See IRM 21.3.6.4.2, Other Methods of Obtaining Forms and Publications. If the taxpayer cannot obtain the form online, advise the taxpayer you can mail or fax them a form. Use of the IAT Missing Refund (CHKCL) tool is mandatory when sending the Form 3911 to the taxpayer. Be sure to verify the taxpayer's mailing address. If taxpayer has moved since filing their return and their current address is not on record (CC ENMOD), **DO NOT UPDATE ADDRESS ON CC ENMOD**. Advise the taxpayer to file Form 3911. See IRM 21.4.2.4 (5), Refund Trace Actions, for fax options.

- a. The IMF paper check was scheduled for mail out **four weeks** prior to taxpayer's contact (**nine weeks** for a foreign address) or their direct deposit was issued at least five calendar days prior to contact. Use the table below to determine the IMF paper check mail out date or the direct deposit date. Input immediately if taxpayer says the check was received but lost, stolen, or destroyed.

Refund issued as	Determine date issued
IMF paper check	For current year and all prior year IMF returns, the issue/mailling date is found on CC IMFOLT on the line below the TC 846 as "RFND-PAY-DATE", and on CC TXMOD on the line below the TC 846 as "RFND-PYMT-DT>".
IMF direct deposit	For all current and prior year IMF returns, the deposit date is found on CC IMFOLT on the line below the TC 846 as "RFND-PAY-DATE", and on CC TXMOD on the line below the TC 846 as "RFND-PYMT-DT>".
Accelerated Cycle as a check prior to January 1, 2012	See dates in Item (11) listed below.

- b. **The systemic refund (TC 846) paper refund date must be 12 months or less from current date, direct deposit refund must be 6 years or less from current date.**
- c. Valid TIN.

Note: If the return has been resequenced, CC CHKCL must be entered on the original TIN the refund was issued on.

- d. Tax return filed can be an individual or business tax return.
- e. Taxpayer resides at the address currently on record (CC ENMOD). If taxpayer resides at a different address, **DO NOT** change the address unless the taxpayer meets oral statement criteria for an address change. See IRM 21.1.3.20.1, IMF and BMF Oral Statement Address Changes, for guidance. If you **can** update the address per oral statement, input CC CHKCL using the new address to begin the refund trace. If the taxpayer does not meet oral statement criteria, **DO NOT** input CC CHKCL. Advise the taxpayer you are mailing them a Form 3911, Taxpayer Statement Regarding Refund, to complete and sign, or advise the taxpayer that Form 3911 is available through the internet on www.irs.gov. See IRM 21.3.6.4.2, Other Methods of Obtaining Forms and Publications. Advise the

Exhibit 21.4.2-1 (Cont. 1) (05-07-2024)**Command Code (CC) CHKCL Input**

taxpayer they can either mail or fax their form back to the IRS and provide the address, and fax number of the IRS campus Refund Inquiry function associated to the taxpayer's state of residency. Advise the taxpayer they will be contacted by the Refund Inquiry Unit within 6 weeks for a paper refund check, or 120 days for a direct deposit refund, from the date the Form 3911 is received. For fax numbers and addresses, see *Refund Inquiry Unit Addresses*, located on SERP under the Who/Where tab. Use of the IAT Missing Refund (CHKCL) tool is mandatory when sending the Form 3911 to the taxpayer. When speaking to the taxpayer or their authorized representative, advise the taxpayer they must sign the Form 3911. If joint return, both taxpayers must sign. If surviving spouse, advise the taxpayer to add **Surviving Spouse** on the decedent's signature line. See IRM 21.6.6.2. 21.2 (1), Processing Decedent Account Refunds, for Form 1310 requirements.

Note: Form 3911 can be used as written documentation to change a taxpayer's address. Upon receipt of Form 3911, update the address and input CC CHKCL. However, if the refund check was returned undelivered by the Postal Service, do not input CC CHKCL. See IRM 21.4.3.5.3, Undeliverable Refund Checks.

- f. Not a manual refund (TC 840), see (3) below for instruction.
- g. Not a mixed entity account.
- h. Not a full TOP offset matching the TC 846 amount. If TC 898 matches the TC 846, this is a full TOP offset. See IRM 21.4.6.5.1, Taxpayer Inquiries on TOP Offset, procedures.
- i. No TC 740, TC 841 or TC 843 matching the TC 846 in question. If freeze codes are present, follow freeze release procedures.
- j. No TC 971 AC 011 (indicates previous trace) posted after the TC 846 date.

Note: If TC 971 AC 011 is present, see IRM 21.4.2.4.4, Responding to Taxpayer's Subsequent Inquiries.

(3) If the refund was issued as a manual refund (TC 840), OSA can't be accepted. **DO NOT** input **CC CHKCL**. Advise the taxpayer that Form 3911, and Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, or court documents are required in order to trace the missing refund and re-issue the refund if returned. Advise the taxpayer that Form 3911, Taxpayer Statement Regarding Refund, is available through the internet on IRS.gov. See IRM 21.3.6.4.2, Other Methods of Obtaining Forms and Publications. If the taxpayer cannot obtain the form online, advise the taxpayer you can mail or fax them a form. Use of the IAT Missing Refund (CHKCL) tool is mandatory when sending the Form 3911 to the taxpayer. Be sure to verify the taxpayer's mailing address. If taxpayer has moved since filing their return and their current address is not on record (CC ENMOD), **DO NOT UPDATE ADDRESS ON CC ENMOD**. See IRM 21.4.2.4 (5), Refund Trace Actions, for fax options.

(4) After determining taxpayer meets oral statement criteria or a completed Form 3911 has been received, follow the CC CHKCL procedures to start the refund trace (recertification) process.

(5) Access CC TXMOD for the period in question.

(6) Open a control base as follows. This base must be created prior to CC CHKCL input:

- a. CC ACTON
C#, CHKCLINPUT,B,3911
*, the IRS received date

(7) See Exhibit 2.4.23-3, CC CHKCL Input Example, for additional information on CC CHKCL. Below is information regarding the input screen.

- a. Overlay CC TXMOD with CC CHKCL, the response will be CC CHKCL.
- b. Line 1 is generated from CC TXMOD.

Exhibit 21.4.2-1 (Cont. 2) (05-07-2024)**Command Code (CC) CHKCL Input**

- c. Line 2–5 Enter taxpayer's name on Line 2 (Name Line 1). Use the additional name lines for any in-care-of or other information. If the check copy and/or claim form are to be sent to the IRS employee instead of the taxpayer, input Internal Revenue Service on Name Line 2.
- d. Line 6–7 Enter taxpayer's current address or the address where the claim form/check copy are to be sent if the check is paid.

Note: Input of a name or address different from that on CC ENMOD will not update the master file Entity.

- e. Line 8 Check Number (used by Refund Inquiry Unit **ONLY**.)
- f. Line 9 Overlay T with the type of non-receipt code:
 C = Request for certified photocopy check (no P freeze set).
 D = Destroyed, unendorsed check (no P freeze set).
 E = Lost stolen or destroyed endorsed check (no P freeze set).
 F = Non-entitlement (Used by Refund Inquiry Unit only) (no P freeze set).
 H = Unendorsed check freeze cancellation credit (P- Freeze set).
 J = Non-receipt of substitute check (Used by Refund Inquiry Unit only).
 L = Lost, unendorsed check (no P freeze set).
 N = Non-receipt of refund (no P freeze set).
 P = Request for regular photocopy of check (no P freeze set).
 S = Stolen, unendorsed check (no P freeze set).
 X = Endorsed check freeze cancellation credit (P- Freeze set).
- g. Line 9 Refund schedule number (RSN) = YYYYJJJSCTLLLL. On refunds issued in 2003 and later, input the refund schedule number shown on CC TXMOD as "RSN" below the TC 846. On CC IMFOLT the RSN is located to the right of the TC 846. Be sure to **modify** input using the campus number with which you are affiliated.
 YYYY = (1-4 position) Cycle **YEAR** of the refund TC 846. **NOT the TAX PERIOD**.
 JJJ = (5-7 position) Julian date refund is issued.
 SC = (8-9 position) Modify by inputting your affiliated service center.
 T = (10th position) File type "1" for IMF/CADE/CADE 2; "0" for BMF; "3" for CADE (obsolete as of January 1, 2012); "4" for IRAF; "5" for other; "6" for Non-Master File.
 LLLL = (11-14 position) Alpha characters; Four blanks for paper refunds; "Z" followed by three blanks for direct deposit; "I" followed by three blanks for International; "ZI" followed by two blanks for International direct deposit.
- h. Line 9 Enter "Y" Generate TC 971 this generates a TC 971 AC 011. Only the Refund Inquiry Unit can use "N" for this entry.
- i. Line 10 MMYYYY
 MMYYYY=Issue date of refund input. Input actual date of the refund
MM= month; **YYYY** = year.
 IMF paper refund check and direct deposit refund dates are found on CC IMFOLT on the line below the TC 846 as "RFND-PAY-DATE", and on CC TXMOD on the line below the TC 846 as "RFND-PYMT-DT>".
 BMF check date - Add 1 calendar day to the TC 846 date.
 BMF direct deposit date - Subtract 6 calendar days from the TC 846 date.
 Accelerated cycle check date, see dates in items 11 below.
- j. Line 10 Type of Payment code (P)
 I = IMF
 B = BMF
 D = IDRS (CC RFUND)
 M = Manual refund
- k. Line 10 Sequence number of input from 001–999.
- l. Line 10 DO = leave blank.

Exhibit 21.4.2-1 (Cont. 3) (05-07-2024)**Command Code (CC) CHKCL Input**

- m. Lines 11, 13, and 15 Overlay the dollar signs with the full TC 846 or TC 840 amount of the refund you are tracing, even if a TOP partial offset has reduced the refund amount. If a TC 898 matches the TC 846 or TC 840, DO NOT input CC CHKCL.
- n. Lines 11, 13, and 15 split refund indicator (SRI) = Indicates the type of split refund. Values are:
 - 0 - Not a split refund.
 - 1 through 3 - Enter the SRI related to the TC 846 shown on account for the refund you are tracing.

(8) Using the Missing Refund (CHKCL) IAT tool will automatically reassign the control base to the Refund Inquiry (RI) Team serving your site. If CC CHKCL must be input manually, reassign the control base to the Refund Inquiry Unit located at the Accounts Management Center serving your site. An open control base must remain **open** pending the trace process, which can take up to 120 days for direct deposits and 6 weeks for paper checks. Use the control numbers listed below for processing the case:

Note: Paper refund trace inquiries (e.g., Form 3911, correspondence, etc.) should be worked where received unless the exception in IRM 21.4.2.4, Refund Trace Actions, applies. Toll free refund cases generated by Denver and Oakland will be reassigned to Kansas City RI, and Cleveland and Indianapolis will be reassigned to Memphis RI. Puerto Rico cases should be reassigned to Brookhaven, and Jacksonville to Atlanta until further notice.

Overlay CC TXMOD with:

CC ACTON (new line)

C01 (new line)

Reassign Refund Inquiry Unit number

Andover = 0836088888

Atlanta = 0735300044

Austin = 0636099058

Brookhaven = 0136033333

Cincinnati = 0235300000

Kansas City = 0935903000

Fresno = 1036000005

Memphis = 0336000000

Ogden = 0436400005

Philadelphia = 0536022222

Reminder: If after inputting CC CHKCL you determine it was done in error, per IRM 2.4.23.2 (5), General Overview for Command Code CHKCL/CHKCLR, CC TERUPC can only be done on the same day of input.

(9) Advise taxpayer:

Exhibit 21.4.2-1 (Cont. 4) (05-07-2024)
Command Code (CC) CHKCL Input

If	Then
Their check was not cashed	They will receive a replacement check in approximately 6 weeks (9 weeks if the TP has a foreign address).
Their refund was a direct deposit	After the trace is input, the Bureau of the Fiscal Service (BFS) will contact the banking institution to inquire about their refund status. It can take up to 120 days for a response to be received.
Their check was cashed	They will receive a claim package within 6 weeks (9 weeks if the TP has a foreign address) to complete and return to BFS in order to pursue their claim.
They do not wish to pursue their claim	No further action is required. They may keep the claim package with a copy of their check for their records.

Exception: A replacement check will not be issued for the first, second, or third round of Economic Impact Payments. Instead, advise the taxpayer will need to claim the Recovery Rebate Credit on their 2020/2021 tax return as appropriate, if eligible. See IRM 21.6.3.4.2.14, Recovery Rebate Credit, for more information.

(10) Category Codes Associated with Command Code (CC) CHKCL

Category Codes	Definition	How Updated	When Updated	Overaged
3911	Oral statement/or correspondence received regarding refund.	CC ACTON	Case controlled or condition identified.	30 days from received date.
RCTF	CC CHKCL input for check or direct deposit claim.	Computer generated.	When CC CHKCL input.	30 days from action date.
RFCK	CC CHKCL input for Photocopy.	Computer generated.	When CC CHKCL input.	30 days from action date.
RFIQ	Correspondence received regarding refund.	CC ACTON	When case controlled	45 days from received date

(11) CADE/CADE 2 refunds are processed daily and do not fall into accelerated cycles. To determine the correct issue date when inputting CC CHKCL for paper refunds that were issued during an accelerated refund cycle, see *Document 6209*, for cycle charts.

Note: No refund intercepts (i.e., CC NOREF) are allowed during accelerated refund cycles.

Exhibit 21.4.2-2 (06-11-2024)**Disposition Code Chart - Refund Inquiry Employee Actions**

The disposition code is located in the Activity Field of the IDRS Control History. The disposition code is displayed as the first 2 digits of the Activity Code followed by the date the Bureau of the Fiscal Service (BFS) provided the Disposition in YYYYMMDD format (i.e., 0120190325 = Disposition 01 provided by BFS on March 25, 2019).

Note: Additional category code information can be found in, Exhibit 21.4.2-6, Category Codes.

Note: Additional Disposition Code 11 information can be found in IRM 21.4.2.4.4.1, Subsequent Inquiries, With Status Codes, Without Prior Forgery Determination (CSR's and Refund Inquiry Unit), and Exhibit 21.4.2-5, Disposition and Status Codes - Additional Action Time Frames.

Reminder: In the follow up actions outlined below for IMF cases, except where noted, close cases with a TC 290 .00, use Blocking Series **05** and a source document. A source document is defined as a paper Form 3911, Taxpayer Statement Regarding Refund, and/or taxpayer correspondence. A source document is not required for refund trace cases initiated via phone calls, or online through the Where's My Refund application.

Note: If External Lead indicators are present, close your control with an activity code of **BKLD-PRES**. See IRM 25.25.8-2, External Lead Involvement Indicators, for more information.

Exhibit 21.4.2-2 (Cont. 1) (06-11-2024)

Disposition Code Chart - Refund Inquiry Employee Actions

Disposition Status Code ☆ (Asterisk equals blank)	Category Code	Definition	Follow Up Action
01	ACKN	Claim processed by RFC to Treasury Check Information System (TCIS).	1. Wait 30 days for second status. 2. No reply, resubmit CC CHKCL.
03	OOPS	Rejected (Failed preliminary validity checks.)	1. Pull case. 2. Resubmit CC CHKCL.
04	OOPS	<ol style="list-style-type: none"> Previously processed as Available Check Cancellation (ACC), Refund credit returned by RFC, through the Electronic Funds Transfer (EFT) from the bank, Refund check intercepted, Undeliverable TC 740. See IRM 21.4.3.5.3, Undeliverable Refund Checks. If the refund credit has already generated a subsequent TC 846 in the same month. don't input CC CHKCL as the refund trace will default to the first TC 846. See IRM 21.4.1.4.3, Multiple Refunds Issued From the Same Module in the Same Cycle. 	(1 - 4) Take action to release credit, if necessary. Place any case documentation in classified waste when actions are complete. 5) Initiate the refund trace through the Treasury Check Information System (TCIS).
05	OOPS	Check previously mailed (within 5 days).	Close case and place any case documentation in classified waste when actions are complete.

Exhibit 21.4.2-2 (Cont. 2) (06-11-2024)

Disposition Code Chart - Refund Inquiry Employee Actions

Disposition Status Code ☆ (Asterisk equals blank)	Category Code	Definition	Follow Up Action
06	OOPS	Previous CC CHKCL.	Check TCIS for previous claim. Send Letter 129C, Refund Inquiry; Form 3911 Required or Letter 206C, Refund Inquiry; Copy of Check Requested, Check Being Traced (FS Form 1133), as appropriate, to the taxpayer. Include check number and date along with the toll-free telephone number for the Bureau of the Fiscal Service (BFS). Place any case documentation in classified waste when actions are complete.
07	OOPS	No payment issued or unprocessable claim.	<ol style="list-style-type: none"> 1. Pull Case. 2. Conduct additional research (i.e., different TIN.) 3. Resubmit CC CHKCL. <p>Note: If input of additional CC CHKCL does not yield results, initiate the refund trace through the Treasury Check Information System (TCIS).</p> <p>Note: Do not reinput trace for EIP pre-paid debit cards.</p>

Exhibit 21.4.2-2 (Cont. 3) (06-11-2024)

Disposition Code Chart - Refund Inquiry Employee Actions

Disposition Status Code ☆ (Asterisk equals blank)	Category Code	Definition	Follow Up Action
08	OOPS	Second trace input on DD.	<p>Monitor case for 30 days.</p> <ul style="list-style-type: none"> BFS will automatically follow up with the financial institution until the issue is resolved. BFS will load an electronic copy of the FS Form 150.1 to TCIS when it is received from the financial institution. If after 30 days, there is no FS Form 150.1 posted on TCIS, send the taxpayer a Letter 86C, Referring Taxpayer Inquiry/Forms to Another Office, to notify them you are transferring the case to BFS for resolution. In your letter, advise the taxpayer: <ul style="list-style-type: none"> a. The BFS toll-free assistance center phone number is 855-868-0151. b. They should select option 1, then option 1. c. The call center can be reached between the hours of 6:00 a.m. and 6:00 p.m. ET Monday - Friday. d. English and Spanish speaking assistance is available. Close case. See reminder above. If the FS Form 150.1 is loaded to TCIS, update the case control to "DDPD" and follow status 09 instructions. If a Form 4442/e-4442, Inquiry Referral, is received, research case and take appropriate action.

Exhibit 21.4.2-2 (Cont. 4) (06-11-2024)

Disposition Code Chart - Refund Inquiry Employee Actions

Disposition Status Code ☆ (Asterisk equals blank)	Category Code	Definition	Follow Up Action
09	DDPD	<ol style="list-style-type: none"> 1. RFC has contacted bank via FS Form 150.1 to trace refund. 2. Bank to send a copy to RFC. 3. RFC will load an electronic copy of the FS Form 150.1 to TCIS. 	<ol style="list-style-type: none"> 1. Research TCIS. If FS Form 150.1 is located, verify routing transit number, account code (either C for checking or S for savings), bank account number on CC IMFOBT. 2. If the information doesn't match, follow IRM 21.4.1.5.7.5, Non-Receipt of Direct Deposited Refunds- "Refund Inquiry Employees". 3. If the information does match, send appropriate letter to the taxpayer. Note: The FS Form 150.1 contains possible Personally Identifiable Information (PII) and cannot be sent to the taxpayer. 4. Close case. See reminder above. 5. If it has been at least 90 days, and no FS Form 150.1 copy is available on TCIS, reinput CC CHKCL. Refer to Status 08 above. 6. If FS Form 150.1 does not resolve taxpayer's issue, continue processing, if necessary. Exception: If account contains history item of DEPFOUND, then case control may be closed without further action.
10	OOPS	Invalid Stop Reason Code	<ol style="list-style-type: none"> 1. Pull Case. 2. Resubmit CC CHKCL.
2☆	OOPS	Amount difference	<ol style="list-style-type: none"> 1. Pull Case. 2. Resubmit CC CHKCL.

Exhibit 21.4.2-2 (Cont. 5) (06-11-2024)

Disposition Code Chart - Refund Inquiry Employee Actions

Disposition Status Code ☆ (Asterisk equals blank)	Category Code	Definition	Follow Up Action
3☆	OOPS	Claim submitted too early for RFC to process	1. Pull Case. 2. Resubmit CC CHKCL.
4☆	OOPS	Duplicate tape claims submitted.	1. Wait for update. 2. No reply in 30 days , resubmit CC CHKCL.
5☆	OOPS	Invalid Direct Deposit information submitted.	1. Pull Case. 2. Resubmit CC CHKCL.
7☆	ACKN	Photocopy request processed by RFC to TCIS.	1. Wait for 2nd status. 2. No reply in 30 days , research TCIS for copy. If not on TCIS, resubmit CC CHKCL.
9☆	PAID	Direct Deposit trace input with non-receipt Code "P" no FS Form 150.1 will generate.	Reinput trace with non-receipt Code "N" no limited payability on Direct Deposit. (Electronic File Transfer processed).
11	PAID or 3858	Paid -Photocopy and claim mailed to taxpayer.	BFS has sent claim package (FS Form 1133) to the taxpayer. Refund Inquiry Unit will send Letter 206C to taxpayer, including check information and using appropriate paragraph. Close case. See reminder above.
14	PAID	1. Paid - Photocopy to follow, or 2. CC CHKCL input after an uncashed check has expired and the credit returned to the IRS.	1. Monitor for receipt. a. Upon receipt continue processing. See IRM 21.4.2.4, Refund Trace Actions. b. If copy not received in 30 days, research TCIS for a copy or reinput CC CHKCL. 2. Research for TC 740 and release freeze if necessary. 3. Close case. See reminder above.

Exhibit 21.4.2-2 (Cont. 6) (06-11-2024)

Disposition Code Chart - Refund Inquiry Employee Actions

Disposition Status Code ☆ (Asterisk equals blank)	Category Code	Definition	Follow Up Action
14	PAID	1. Paid - Photocopy to follow, or 2. CC CHKCL input after an uncashed check has expired and the credit returned to the IRS.	If no photocopy within 30 days : a. IDRS shows certified photocopy previously received, update Activity Code to reflect proper status of case, or b. IDRS shows no indication that certified photocopy received, contact BFS.
15	PAID	Paid - Certified photocopy to follow.	Monitor for receipt of certified photocopy. a. Upon receipt continue processing. See IRM 21.4.2.4.15.2, Request for Administrative Photocopy. b. If no photocopy within 30 days and IDRS shows photocopy previously received, update activity code to reflect proper status of case. c. If IDRS shows no indication that certified photocopy received, contact BFS.
17	PAID	Paid - Endorsed, photo/claim to follow.	Monitor. If no photocopy in 30 days , contact BFS.

Exhibit 21.4.2-2 (Cont. 7) (06-11-2024)

Disposition Code Chart - Refund Inquiry Employee Actions

Disposition Status Code ☆ (Asterisk equals blank)	Category Code	Definition	Follow Up Action
18	PAID	Paid - Claim submitted after the Limited Payability cutoff date.	<p>If Form 3911 is available, research TCIS for a check copy.</p> <ul style="list-style-type: none"> • If check is available on the TCIS system, provide the taxpayer with a copy and close case. See reminder above. • Input a TC 971 AC 011 on CC TXMOD using the date you secure the check. You must also include the money amount of the check in the FREEZE-RELEASE-AMT field. • If not found, process as a Limited Payability (LP) Trace, reinputting the CC CHKCL with non-receipt Code P. <p>If no Form 3911 is present, correspond with the taxpayer.</p>
20	OOPS	Payment declined due to alteration of check. Photocopy and claim to follow.	Monitor if no photocopy in 30 days , follow up, contact BFS.
22	OOPS	Insufficient agency information.	<ol style="list-style-type: none"> 1. Pull case. 2. Resubmit CC CHKCL. 3. Use appropriate Stop Reason Code.
27	OOPS	Previously processed as Limited Payability Check Cancellation and refund credit (TC 740) was returned by the RFC.	Take action to release credit, if necessary. Place case documents in classified waste when case is closed.
31		Check Outstanding. RFC will issue recertified check.	Monitor for TC 841.
32	ST32	Outstanding check cancelled credit will be returned to the IRS.	Monitor for TC 841.
33	OOPS	Outstanding - No Photocopy.	Send Letter 1219C, Refund Inquiry; (Joint F3911) Requires Certification: Form 1040.

Exhibit 21.4.2-2 (Cont. 8) (06-11-2024)

Disposition Code Chart - Refund Inquiry Employee Actions

Disposition Status Code ☆ (Asterisk equals blank)	Category Code	Definition	Follow Up Action
53	OOPS	Reject - Duplicate Stop	Contact BFS Check Information Section at 855-868-0151, Option 1.
65	ACKN	Refund associated with TOP Offset.	1. Wait 30 days for second status. 2. No reply, resubmit CC CHKCL.
71	OOPS	TOP Offset refund in full.	See IRM 21.4.6.5.1, Taxpayer Inquiries on TOP Offset
72	OOPS	TOP Offset partial refund.	See IRM 21.4.6.5.1, Taxpayer Inquiries on TOP Offset
90	OOPS	TCIS/PACER disconnect error.	Contact BFS to reset the interface indicator.

Exhibit 21.4.2-3 (06-11-2024)**Reason for Cancellation Codes and Generated Account Information**

The "Reason for Cancellation Code" associated with TC 740, TC 841 and TC 843 credits determines what block and serial number will be used to post the credit back on the account and determines whether a freeze will be set on the module.

Note: Direct deposit reject reason codes can be found in IRM 21.4.1.5.8.1, Direct Deposit Reject Reason Codes.

Note: Reason for Cancellation Code will appear as **RC** on SF 1098, Schedule of Canceled Checks. See IRM 3.17.79.10.1, Treasury Checks Returned to the Submission Processing Center and Regional Financial Center, for an example of the form.

Code	Description	T/C	Block and Serial Number
01	Intercepted checks, P-Freeze set.	841	55555
02	Undeliverable checks, S- Freeze set.	740	99999
03	Returned checks, P-Freeze set (Other than Intercepted or Undeliverable).	841	99999
03	Returned checks, P-Freeze set, Altered check	841	77715
08	Unavailable check cancellation credit (Credit returned on outstanding check due to a check claim). (CHKCL/STATUS-32) "P-" Freeze set.	841	88899
09	Unavailable check cancellation credit (Credit returned on outstanding check because of check claim).	841	88888
09	Reclamation	841	88000
09	Payment Over Cancellation (POC).	843	55111
40	Limited Payability (LP) expired check credit, S-freeze set (1992 only).	740	666XX
40	Limited Payability (LP) expired check credit.	740	66666

Exhibit 21.4.2-4 (04-25-2023)**Stop Reason Codes Conversion Guide**

(1) The Integrated Data Retrieval System (IDRS) Command Code (CC) CHKCL programming converts most types of non-receipt Codes input on the IDRS terminal into different Stop Reason Codes used by the Bureau of the Fiscal Service (BFS) for their processing. The only code not converted is "D", which BFS uses to designate all the IRS claims other than recertified checks.

Note: Non-receipt Code "F" should **not** be input on CC CHKCL, if non-receipt code "F" is required, input trace via TCIS directly.

Input CC CHKCL	Conditions	Generated at BFS	Resulting Action
" C "	1. No indication of non-receipt, loss, theft, or other indication of claim being filed. 2. Ordinary photocopy will not satisfy requirements of requestor.	" L "	Used mostly by Criminal Investigation Division (CID) and some taxpayers for spousal disputes in court. Certified copy of paid refund check.
" D "	Claim on destroyed check unendorsed.	" D "	No P- Freeze set.
" E "	Taxpayer received and endorsed check, then it was lost, stolen, or destroyed.	" D "	No P- Freeze set.
" H "	Non-receipt, destroyed, lost, or stolen and unendorsed. No automatic reissuance of refund.	" D "	P- Freeze Set.
" L "	Taxpayer received and lost check without endorsing it.	" D "	No P- Freeze set.
" N "	Taxpayer did not receive check.	" D "	No P- Freeze set.
" N "	Taxpayer did not receive direct deposit	" B "	No P- Freeze set.
" P "	Photocopy of check needed for administrative purposes or to resolve taxpayer conflicts or Limited Payability (LP).	" K "	Photocopy of check only.
" S "	Taxpayer received check and it was stolen without being endorsed by the taxpayer.	" D "	No P- Freeze set
" X "	Endorsed check; no automatic reissuance of refund.	" D "	P- Freeze Set.

Exhibit 21.4.2-5 (06-11-2024)**Disposition and Status Codes — Additional Action Time Frames**

(1) The disposition code is located in the Activity Field of the Integrated Data Retrieval System (IDRS) Control History. The disposition code is displayed as the first 2 digits of the Activity Code followed by the date the Bureau of the Fiscal Service provided the Disposition in YYYYMMDD format, referred to in the chart below as the disposition date (i.e., 0120190325 = Disposition 01 provided by BFS on March 25, 2019).

Note: Additional Disposition Code 11 information can be found in IRM 21.4.2.4.4.1, Subsequent Inquiries, With Status Codes, Without Prior Forgery Determination (CSR's and Refund Inquiry Unit), and Exhibit 21.4.2-2, Disposition Code Chart - Refund Inquiry Employee Actions.

Note: When sending Form 4442/e-4442, Inquiry Referral, per the chart below: Select **Referral Type:** "IRM", **IRM Category:** "Refund", **Sub-category:** "Disposition and Status Codes" and **Reason:** "Other or Complex Issue/Training Specialization".

Send referral to the Refund Inquiry Unit which controls the case, or to your affiliated Refund Inquiry (RI) unit if there is no current control base. Puerto Rico will use the Brookhaven Campus RI unit as their affiliated RI unit for IMF cases and Cincinnati Campus RI unit for BMF cases.

Reminder: Prior to sending a referral to any Refund Inquiry Unit, probe the taxpayer to determine if they have received a letter with instructions to follow. If the taxpayer has received a letter regarding the refund they are calling about, encourage the taxpayer to follow the direction given in the letter received.

Code	Definition	Actions and Time Frames
01	Regional Finance Center (RFC) has requested the status of check from the Financial Processing Division.	If there is no indication the check was cashed and no action after 28 days from the disposition 01 date , send Form 4442/e-4442, Inquiry Referral, to the Refund Inquiry campus with the open control. If no open control, send to your local Refund Inquiry function.
04	Claim was previously processed as an available check cancellation. Check was sent but returned as undeliverable or cancelled.	Taxpayer should receive check within six weeks (nine weeks for a foreign address).
07	Unprocessable claim.	If no other action indicated in the Integrated Data Retrieval System (IDRS) Control History section: a. Send Form 4442/e-4442 to the Refund Inquiry campus with the open control. If no open control, send to your local Refund Inquiry function. b. Advise the taxpayer they will be contacted within 30 days .

Exhibit 21.4.2-5 (Cont. 1) (06-11-2024)

Disposition and Status Codes — Additional Action Time Frames

Code	Definition	Actions and Time Frames
08	For Direct Deposit Refunds - No response from the Direct Deposit designated financial institution. The subsequent CC CHKCL input generates an FS Form 150.1 to the bank.	<ol style="list-style-type: none"> 1. If it has been more than 30 days from the disposition 08 date and the taxpayer has not received a letter advising of the information found on FS Form 150.1 and TC 841 is not present send Form 4442/e-4442 to the Refund Inquiry campus with the open control. If no open control, send to your local Refund Inquiry function. 2. If the taxpayer has not received a letter advising of the information found on FS Form 150.1 and a Transaction Code (TC) 841 is posted, advise taxpayer of refund reissue or other disposition of credit.
09	<p>For Direct Deposit Refunds - The RFC contacts the financial institution via FS Form 150.1 to trace the refund. Copies of the results are sent to RFC. RFC will load an electronic copy of the FS Form 150.1 to TCIS.</p> <p>Note: The FS Form 150.1 contains possible Personally Identifiable Information (PII) and cannot be sent to the taxpayer.</p>	<ol style="list-style-type: none"> 1. If no TC 841 is present, and it has been more than 90 days from the disposition 09 date the trace was initiated, send Form 4442/e-4442 to the Refund Inquiry campus with the open control. If no open control, send to your local Refund Inquiry function. Note: If the caller states the bank returned their refund to the IRS, check for External Lead indicators IRM 25.25.8-2, External Lead Involvement Indicators. If found, follow procedures in IRM 25.25.8.7, Responding to Taxpayer Inquiries. If Refund Inquiry has an open control, send Form 4442/e-4442 to advise of the bank lead involvement and for the control to be closed. 2. If it has not been at least 90 days, advise the taxpayer to call back after this time frame has elapsed. 3. If TC 841 is posted, advise taxpayer of refund reissue or other disposition of credit.

Exhibit 21.4.2-5 (Cont. 2) (06-11-2024)

Disposition and Status Codes — Additional Action Time Frames

Code	Definition	Actions and Time Frames
11	Check has been cashed. The taxpayer must contact the BFS Check Claims Branch at the toll-free number 855-868-0151 (press option 1, then option 1 again) between the hours of 6:00 a.m. and 6:00 p.m. ET Monday - Friday (English and Spanish speaking assistance is available on the Check Claims toll free number). The TP needs to inquire about the status of the FS Form 1133, after it has been returned to the Bureau of Check Claims.	<p>Provide the taxpayer with the entire check number, including both check symbol (first four digits) and serial number (last eight digits), and refund date, all of which are available on CC IMFOL#.</p> <ul style="list-style-type: none"> • Taxpayer will receive a copy of the cancelled check and FS Form 1133 within 30 days of the disposition "11" date. • If it is 31 days or more from the disposition "11" date and the taxpayer has not received a copy of the cancelled check and FS Form 1133 from BFS, advise taxpayer to contact the BFS Check Claims Branch. • If the taxpayer is in receipt of the FS Form 1133, advise them to complete and return the form to BFS along with a copy of the cancelled check. Allow 90 days for processing.
27	Check was previously processed as Limited Payability Check Cancellation. Check was issued but was not cashed within one year from the date of issue. The refund credit (TC 740) was returned by the RFC.	Taxpayer should receive check within six weeks (11 weeks for a foreign address).
32	Check cancelled - new check to be issued.	Taxpayer should receive refund within four weeks (nine weeks for a foreign address).
65	Treasury Offset Program (TOP) offset of refund. The initial disposition code indicates the refund was associated with a "TOP offset". Subsequent disposition codes will follow.	Review the taxpayer's account to determine if refund was offset in full. Follow IRM 21.4.6.5.1, Taxpayer Inquiries on TOP Offset.
71	Full TOP offset.	Follow IRM 21.4.6.5.1, Taxpayer Inquiries on TOP Offset
72	TOP offset - Unavailable Check Cancellation (UCC). This code is passed for non-receipt claims when only the amount of the partial payment issued because of an offset being returned.	The offset is not reversed. Generates a TC 841 and is the equivalent of a "disposition 09" which generates a Document Locator Number (DLN) with Block 88888 . Follow procedures under "disposition 09" Then section (3) above.

Exhibit 21.4.2-6 (02-01-2024)**Category Codes**

The following category codes are associated with the Refund Trace Program:

Note: Additional category code information can be found in Exhibit 21.4.2-2, Disposition Code Chart - Refund Inquiry Employee Actions.

Category	Definition	How Updated	When Updated	Age Criteria
1081	Reclamation Credit received from BFS.	CC ACTON	When 1081 TRACS listing received	Asterisk appears 30 days from action date. <ul style="list-style-type: none"> 1 thru 9 would appear to indicate how many weeks it has aged. When asterisk appears in "HMMM" column, case is overaged.
3858	1. FS Form 1133 and check copy sent to taxpayer or 2. There is no check copy and taxpayer is denied.	CC ACTON	When items are mailed to the taxpayer	Asterisk appears 45 days from action date. <ul style="list-style-type: none"> 1 thru 9 would indicate how many weeks it has aged. When asterisk appears in "HMMM" column, case is overaged.
3859	FS 3859, Claims Disposition Notice, (or computer-generated version) received from BFS in Philadelphia, PA.	CC ACTON	When Disposition Notice received	Asterisk appears 14 days from action date. <ul style="list-style-type: none"> 1 thru 9 would appear to indicate how many weeks it has aged. When asterisk appears in HMMM column, case is overaged.
3911	Form 3911, Taxpayer Statement Regarding Refund, or oral statement received regarding a refund.	CC ACTON	When case controlled	Asterisk appears 30 days from received date. <ul style="list-style-type: none"> 1 thru 9 would appear to indicate how many weeks it has aged. When asterisk appears in "HMMM" column, case is overaged.

Exhibit 21.4.2-6 (Cont. 1) (02-01-2024)

Category Codes

Category	Definition	How Updated	When Updated	Age Criteria
841P	TC 841 posts and sets P- Freeze.	Computer generated	When TC 841 posts	Asterisk appears 14 days from action date. <ul style="list-style-type: none"> 1 thru 9 would appear to indicate how many weeks it has aged. When asterisk appears in "HMMM" column, case is overaged (unless 45 days have not elapsed from the received date of the check).
ACKN	Claim or photocopy request processed by RFC to TCIS by Disposition Code 01 or 2 .	Computer generated	When disposition code is received from RFC	Asterisk appears 30 days from action date. <ul style="list-style-type: none"> 1 thru 9 would appear to indicate how many weeks it has aged. When asterisk appears in "HMMM" column, case is overaged.
DDPD	Direct Deposit verified and FS Form 150.1 to generate at RFC, as indicated by Status 09 .	Computer generated	When Disposition Notice received	Asterisk appears 90 days from action date.
OOPS	CC CHKCL claim, or photocopy request rejected by RFC, as indicated by Reject Disposition Code , corrective action required.	Computer generated	When reject received from RFC	Asterisk appears 14 days from action date. <ul style="list-style-type: none"> 1 thru 9 would appear to indicate how many weeks it has aged. When asterisk appears in "HMMM" column, case is overaged.

Exhibit 21.4.2-6 (Cont. 2) (02-01-2024)
Category Codes

Category	Definition	How Updated	When Updated	Age Criteria
PAID	Check cashed, claims package and/or photocopy to follow, as indicated by Status 11, 14, 15, 16, 17, 18, or 20.	Computer generated	When Disposition Notice received	Asterisk appears 30 days from action date for checks and direct deposits. Note: If case has already been updated to "Category Code 3858" because the claims package came before the "Status 11" etc. and has already been mailed to the taxpayer, the computer will not change the "Category Code PAID". The case will remain in "Category 3858" to reflect the true status of the case.
RCTF	CC CHKCL input for check claim.	Computer generated	CC CHKCL is input	Asterisk appears 30 days from action date. <ul style="list-style-type: none"> 1 thru 9 would appear to indicate how many weeks it has aged. When asterisk appears in "HMMM" column, case is overaged.
RECL	TC 841 to post from Account 6565.	CC ACTON	When case submitted to the Accounting function	Asterisk appears 180 days from action date. <ul style="list-style-type: none"> 1 thru 9 would appear to indicate how many weeks it has aged. When asterisk appears in "HMMM" column, case is overaged.
RFCK	CC CHKCL input for photocopy request (including LP trace).	Computer generated	CC CHKCL is input	Asterisk appears 30 days from action date. <ul style="list-style-type: none"> 1 thru 9 would appear to indicate how many weeks it has aged. When asterisk appears in "HMMM" column, case is overaged.

Exhibit 21.4.2-6 (Cont. 3) (02-01-2024)

Category Codes

Category	Definition	How Updated	When Updated	Age Criteria
RFIQ	Correspondence received regarding a refund.	CC ACTON	When controlled	Asterisk appears 45 days from received date. <ul style="list-style-type: none"> 1 thru 9 would appear to indicate how many weeks it has aged. When asterisk appears in "HMMM" column, case is overaged.
ST32	Check is outstanding.	Computer generated	When Status Code "32" received from RFC	Asterisk appears 45 days from action date. <ul style="list-style-type: none"> 1 thru 9 would appear to indicate how many weeks it has aged. When asterisk appears in "HMMM" column, case is overaged.
TOAD	Completed FS Form 1133 and check copy sent to BFS for adjudication.	CC ACTON	When items are mailed to BFS Philadelphia, PA	Asterisk appears 90 days from action date. <ul style="list-style-type: none"> 1 thru 9 would appear to indicate how many weeks it has aged. When asterisk appears in "HMMM" column, case is overaged.

