



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

21.5.3

SEPTEMBER 17, 2024

EFFECTIVE DATE

(10-01-2024)

PURPOSE

- (1) This transmits a revised IRM 21.5.3, Account Resolution - General Claims Procedures.

MATERIAL CHANGES

- (1) IRM 21.5.3.2 (IPU 23U1031 issued 10-19-2023) - Clarified that an IRS-initiated adjustment is not a claim.
- (2) IRM 21.5.3.2 (IPU 24U0198 issued 02-02-2024) - Clarified claims for refund and requests for abatements.
- (3) IRM 21.5.3.3 (IPU 23U0944 issued 09-08-2023) - Added information regarding Employee Retention Credit (ERC) claim timeframes referrals to IRS.gov.
- (4) IRM 21.5.3.3 (IPU 23U0964 issued 09-19-2023) - Added link to IRM 21.7.2.7.2 regarding phone calls received in reference to the Employee Retention Credit (ERC).
- (5) IRM 21.5.3.3.1 (IPU 23U1141 issued 12-01-2023) - Updated link to IRS Operations page on IRS.gov for information regarding Form 1040-X processing timeframe.
- (6) IRM 21.5.3.3.1 (IPU 24U0198 issued 02-02-2024) - Updated to advise to refer to Where's My Amended Return? for current operational status of Form 1040-X.
- (7) IRM 21.5.3.3.1 (IPU 24U0333 issued 03-04-2024) - Added link for telephone inquiry regarding amended returns.
- (8) IRM 21.5.3.3.1 (IPU 24U0769 issued 06-17-2024) - Removed extended timeframes reminder.
- (9) IRM 21.5.3.3.1 - Updated timeframe to refile missing amended return.
- (10) IRM 21.5.3.4 (IPU 24U0046 issued 01-04-2024) - Included guidance to omit the Amended Claims Date of ERC claims identified by the Strategy Team.
- (11) IRM 21.5.3.4 (IPU 24U0565 issued 04-25-2024) - Updated IRM links for 45 Day Rule.
- (12) IRM 21.5.3.4 (IPU 24U0769 issued 06-17-2024) - Updated amended claims date information for consistency.
- (13) IRM 21.5.3.4 - Updated for clarity.
- (14) IRM 21.5.3.4.1.1 (IPU 23U1031 issued 10-19-2023) - Updated to clarify procedures when disallowing claims.
- (15) IRM 21.5.3.4.1.1 (IPU 24U0198 issued 02-02-2024) - Clarified procedures for issuing Letter 105C/106C for taxpayers whose claims have been denied.
- (16) IRM 21.5.3.4.1.1 (IPU 24U0769 issued 06-17-2024) - Removed Note regarding disallowance.
- (17) IRM 21.5.3.4.3 (IPU 23U1141 issued 12-01-2023) - Added guidance for timely received claims with expired RSED.

- (18) IRM 21.5.3.4.3 (IPU 24U0046 issued 01-04-2024) - Added link for input of the RFSCDT on CC REQ54/ADJ54.
- (19) IRM 21.5.3.4.3 (IPU 24U0769 issued 06-17-2024) - Updated to include IRM link for disallowances.
- (20) IRM 21.5.3.4.6 (IPU 24U0565 issued 04-25-2024) - Updated IRM link title.
- (21) IRM 21.5.3.4.6.1 (IPU 23U1141 issued 12-01-2023) - Added instruction to include complete agency address on certified 105C/106C letters.
- (22) IRM 21.5.3.4.6.1 (IPU 24U0198 issued 02-02-2024) - Clarified claim for refund and request for abatement disallowance procedures; added note regarding BMF reason code usage.
- (23) IRM 21.5.3.4.6.1 (IPU 24U0333 issued 03-04-2024) - Updated to advise CII users to use the “capture” feature to attach a copy of IMFOLR/BMFOLR.
- (24) IRM 21.5.3.4.6.1 (IPU 24U0565 issued 04-25-2024) - Added requirement for campus Director’s signature; use 105C when partially disallowing cases resulting in a balance due or zero balance.
- (25) IRM 21.5.3.4.6.1 (IPU 24U0769 issued 06-17-2024) - Included form number for association of Letter 105C/106C to original return.
- (26) IRM 21.5.3.4.6.1 - Re-ordered paragraphs for clarity.
- (27) IRM 21.5.3.4.6.2 (IPU 23U1031 issued 10-19-2023) - Clarified routing instructions to Appeals.
- (28) IRM 21.5.3.4.6.2 - Updated to clarify that the claim must not have been considered by Appeals.
- (29) IRM 21.5.3.4.6.2 - Added information regarding retention of Form 3210.
- (30) IRM 21.5.3.4.7 (IPU 24U0565 issued 04-25-2024) - Updated instructions for forwarding a claim to Exam, updated IRM for Exam Classification.
- (31) IRM 21.5.3.4.7 - Removed reference to IRM 21.5.3.4.7.2.1, Technical Assistance Request.
- (32) IRM 21.5.3.4.7.1 - Removed duplicated paragraph.
- (33) IRM 21.5.3.4.7.2 (IPU 24U0565 issued 04-25-2024) - Updated title; updated information regarding CAT A classification.
- (34) IRM 21.5.3.4.7.2.1 (IPU 24U0565 issued 04-25-2024) - Updated IRM for Exam Classification.
- (35) IRM 21.5.3.4.7.2.1 - Removed subsection, see IRM 21.5.3-2, Examination Criteria (CAT-A) - General.
- (36) IRM 21.5.3.4.8 (IPU 23U1141 issued 12-01-2023) - Updated information regarding carryback/carryforward.
- (37) IRM 21.5.3.4.8 - Updated Carryback/Carryforward guidance.
- (38) IRM 21.5.3.4.16.7 (IPU 23U1031 issued 10-19-2023) - Added procedures when referring FRP claims.
- (39) IRM 21.5.3.4.16.7 (IPU 24U0769 issued 06-17-2024) - Updated procedures for FRP.
- (40) IRM 21.5.3.4.16.7 - Included guidance for callers who received Letter 3176C, Frivolous Correspondence Response.
- (41) IRM 21.5.3.4.17 (IPU 23U1141 issued 12-01-2023) - Updated link to IRS Operations page on IRS.gov for information regarding 1040-X processing timeframe; added link to instructions on updating the ASED.

- (42) IRM 21.5.3.4.18.1 (IPU 23U1031 issued 10-19-2023) - Added instructions for corrections to the IRN 872.
- (43) IRM 21.5.3.4.18.1 (IPU 23U1141 issued 12-01-2023) - Added instructions to input IRN 872 with a positive amount.
- (44) IRM 21.5.3.4.18.1 (IPU 24U0046 issued 01-04-2024) - Added exception for Carryback Claims.
- (45) IRM 21.5.3.4.18.1 (IPU 24U0565 issued 04-25-2024) - Updated to add caution regarding reject codes on TC 970.
- (46) IRM 21.5.3.4.18.1 (IPU 24U0769 issued 06-17-2024) - Updated instructions for input of IRN 872.
- (47) IRM 21.5.3.4.18.1 (IPU 24U0869 issued 07-25-2024) - Clarified that TC 970 AC 001 must match the MeF amended return.
- (48) IRM 21.5.3.4.18.1 - Added guidance for phone assistors.
- (49) IRM 21.5.3.4.18.2 (IPU 24U0198 issued 02-02-2024) - Included clarifying information for Letter 916C.
- (50) IRM 21.5.3.4.18.2 (IPU 24U0333 issued 03-04-2024) - Included paragraphs for Letter 916C when Letter 5474C was used previously; added timeframe for issuance of Letter 916C.
- (51) IRM 21.5.3.4.18.2 (IPU 24U0565 issued 04-25-2024) - Updated to add requirement for original return authentication.
- (52) IRM 21.5.3.4.18.2 (IPU 24U0769 issued 06-17-2024) - Added instructions for Letter 5071C.
- (53) IRM 21.5.3.4.18.2 (IPU 24U0869 issued 07-25-2024) - Removed instructions for Letter 5071C.
- (54) IRM 21.5.3.4.18.3 - Added guidance regarding withholding that is substantiated by IRP date.
- (55) Exhibit 21.5.3-1 (IPU 24U0769 issued 06-17-2024) - Updated routing instructions if Classification includes a stop number in response.
- (56) Exhibit 21.5.3-2 (IPU 24U0046 issued 01-04-2024) - Included exception to CAT-A criteria for certain ERC cases.
- (57) Exhibit 21.5.3-2 (IPU 24U0333 issued 03-04-2024) - Added exception for KITA/911/Terrorist Attacks; removed Statute criteria.
- (58) Exhibit 21.5.3-2 (IPU 24U0408 issued 03-15-2024) - Rewritten for clarity; removed link to IRM regarding Form 6765, Credit for Increasing Research Activities.
- (59) Exhibit 21.5.3-2 (IPU 24U0769 issued 06-17-2024) - Removed CAT A criteria for excise tax, Form 706, Form 709. Updated for BMF MeF amended returns. Added criteria for IRC 280E Cannabis/Marijuana refund claims.
- (60) Exhibit 21.5.3-2 (IPU 24U0869 issued 07-25-2024) - Added guidance for East Palestine Train Derailment Relief Claims.
- (61) Exhibit 21.5.3-2 - Added IRC/Legal Interpretation criteria; removed DPAD criteria.
- (62) Exhibit 21.5.3-3 (IPU 23U1031 issued 10-19-2023) - Updated Sick Family Leave credit applicable tax years for CAT A criteria.
- (63) Exhibit 21.5.3-3 (IPU 24U0198 issued 02-02-2024) - Included criteria for Clean Vehicle Credit and Elective Payment Elections.

- (64) Exhibit 21.5.3-3 (IPU 24U0333 issued 03-04-2024) - Updated CAT A referral amount for Disabled Access Credit.
- (65) Exhibit 21.5.3-3 (IPU 24U0565 issued 04-25-2024) - Updated CAT A criteria for Elective Payment Elections.
- (66) Exhibit 21.5.3-3 - Updated various credit criteria.
- (67) Various editorial changes were made throughout this IRM, and cross-references were added, removed or revised as appropriate.

EFFECT ON OTHER DOCUMENTS

IRM 21.5.3, General Claims Procedures, dated August 31, 2023 (effective October 2, 2023) is superseded. This IRM includes the following IRM Procedural Updates (IPUs): IPU 23U0944 issued 09-08-2023, IPU 23U0964 issued 09-19-2023, IPU 23U1031 issued 10-19-2023, IPU 23U1141 issued 12-01-2023, IPU 24U0046 issued 01-04-2024, IPU 24U0198 issued 02-02-2024, IPU 24U0333 issued 03-04-2024, IPU 24U0408 issued 03-15-2024, IPU 24U0565 issued 04-25-2024, IPU 24U0769 issued 06-17-2024 and IPU 24U0869 issued 07-25-2024.

AUDIENCE

All IRS organizations - Small Business/Self Employed (SB/SE), Large Business & International (LB&I), Taxpayer Advocate Service (TAS), Tax Exempt and Government Entities (TE/GE) and Taxpayer Services (TS), IRS Independent Office of Appeals, Employee Plans (all employees performing account work).

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21.5.3

General Claims Procedures

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21.5.3.1
(10-01-2021)
Program Scope and Objectives

- (1) **Purpose:** This IRM contains the guidelines for identifying claims and the processing steps necessary to complete the case and the required taxpayer notification. Claims are usually filed on Form 1040-X, Amended U.S. Individual Income Tax Return, Form 1120-X, Amended U.S. Corporation Income Tax Return, Form 843, Claim for Refund and Request for Abatement, Form 8849, Claim for Refund of Excise Taxes, or one of the Form 94XX series returns, but may be made in an informal written inquiry. Accounts Management (AM) expedites the resolution of all disaster claims. Claims include:

- Claims for Credit
- Claims for Refund
- Requests for Abatement

Note: When working a Form 843 submitted for Form 1042-S, see IRM 21.8.1.12.14.1, Claims for Tax Withheld at Source, and/or IRM 21.8.2.12.2.2, Claims for Tax Withheld at Source.

- (2) **Audience:** The primary users of this IRM are all 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:** Policy and Procedures (PPI) is the program owner of this IRM.
- (5) **Primary Stakeholders:** The primary stakeholders are organizations that AM collaborates with; for example, Return Integrity & Compliance Services (RICS), Compliance 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 concerning general claims
 - Efficiency in resolving general claims
 - Continuous assessment for program vulnerabilities and opportunities for improvement
 - Effective communication with customers

The *Accounts Management Program Letter* provides additional information regarding these and additional program goals.

21.5.3.1.1
(09-07-2017)
Background

- (1) Employees in the AM organization respond to phone calls as well as process amended returns, claims, duplicate filed returns, loose forms, correspondence, etc., and address all other internal adjustment requests.

21.5.3.1.2
(10-01-2019)
Authority

- (1) Refer to IRM 1.2.1.13, Policy Statements for Customer Account Services Activities, for information.
- (2) 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 <https://www.irs.gov/taxpayer-bill-of-rights>.

21.5.3.1.3
(10-01-2021)
Responsibilities

- (1) The Chief, Taxpayer Services oversees all policy related to this IRM which is published annually.
- (2) The Accounts Management Director 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 general claims procedures.
- (5) Employees resolve general claims procedure requests following procedures in this IRM.

21.5.3.1.4
(10-01-2021)
Program Controls

- (1) **Program Reports:** The program reports provided in this IRM are for identification purposes for the AM Contact Representatives (CRs) and Tax Examiners (TEs). For reports concerning quality, inventory aged listing, refer to IRM 1.4.16, Accounts Management Guide for Managers. Aged listings can also be viewed by accessing Control Data Analysis, Project PCD, on the Control-D/ Web Access server, which has a login program control.
- (2) **Program Effectiveness:** Program Effectiveness is measured and controlled through:
 - a. Managerial reviews
 - b. Quality reviews
- (3) **Program Controls:** Goals, measures and operating guidelines are listed in the yearly Program Letter. Quality data and guidelines for measurement are 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.

21.5.3.1.5
(10-01-2021)
Acronyms

- (1) See the table below for a list of acronyms commonly used in this IRM. For a comprehensive listing of any IRS acronyms, refer to the *Acronym Database*.

Acronym	Definition
AC	Action Code
AMS	Account Management Services
CII	Correspondence Imaging Inventory
CFOL	Corporate Files on Line
CR	Contact Representative
DLN	Document Locator Number
ICT	Image Control Team
MeF	Modernized e-File

Acronym	Definition
RICS	Return Integrity and Compliance Services
RPD	Return Processable Date
RRD	Return, Request, Display Application
TE	Tax Examiner
TPI	Taxpayer Initiated Inquiry
TPP	Taxpayer Protection Program
TS	Taxpayer Services

21.5.3.1.6
(10-01-2021)
Related Resources

- (1) Related resources for this IRM include (list is not all inclusive):
- *Taxpayer Services - Accounts Management*
 - *Servicewide Electronic Research Project (SERP)*
 - *IRS.gov*
 - Publication 17, Your Federal Income Tax
 - Applicable sections of IRM 21, Customer Account Services (refer to the table of contents for a list of available sections)
 - IRM 20.1, Penalty Handbook
 - Internal Revenue Code (IRC)
 - *Correspondex Letters*

21.5.3.2
(02-02-2024)
What Are Claims for Credit, Refund, and Abatement?

- (1) A claim is a request for refund, or a request for an adjustment of tax paid or credit not previously reported or allowed. This includes protective claims and requests for abatement of interest/penalty.
- Formal claims are generally submitted on the appropriate income tax return, such as
 - Form 1040, U.S. Individual Income Tax Return, or
 - Form 1040-X, Amended U.S. Individual Income Tax Return, or on Form 843, Claim For Refund and Request for Abatement.
 - An informal claim is a claim that is submitted in a manner other than on the standard forms requesting changes to obtain the correct and accurate reflection of a tax liability or tax credit. Under limited circumstances, informal claims can also include oral statements made by the taxpayer if the IRS has documented those statements in writing.
- (2) **Claim for refund:**
- Can be an amended return or written request that decreases tax, decreases a penalty, and/or increases a credit where all or a portion of the prior tax and disputed penalty assessments have been paid, and a refund is requested.
 - Must involve overpayments. A claim for refund may relate to any item of income, loss, exclusion, deduction or credit involving a specific amount

of tax and/or penalties. To request a refund or credit of an overpayment, a taxpayer must file a valid claim for refund prior to the Refund Statute Expiration Date (RSED).

(3) **Abatement request:**

- Can be an amended return or other written request that decreases tax, decreases a penalty, and/or increases a credit claimed on the return and results in the reduction of the module balance.
- Taxpayers who have an unpaid module balance, but believe their assessed liability exceeds the correct amount, can file an amended return or other request for abatement. A request for abatement results in an accounting decrease in an assessed tax and/or penalty liability that remained unpaid.

Caution: If a request for abatement is filed and the module balance becomes partially or fully paid at a later date, continue to treat it as a request for abatement unless a new, timely claim for refund is filed.

(4) The Internal Revenue Code (IRC) does not provide a specific right for a taxpayer to file a claim for abatement. However, IRC 6404(a) authorizes IRS to abate the unpaid portion of any assessment which is:

- Excessive in amount,
- Assessed after the expiration of the applicable limitations period, or
- Erroneously or illegally assessed.

Exception: Specific rules apply to requests for interest abatement. See IRC 6404(e), Treas. Reg 301.6404-2, and IRM 21.5.2.4.10.1, Ministerial/Managerial Interest Abatement, for additional information on a request for interest abatement.

(5) **Claims do not include:**

- Requests for adjustments that increase the balance on an account, such as tax increases or credit decreases. See IRM 21.5.3.4.1, Tax Increase or Credit Decrease Processing, for additional information.
- Requests to correct math errors. Refer to IRM 21.5.4.5.3, Processing Responses to Math Error Notices, for information on resolving math error replies.
- IRS-initiated adjustments.
- Tentative refunds on Form 1045, Application for Tentative Refund, and Form 1139, Corporation Application for Tentative Refund, are not claims for refund and do not have appeal rights. See IRM 21.5.9.5.16.4, Carryback Application with Exam Criteria.

(6) Form 8379, Injured Spouse Allocation, is not a separate claim, but instead is the avenue used by the non-debtor spouse to provide additional information regarding their share of the overpayment shown on a jointly filed original tax return, Form 1040, U.S. Individual Income Tax Return, or a jointly filed amended return, Form 1040-X, Amended U.S. Individual Income Tax Return. There is no separate statutory deadline by which to request the allocation of separate interests in a joint refund. The request must either be made with a timely claim or, if submitted separately, be made within the IRC 6511 period applicable for that year (generally 3 years from the due date of the original return (including extensions) or within 2 years from the date the tax was paid,

whichever is later, but note that there are numerous exceptions which extend the IRC 6511 period). See IRM 21.4.6.5.8.10, Time Period for Submitting Form 8379, for additional details.

21.5.3.3
(09-19-2023)
**General Claims
Research**

- (1) There is no independent section on research. Research steps are provided in the specific processing procedures. Also, refer to IRM 21.5.3.4, General Claims Procedures, for additional research information.
- (2) Taxpayers have the right to quality service, which means they have the right to receive prompt, courteous, and professional assistance in their dealings with the IRS. For this reason, refer taxpayers to the Taxpayer Advocate Service (TAS) by submitting Form 911 Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance Order), or e911 when you cannot resolve the taxpayer's issue the same day and case meets TAS criteria as outlined in IRM 13.1.7, Taxpayer Advocate Service (TAS) Case Criteria. The definition of "same day" is within 24 hours. "Same day" cases include cases you can completely resolve in 24 hours, as well as cases in which you have taken steps within 24 hours to begin resolving the taxpayer's issue. Do not refer "same day" 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. When referring cases to TAS, use Form 911 (or Form e911), Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance Order), and forward to TAS.
- (3) It is important that all IRS employees handle potential TAS cases with the taxpayer's best interest in mind. Provide the Taxpayer Advocate Service (TAS) toll-free number, 877-777-4778 or TTY/TDD 800-829-4059, to the taxpayer and advise the taxpayer that TAS is available if they are not satisfied with the service received. For additional information, refer to IRM 21.1.3.18, Taxpayer Advocate Service (TAS) Guidelines.
- (4) If you receive a call regarding a Form 94XX claiming the Employee Retention Credit (ERC), see paragraph (5) in IRM 21.7.2.7.2, Employee Retention Credit (ERC).

21.5.3.3.1
(10-01-2024)
**Locating Amended
Returns (Form 1040-X)**

- (1) Submission Processing (SP) controls amended returns (Form 1040-X, Amended U.S. Individual Income Tax Return) on IDRS. Employees answering questions on the status of the taxpayer's amended return are able to provide receipt confirmation or adjustment status within 5-7 days of receipt of the form. This enables the employee to see the taxpayer's amended return on IDRS.

Reminder: Follow IRM 21.4.1.4, Refund Inquiry Response Procedures, and IRM 21.5.6.4.2, -A Freeze, for answering Form 1040-X status inquiries. Processing time frames for amended returns is up to 16 weeks from the received date. Refer to the *Where's My Amended Return?* page on IRS.gov.

Exception: If the taxpayer filed their amended return more than 16 weeks prior to the date of the inquiry and there is no indication of receipt, apologize for the delay and advise the taxpayer to refile the amended return.

Note: Taxpayers have the option to electronically amend current tax year and two prior year Form 1040 and Form 1040-SR returns that were originally e-filed through the Modernized e-File Return (MeF) application. The CII cases cre-

ated by Account Management Services (AMS) are automatically segmented between SP and AM. The amended return documentation is reviewed via the MeF Return Request Display (RRD) application. Employees can identify which return on RRD contains the amended return documentation by locating the document with a literal "A" in the DLN column. Refer to IRM 21.2.1.22, Modernized e-file (MeF/TRDB), and IRM 21.2.2.4.4.9, Modernized e-File Return Request Display (RRD), for additional information.

- (2) SP controls the Form 1040-X to a specific group's IDRS number until the case is adjusted or routed by the SP Tax Examiner. See IRM 3.11.6.3, Controlling CII Cases on the Correspondence Imaging Inventory (CII) System, for specific group IDRS numbers and non-referral information. SP inputs a Transaction Code (TC) 971 and Action Code (AC) 120 as part of the process.

Note: The definition of the action code 120 reads: "Amended return/claim in Submission Processing." Advise the taxpayer to send in a newly signed copy of their Form 1040-X with evidence of original filing of the form, if no additional actions have been taken following a TC 971 AC 120, and it has been more than 16 weeks since the date of the TC 971 AC 120.

Note: A TC 971 AC 120 and TC 971 AC 010 is automatically input when an electronic amended return is accepted, and AMS has created a case. Cases assigned to SP can be identified by Control Base Category Codes **MEFP** and **MEFS**.

Exception: Balance due returns generally post in cycle 22. Allow an additional 3 cycles, from the posting of the TC 150, for the amended return to be processed. If the additional time has elapsed, send a Form 4442 to Submission Processing to expedite the processing of the amended return.

- (3) If the SP Tax Examiner (TE) routes the Form 1040-X to another function, the SP TE enters TC 971 with the appropriate AC (e.g., 971(012) - forwarded to Collections, 971(013) - forwarded to Examination, 971(015) - forwarded to Underreporter/AUR). SP closes the open control using category code MISC.
- (4) If the Form 1040-X is missing forms, schedules, signature or other information, the Form 1040-X is returned to the taxpayer with the appropriate "C" letter or Form 8009-A, We Need More Information to Process Your Amended Return. The account reflects a TC 971 and AC 270. The date of the AC 270 is the date the action occurred returning the Form 1040-X. If three weeks have passed from the date of the AC 270 and the taxpayer has not received the rejected form, inform the taxpayer to refile the completed amended return. A completed Form 1040-X must include all schedules, forms and signature. SP does not have access to AMS or the Correspondence Imaging Inventory (CII) and does not have the capability of leaving a case note.
- (5) The activity field in the IDRS control base contains pertinent information on the status (e.g., SP batch information).
- (6) On cases meeting AM criteria, SP routes the Form 1040-X to the Image Control Team (ICT) for scanning into CII. A TC 971 AC 010 is automatically added by CII when the IDRS control is established.

Note: The definition of the action code 010 reads: 010 Amended return/claim in Accounts Management. Advise the taxpayer to send in a newly signed copy of their amended return if no additional actions have been taken following a TC 971 AC 010, Form 1040-X received by AM, and no open control, no image on CII and it has been more than 16 weeks since the date of the TC 971 AC 120.

Note: Note: A TC 971 AC 120 and TC 971 AC 010 is automatically input when an electronic amended return is accepted, and AMS has created a case. Cases assigned to AM can be identified by Control Base Category Codes **MEFA** (1040-X MeF), **MEFC** (Carryback 1040-X MeF), **MEFI** (International 1040-X MeF) and **MEFR** (International Carryback 1040-X MeF).

- (7) The "Where's My Amended Return" (WMAR) application provides automated online and toll-free telephone services. Advise the taxpayer that the best way to get the most current information about their amended return for the current tax year and up to three prior tax years is by using the "Where's My Amended Return?" (WMAR) application. Access is available online from the home page on IRS.gov. If the taxpayer does not have access to the internet, WMAR can be accessed by telephone at 866-464-2050 (must use a touch-tone phone). Access is fast, accurate, and available 24 hours a day, 7 days a week from any computer with internet access, and the information provided is specific to each taxpayer who uses the tool. By entering their SSN/ITIN, Date of Birth and Zip Code into the WMAR application, the taxpayer can find out the status of their Form 1040-X Amended Return(s). WMAR is designed to track the status of amended returns as they are processed. This provides the taxpayer with a consistent message and reduces the number of amended return status calls. IDRS transaction codes (TC) (e.g., 971/AC XXX, 29X, 846) are used to update WMAR messages.
- (8) WMAR does NOT provide the status of Form 843 Claims, carryback claims (which are filed on a Form 1040-X), an original Form 1040 marked as amended and worked as a CP 36, and amended returns with a foreign address.

21.5.3.4
(10-01-2024)
**General Claims
Procedures**

- (1) This subsection discusses general claims procedures. Always begin by following the procedures for disclosure in IRM 21.1.3, Operational Guidelines Overview.
- (2) The general sequence you follow is:
- Apply rules for disclosure. See IRM 11.3.1, Introduction to Disclosure.
 - Determine if the claim is allowable.
 - Determine if the claim is complete and processable.
 - Determine if special handling or referral to another function is required. Information regarding referrals to other areas can be found in the appropriate issue specific IRMs.

Note: To determine if a claim is received timely, see IRM 25.6.1.6.15, When a Document Is Treated As Filed Under the IRC.

- (3) When a claim is submitted, determine if it is complete. Ensure all the following requirements are met before a claim or amended return is considered complete:

- a. Filed on a permitted form or in an informal written inquiry that includes everything necessary to input a correct adjustment.
- b. Contains sufficient required information to permit the mathematical verification of the amount shown on the claim.
- c. Contains the name, address, and Taxpayer Identification Number (TIN) of the taxpayer and is signed by the taxpayer (if a joint return, both taxpayers) or authorized representative under penalties of perjury (also known as the jurat).

Reminder: Do not attempt to secure the return or request additional information from the taxpayer if enough specific information is available with the claim or with the various Integrated Data Retrieval System (IDRS) command codes.

Reminder: Refer to IRM 21.5.1.5.6, Incomplete CII Claims, for additional information regarding CII claims that are incomplete.

(4) Once the claim is determined to be complete and processable, determine if:

- a. Statute date is still open.

Exception: Taxpayers may still be entitled to a refund on some claims for abatement/refund filed after the normal Refund Statute Expiration Date (RSED). Refer to IRM 25.6.1.10.3.1.2, Submission of Additional Information Necessary to Make a Determination on the Claim After the RSED, for additional information.

- b. There are any freezes on the tax account.

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- c. Examination involvement is evident, such as a -L freeze (Transaction Code 420/424), etc.

Note: For additional Examination information, see Exhibit 21.5.3-1, Claim Processing with Examination Involvement, Exhibit 21.5.3-2, Examination Criteria (CAT-A) – General, and Exhibit 21.5.3-3, Examination Criteria (CAT-A) – Credits.

- d. Taxpayer requests full or partial disallowance.
- e. It is a disaster claim. (AM expedites resolution of all claims marked as disaster).
- f. It is a protective claim. Refer to IRM 21.5.3.4.7.3.1, Processing Protective Claims.
- g. It is a Competent Authority Case. Refer to IRM 21.5.3.4.9, Competent Authority Cases.
- h. A Tax Treaty is involved. Refer to IRM 21.5.3.4.9.1, Refund Claims Under U.S. Tax Treaty Provisions and Special Rules for Canadian Registered Retirement Savings Plans (RRSP) and Registered Retirement Income Fund (RRIF).
- i. The return was prepared under IRC 6020(b).

- j. Taxpayer previously filed an Offer in Compromise that was accepted by IRS. An accepted offer can be identified by a TC 780 with a corresponding TC 604 on each tax module accepted in the offer. If a TC 780 is identified for the tax period listed on the Form 1040-X claim it cannot be considered because the debt was already settled under IRC 7122 when the offer was accepted. Follow the procedures in IRM 21.5.3.4.6.3, No Consideration Procedures.
- (5) Route Third-Party Claims to the appropriate insolvency function. It is IRS's position that third parties not liable for the underlying tax may not file a refund action, see Rev. Rul. 2005-50. However, remedies may be available under IRC 6325(b) and IRC 7426. Third parties may allege:
 - a. a payment of another's taxes because the IRS improperly maintained a lien against the third-party's property, or
 - b. the taxes were paid under protest, or under compulsion of law, or with notice that the third-party intends to sue to test the validity of the collection, or
 - c. any reference to Williams or United States v. Williams, 514 U.S. 527 (1995) or IRC 6325(b)/IRC 7426(a).
 - (6) Route Exempt Organization (EO) claims resulting in a refund to the Ogden Campus Examination function for Audit Information Management System (AIMS) input. See IRM 21.7.7, Exempt Organizations and Tax Exempt Bonds, for instructions.
 - (7) When a return was prepared under IRC 6020(b), work the case if it involves a duplicate filing condition on a Business Master File (BMF) account. If the case involves an Individual Master File (IMF) account, the case may be worked in AM, Examination, or Compliance Services Collection Operations (CSCO). Refer to IRM 21.5.3.4.10, Returns Prepared Under IRC Section 6020(b) - Substitute for Return (SFR), for more specific information.
 - (8) A Form 8379, Injured Spouse Allocation, is filed by the non-debtor spouse to claim their portion of a tax refund. The refund was (or is expected to be) applied to offset a past-due obligation of the debtor spouse, such as a premarital Federal tax debt, State income tax debt, or a non-tax debt such as one due to another Federal agency, child support, or unemployment compensation. Refer to IRM 21.4.6.5.2, Injured Spouse Inquiries, for complete information concerning Injured Spouse procedures.
 - (9) Suspend numbered returns (returns with a Document Locator Number) while awaiting the taxpayer's reply to a request for additional information when the return is not complete or processable. If the information was previously requested, and the taxpayer did not reply, DO NOT request the information again.

Example: Missing information can include forms, schedules, signatures, etc.

- (10) Master File (MF) uses the amended claims date field, "AMD-CLMS-DT" to apply the Omnibus Budget Reconciliation Act of 1993 (OBRA) 45 Day Rule. See IRM 21.5.1.4.2.4, Received Date – Determination, to determine the received date of an amended return or claim.
- (11) Unless specifically excluded by separate IRM instructions, input the amended claims date on the CC ADJ54 screen for **all** overpayment adjustments resulting

from a claim or amended return, regardless of whether the 45-day period is met and regardless of whether the adjustment results in an underpayment, overpayment, or zero balance. See IRM 20.2.4.8.3.2.1, Amended Claims Date Processing, for additional information on the amended claims date.

Note: Generally, a completed CP 09, Earned Income Credit-You May Be Entitled to EIC, CP 08, You May Qualify for a Refund From the Additional Child Tax Credit (ACTC), or CP 27, EIC Potential for T/P Without Qualifying Children, is deemed an IRS-initiated adjustment and does not require the input of an amended claims date.

Exception: Claims do not include requests to correct math errors or other IRS-initiated adjustments. An overpayment adjustment to a tax module involving either a math error or IRS initiated adjustment and a non-math error or IRS initiated adjustment requires the input of two separate adjustments. Refer to IRM 20.2.4.7.5.5, 45-Day Rule and IRS Initiated Adjustments, and IRM 21.5.4.5.3, Processing Responses to Math Error Notices, for additional information.

Exception: Do Not use an amended claims date when adjusting cases identified with the notation "Identified by the ERC Strategy Team."

- (12) When an overpayment results from a claim or amended return and the refund is issued within 45 days of the later of the received date or processable date of the claim or amended return, no interest is allowed from the received date of the claim or amended return to the refund schedule date. Interest is allowed from the credit availability date to the received date of the processable claim or amended return (less the applicable back-off period for computer-generated/systemic refunds). Refer to IRM 20.2.4.8.3.2, 45-Day Rule and Amended Returns and Claims, OBRA 1993, for additional information.

Caution: Interest on an overpayment may be computed from **other than** its availability date when the original tax return was filed late (IRC 6611(b)(3)) or in unprocessable form (IRC 6611(g)). See IRM 20.2.4.5, Delinquent Returns, and IRM 20.2.4.6, Unprocessable Returns.

Exception: Public Law 111–147 (HIRE Act), added IRC 6611(e)(4) to increase the interest-free processing period from 45 days to 180 days on any overpayment resulting from tax deducted and withheld under Chapter 3 (withholding of tax on non-resident aliens and foreign corporations) or Chapter 4 (taxes to enforce reporting on certain foreign accounts) of the Internal Revenue Code. Refer to IRC 6611(e)(4) and IRM 20.2.4.8.4, 180-Day Rule, for additional information.

- (13) When an overpayment results from a claim or amended return and the refund is not issued within 45 days of the later of the received date or processable date of the claim or amended return, interest is allowed from the credit availability date to the refund schedule date (less the applicable back off period for computer-generated/systemic refunds). Refer to IRM 20.2.4.7.5.4, 45-Day Rule and Master File (Amended Returns and Claims), for additional information.

Caution: Interest on an overpayment may be computed from **other than** its availability date when the original tax return was filed late (IRC 6611(b)(3)) or

in unprocessable form (IRC 6611(g)). See IRM 20.2.4.5, Delinquent Returns, and IRM 20.2.4.6, Unprocessable Returns.

- (14) For additional information related to interest free periods related to Net Operating Loss carrybacks, including guidance in figuring the 45-day interest free period, refer to IRM 21.5.9.5.7, Carryback Interest. Refer to the *Carryback 45-Day Interest-Free Charts* to review a current carryback interest-free chart.
- (15) If an amended return is filed changing income and one of the Premium Tax Credit data elements, as shown in IRM 21.6.3.4.2.12.7, Premium Tax Credit (PTC) - Adjusting the Account, are on the module, see IRM 21.6.3.4.2.12.6, Premium Tax Credit Amended Returns.
- (16) If an amended return is filed with Form 8857, Request for Innocent Spouse Relief, do not forward the case to Innocent Spouse (IS). Work the case following normal procedures (inputting adjustment). If a TC 971 AC 065 is not present on the account, fax Form 4442 to the Innocent Spouse function stating TC 971 AC 065 is required due to receipt of Form 8857 available on CII.

21.5.3.4.1
(06-30-2023)
**Tax Increase or Credit
Decrease Processing**

- (1) If the amended return requests a tax increase or credit decrease and:
 - a. It is within 90 days (from today) of the Assessment Statute Expiration Date (ASED) or the ASED has expired, forward it to the Statute function. For additional information, see IRM 25.6.1.5, Basic Guide for Processing Cases With Statute of Limitations Issues.
 - b. It is more than 90 days (from today) remain on the ASED, input tax increases or credit decreases upon receipt of an amended return even without all required elements (forms, schedules, signature, etc.).

Note: If the amended return reflects a tax increase **and** a credit increase, refer to IRM 21.5.3.4.1.1, Tax Increase and Credit Increase Processing.
 - c. It is an IRC 965 case, if the account has more than 90 days (from today) remaining on the ASED, reassign the case to the applicable IRC 965 (IMF or BMF) Centralized Distribution Numbers (CDS), per the *SERP - AM Site Specialization Temporary Holding Numbers - Who/Where*. If the ASED has expired or is within 90 days (from today), forward the case to the Statute function. For additional information on how to identify cases with IRC 965 involvement, refer to IRM 21.5.13, IRC 965 Transition Tax Procedures – Accounts Management.
 - d. If the adjustment to the module, other than an employment tax module, is going to result in a deficiency **AND** there is a posted TC 830 or TC 836 present, **AND** there is a posted TC 150 on the subsequent year, the starting date for computing interest on the deficiency may need to be altered pursuant to Rev. Rul. 99-40. Refer to IRM 20.2.5.7.2, Revenue Ruling 99-40 and Credit Elects (May/Sequa), and IRM 21.5.3.4.14, May Department Store and Sequa Underpayment Interest Issue, for additional information. To ensure Rev. Rul. 99-40 is considered, contact your site's interest coordinator, based on the table below, via Enterprise Electronic Facsimile (EEFAX), for a determination **PRIOR TO** inputting the tax increase and/or credit decrease. Within the EEFAX, complete and attach a *Complex Interest Assistance Request Form* detailing the adjustment and be sure to include the CII case ID number and the literal "Rev. Rul. 99-40" in the subject line of the EEFAX. Monitor the case, **take no further**

actions until you receive guidance from the Interest Specialist via secured e-mail, and then attach the returned Complex Interest Assistance Request Form to your CII case and proceed with the necessary adjustment.

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- (2) If more than 90 days (from today) remain on the ASED and the amended return requests a net zero change (TC 290 for .00), input the adjustment even without all required elements. Advise the taxpayer of the action taken.

Note: If the amended return reflects a tax increase **and** a credit increase, refer to IRM 21.5.3.4.1.1, Tax Increase and Credit Increase Processing.

- (3) Call or write the taxpayer requesting any missing information using the appropriate letter, such as the Letter 178C, Amended (Unnumbered) Return Incomplete for Processing, or Letter 324C, Amended (Numbered) Return Incomplete for Processing: Form 1040-X, 1120-X. Close the case after issuing the necessary correspondence.
- (4) If/When the taxpayer responds, the response is treated as a new case. Review the response to ensure no further adjustments are necessary. If no additional changes are needed, associate the response with the previous adjustment document. Advise the taxpayer of the action taken.

Note: Taxpayer responses that are scanned into CII do not have to be associated with the previous adjustment document, but are linked to the CII case that resulted in the previous adjustment.

21.5.3.4.1.1
(06-17-2024)
**Tax Increase and Credit
Increase Processing**

- (1) If an amended return showing a tax increase and credit increase is received without all necessary information, process using the chart below:

Note: If the statute of limitations is imminent, follow the procedures in IRM 25.6.1.5, Basic Guide for Processing Cases With Statute of Limitations Issues.

If ...	And ...	Then ...
1 The amount of the tax increase exceeds the amount of the credit increase (e.g., account balance will increase),	The return is missing information (such as signatures), and all supporting documentation for the credit(s) is available,	<div>1. Input the adjustment.</div> <div>2. Call or write the taxpayer requesting any missing information.</div> <div>3. Close the case.</div> <div>Note: When the taxpayer responds, associate the missing information with the amended return.</div>

If ...	And ...	Then ...
2 The amount of the tax increase exceeds the amount of the credit increase (e.g., account balance will increase) OR the amount of the credit exceeds the amount of tax increase (e.g., adjustment results in an overpayment)	The required supporting documentation for the credit(s) is not available,	<ol style="list-style-type: none"> 1. Call or write the taxpayer requesting any missing information. 2. When corresponding in writing, suspend the case for 40 days (70 days for overseas taxpayers). 3. If no information is received, input the tax increase only. Do not allow the credit increase. <p>Note: Follow math error procedures, or disallowance procedures as appropriate, when inputting the tax increase. Refer to IRM 21.5.4.5, Math Error Procedures Processing.</p> <ol style="list-style-type: none"> 4. Correspond with the taxpayer explaining the difference in the adjustment using the appropriate letter. See <i>AM Frequently Used IMF Letters</i>.
3 The amount of the credit increase exceeds the amount of the tax increase (e.g., adjustment results in a refund)	The return is missing information (such as signatures), and all required supporting documentation for the credit(s) is available,	<ol style="list-style-type: none"> 1. Call or write the taxpayer requesting any missing information. 2. When corresponding in writing, suspend the case for 40 days (70 days for overseas taxpayers). 3. If no information is received, input the tax and credit increase. 4. Use hold code 4 to freeze the overpayment. 5. Inform the taxpayer that the adjustment was made and the refund is being held pending receipt of the missing information. 6. When the taxpayer replies, associate the missing information with the amended return and release the refund.

Reminder: Command Code IRPTR is considered substantiation for federal income tax withheld.

Caution: If the adjustment results in a deficiency AND there is a posted TC 830 or TC 836 present, refer to paragraph “d” within IRM 21.5.3.4.1, Tax Increase or Credit Decrease Processing, before proceeding.

21.5.3.4.2
(06-01-2023)
Tax Decrease or Credit Increase Processing

- (1) Reject incomplete claims or amended returns requesting tax decreases or credit increases, except as outlined in (2) below. Refer to IRM 21.5.1.5.6, Incomplete CII Claims, for additional information on processing incomplete CII claims.

Note: See IRM 21.5.3.4.3, Tax Decrease and Statute Consideration, for tax decreases or credit increases on statute year claims.

- (2) If the amended return is reporting a tax decrease or credit increase comprised of additional income and additional deductions, but does not include the necessary schedules/documentation for the deductions, process the claim as a potential tax increase as follows:

- a. Correspond with the taxpayer for any missing information.
- b. Suspend the case for 40 days (70 days for overseas taxpayers).
- c. If no reply, compute the adjustment for the additional income and input any applicable tax increase.

Note: The tax increase can only be input if math error procedures apply. If math error procedures do not apply, do not input the tax increase without allowing the additional deductions.

- d. Do not allow the deductions shown on the amended return. Follow math error procedures as outlined in IRM 21.5.4.5, Math Error Procedures Processing.
- e. Correspond with the taxpayer explaining the difference in the adjustment.

Example: Taxpayer files an amended return reporting \$10,000 of additional income and Schedule A deductions of \$15,000. The amended return is missing the necessary Schedule A. Correspond with the taxpayer for the missing Schedule A. If no reply, adjust the account for the \$10,000 of additional income and increase the tax accordingly. Explain the difference in adjustment to the taxpayer.

- (3) Unnumbered claims or amended returns can be returned to the taxpayer with the request for missing information.

Caution: Take extreme care to ensure that only the material relative to the taxpayer(s) to which the correspondence is addressed is enclosed in the envelope. Refer to IRM 21.3.3.4.24, Breaches of Personally Identifiable Information (PII) Caused by Manual Stuffing Errors, for additional information.

Do not return numbered claims or amended returns.

Note: If using a copy of a numbered return to respond to a taxpayer inquiry, or sending a copy back for any reason, make sure the Document Locator Number (DLN) is not visible.

- (4) When rejecting a claim or amended return:

If not returning the claim to the taxpayer

- Use the appropriate “C” letter or Form 8009-A, We Need More Information To Process Your Amended Return, to request the missing forms, schedules, signatures, or other information. See the table below for additional information regarding missing signatures.
- Request **all** information necessary to complete the claim or amended return.
- Input a TC 290 for .00 to release the “-A” freeze, if applicable.

If returning the claim to the taxpayer

- Use the appropriate “C” letter or Form 8009-A, We Need More Information To Process Your Amended Return, to request the missing forms, schedules, signatures, or other information. See the table below for additional information regarding missing signatures.
- Request **all** information necessary to complete the claim or amended return.
- Circle out the received date on the claim or amended return, if the claim is being returned to the taxpayer.
- Input a TC 971, AC 270. Input the current date for the transaction date (TRANS-DT). It is not necessary to input TC 290 for .00 on an IMF account. Input of the TC 971, AC 270, releases the -A freeze on an IMF account. **BMF accounts still require the input of a TC 290 to release the -A freeze.**

Note: If the original return has not posted, do not return the claim to the taxpayer. Follow the procedures as outlined in IRM 21.6.7.4.2, Amended Return - No Original - CP 29 (Amended Return Posts to an Account With No Original Return Present) and for BMF follow procedures in IRM 21.7.9.4.10, Transcript 190, Amended Return-No Original Posted.

Note: Taxpayers have the option to electronically amend current tax year and two prior year Form 1040 and Form 1040-SR returns that were originally e-filed through the Modernized e-File Return (MeF) application. CII cases created by Account Management Services (AMS) does not contain a digital CII image. If a copy of the amended return is sent back to the taxpayer, you need to print the amended return documentation from the MeF Return Request Display (MeF/RRD) application. Any annotations need to be made using the Adobe Acrobat Pro software, and the updated document is saved as a PDF and attached to the CII case. If the Adobe Acrobat Pro software is not available to you, print the amended return documentation from the MeF/RRD application and have the annotated document associated with your CII case via a CIS association sheet.

(5) Missing signature information is shown in the table below:

Note: If a signature is missing due to extenuating circumstances, see IRM 21.5.3.4.4.1, Special Handling of Signature Requests.

Note: It is unnecessary to correspond for signatures on amended 2019 or later Form 1040 and Form 1040-SR MeF filed tax returns, as they were originally accepted through the E-File system.

If ...	And ...	Then ...
1 The signature is missing from a tax return	You are in telephonic communication with the taxpayer or the taxpayer's authorized representative	A faxed signature is acceptable. Offer the taxpayer the option of providing a faxed jurat.
2 The taxpayer is willing to provide a faxed signature Note: Refer to IRM 21.1.3.9, Mailing and Faxing Tax Account Information, for additional information regarding faxes.		<ol style="list-style-type: none"> 1. Validate that you are speaking to the taxpayer or the taxpayer's authorized representative. Follow the normal disclosure procedures as discussed in IRM 21.1.3.2, General Disclosure Guidelines, and in IRM 21.1.3.3, Third Party (POA/TIA/F706) Authentication. 2. Advise the taxpayer the faxed signature is treated as the taxpayer's signature, and becomes a permanent part of the tax return. 3. Fax a print of the IDRS Letter 12C, selective paragraph "r" (jurat) to the number provided by the taxpayer. Notate on the Letter 12C print, the form number, tax period, taxpayer's name from the return or claim, and the TIN. 4. Give the taxpayer your fax number
3 The taxpayer signs and returns the jurat		Attach/associate the faxed jurat statement to the claim or amended return.

21.5.3.4.3
(06-17-2024)

**Tax Decrease and
Statute Consideration**

- (1) Take care when processing statute year claims to prevent erroneous abatements and to prevent the generation of RSED-STAT transcripts. Details regarding the 2 and 3-year time frames for submitting a claim are referenced in IRM 25.6.1.10.3.3.2, Limitations on the Amount of a Claim.

Note: For IRC 965 cases reporting a tax decrease on a statute year, reassign the cases to the applicable IRC 965 (IMF or BMF) IDRS holding number, per the *AM Site Specialization Temporary Holding Numbers*. For additional information on how to identify cases with IRC 965 involvement, refer to IRM 21.5.13, IRC Transition Tax Procedures – Accounts Management.

- (2) Refer to IRM 25.6.1.10.3.1, Claims for Credit or Refund - Processing Directions, for claims or amended returns received after the RSED has expired. Special handling is required for any refund claims (tax decreases or credit increases) received for the tax years 2016 and 2017, where the period of limitation to file claims for credit or refunds were extended.

Note: Per Notice 2023-21, more taxpayers are eligible for credit or refund if they file an amended income tax return for 2019 and 2020. Due to the postponed due dates of July 15, 2020 for 2019 income tax returns, and May 17, 2021 for 2020 income tax returns, taxpayers have three years from the date they filed their original return to claim a credit or refund if their original return was filed by the postponed due dates. See IRM 25.6.1.10.3.3(3), Claims for Credit or Refund – General Time Period for Submitting a Claim.

Note: See IRM 3.11.6.16.1(9), Processing Statute Cases, for more information regarding input of the RFSCDT on CC ADJ54.

- (3) If additional information is necessary to process a tax decrease/no tax change claim or amended return; and the Refund Statute Expiration Date (RSED) on the account expires within 180 days from today or has expired, but was received prior to the RSED, follow the steps below:
 - a. Call or correspond with the taxpayer and enclose a blank copy of the missing form or schedule.
 - b. Advise the taxpayer that a response is needed within 30 days (60 days for overseas taxpayers).
 - c. Suspend the case for 40 days (70 days for overseas taxpayers).
- (4) If the taxpayer submits the information after the RSED but within 45 days (75 days for overseas taxpayers) of the IRS request, then allow the claim as referenced in IRM 25.6.1.10.3.1.2, Submission of Additional Information Necessary to Make a Determination on the Claim After the RSED.
- (5) If there is no reply or the request for additional information is not received by the requested response date and the **RSED has expired**, disallow the claim. See IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures.
 - a. Send Letter 105C, include appeal rights and the right to file suit.
 - b. Input TC 290 for .00, blocking series 98 or 99, as appropriate and the applicable reason code.

Note: Use blocking series 99 with CC TRPRT or CC IMFOLR/BMFOLR print attached if the original return was filed electronically. Do not use blocking series 98.

- (6) If there is no reply and the **RSED is not expired**, follow the “No Consideration” procedures as outlined in IRM 21.5.3.4.6.3, No Consideration Procedures.

21.5.3.4.4
(06-01-2023)
**Signature Requirements
for Claims**

- (1) The taxpayer must sign the claim or amended return requesting an adjustment; or include a valid Power of Attorney (POA) pursuant to Treas. Reg. 1.6012-1(a)(5) or Treas. Reg. 301.6402-2(e). An electronically signed, printed or stamped signature on a paper-filed individual amended return is **not** acceptable. A hand-printed (not typed) signature is acceptable. Both spouses must sign if the adjustment relates to a joint return. See IRM 21.5.3.4.4.1, Special Handling of Signature Requests, for exceptions. Refer to the table in IRM 21.5.3.4.2, Tax Decrease or Credit Increase Processing, for acceptance of faxed signatures.
- (2) Signature requirements for penalty abatements are referenced in IRM 20.1, Penalty Handbook.

- (3) Attempt to obtain the signature when an amended return or inquiry requesting a tax increase or a net zero change is received without one. These are not treated as claims. Refer to IRM 21.5.3.4.1, Tax Increase or Credit Decrease Processing.

Note: Taxpayers have the option to electronically amend current tax year and two prior year Form 1040 and Form 1040-SR returns that were originally e-filed through the Modernized e-File Return (MeF) application. It is unnecessary to correspond for signatures on amended 2019 or 2020 Form 1040 and Form 1040-SR MeF filed tax returns, as they were originally accepted through the E-File system.

- (4) Internal Revenue Procedure, Rev. Proc. 2005-39, outlines the use of facsimile signatures by corporate officers or duly authorized agents when filing certain employer information returns. The facsimile signature may be in the form of a rubber stamp, mechanical device, or computer software program. The Revenue Procedure includes the following tax forms:

- Form 94X series, including Form 941X, Form 943X, Form 944X, and Form 945X.
- Form 1042, Annual Withholding Information Return for U.S. Source of Foreign Persons.
- Form 8027, Employer's Annual Information Return of Tip Income Allocated Tips.
- Form CT-1, Employer's Annual Railroad Retirement Tax Return and Form CT-1X.
- Form 941-SS, Employer's QUARTERLY Federal Tax Return.

For more detailed information, refer to Rev. Proc. 2005-39

21.5.3.4.4.1
(10-03-2022)

**Special Handling of
Signature Requests**

- (1) The following table illustrates procedures to follow when a signature is missing due to extenuating circumstances:

If ...	Then ...
<p>1 One spouse is deceased</p>	<ol style="list-style-type: none"> Surviving spouse may sign and indicate the date of death. The Taxpayer's personal representative, who may or may not be court-appointed, must sign the return. If court-appointed, the personal representative must also attach a court certificate (e.g., letters of administration or letters testamentary) showing they represent the deceased and have the right to sign. If there is no court-appointed personal representative, the person in charge of the decedent's property must sign the return as personal representative. A POA may sign for a deceased taxpayer if they have a court certificate from the municipal government or Register of Wills attesting that the POA may continue to represent taxpayer after death. See IRC 6013(a)(3) and Treas. Reg. 1.6013-1(d) for additional information.
<p>2 Taxpayer is deceased and filing status is other than Married Filing Joint</p>	<p>The Taxpayer's personal representative, who may or may not be court-appointed, must sign the return. If court-appointed, the personal representative must also attach a court certificate (e.g., letters of administration or letters testamentary) showing they represent the deceased and have the right to sign. If there is no court-appointed personal representative, the person in charge of the decedent's property must sign the return as personal representative.</p> <p>Note: If the personal representative is filing a claim for refund on Form 1040-X, Amended U.S. Individual Income Tax Return, or Form 843, Claim for Refund and Request for Abatement, the personal representative must attach Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer</p> <p>. If the court certificate has already been filed with the IRS, attach the Form 1310 with the wording "Certificate Previously Filed" at the bottom of the form.</p>
<p>3 Taxpayer is divorced or separated and filing a claim or amended return requesting a tax decrease for their portion of a refund on a previously filed joint return</p>	<p>Only the spouse who owns or has interest in the refund must sign. Refer to IRM 21.6.1.5.8, Allocating Married Filing Joint Cases.</p>
<p>4 One spouse is a Prisoner of War (POW) or Missing in Action (MIA)</p>	<p>One spouse can sign if a statement attesting to those facts is attached.</p>

If ...	Then ...
5 A claim or amended return is filed to request a refund or credit of tax other than income tax	Only the spouse who owns or has an interest in the refund must sign, unless credit is used as a credit against income tax. Note: This includes claims for overpayments of Excise Tax, Employment Tax, etc.
6 A dependent child cannot sign	The parent or guardian may sign as “parent or guardian of minor child.”
7 A corporate claim is filed	Any of these officers may sign the claim: <ul style="list-style-type: none"> • President • Vice President • Treasurer • Assistant Treasurer • Chief Accounting Officer • Other corporate officer with authority to sign Note: The signature on the claim is evidence that the officer is authorized to sign.
8 Taxpayer files a partnership claim	Any one partner may sign
9 Taxpayer files a sole-proprietor claim	The owner may sign
10 An exempt organization files a claim	Any of these officers may sign: <ul style="list-style-type: none"> • Executive Director • Director/President • Vice President • Treasurer • Assistant Treasurer • Chief Accounting Officer • Any other officer with authority to sign Note: The signature on the claim is evidence that the officer is authorized to sign.
11 The taxpayer is mentally or physically incompetent.	A court-appointed conservator, guardian, or other fiduciary must sign the return. A court-appointed fiduciary must attach a court certificate showing their appointment as a fiduciary for the taxpayer. If the fiduciary is not court-appointed, the fiduciary must file Form 56, Notice Concerning Fiduciary Relationship.

21.5.3.4.5
(06-22-2021)

**Math and Master File
Verification of Claims
and Amended Returns**

(1) Master File verification is required on **all** amended returns prior to:

- Inputting an adjustment
- Initiating correspondence

- (2) Master File verification requires, but is not limited to, the comparison of the Adjusted Gross Income (AGI-Line 1), Taxable Income (TXI-Line 5), and Total Tax (TC 150 -Line 11) on Form 1040-X, in Column A with CC IMFOL or CC TXMOD.
- If Line 1, 5 and 11, Column A or any combination of these lines does not match CC TXMOD and no math error (MTH-ERR) is present, math verification is required.
 - Be sure to consider all adjustments previously made on the account. Work the duplicate or amended return without requesting the original return, if possible.

Caution: The American Rescue Plan Act of 2021 allows the taxpayer to exclude up to \$10,200 (MFJ - \$10,200 for each spouse) of Unemployment Compensation from income for the tax year 2020. Taxpayers may file a Form 1040-X with an incomplete Column A or incorrect Column A due to a systemic recovery performed on these accounts. Refer to IRM 21.6.6.2.48, Unemployment Compensation Exclusion (UCE) due to American Rescue Plan Act (ARPA) of 2021, and the *2020 Unemployment Compensation Exclusion FAQs* found on *IRS.gov* for additional information regarding the exclusion.

- (3) Refer to IRM 21.5.1.4.12, Tolerances. Math verification is required when:

- Column A entries do not match CC TXMOD or CC IMFOL/BMFOL (no math error code is present)

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- (4) Math verification includes doing the following:

- Verifying the math on the entire Form 1040-X, or other forms used to amend the original figures, including any additional forms, schedules, and worksheets related to the change.
- Verifying the taxpayer modified entries using the forms, schedules, and worksheets attached to the claim, taxpayer remarks and/or IDRS research.
- Verifying the corrected tax computation.
- Verifying any additional taxes (self-employment tax, additional tax on Individual Retirement Account distributions, Schedule H tax etc.,) as reported by the taxpayer are calculated correctly.

- (5) If math verification is required and an error is discovered, re-compute the correct amounts using the information supplied and IDRS research. After "perfecting" the total tax and:

- The difference between the taxpayer's total tax and your recomputed figures.

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- The difference between the taxpayer's total tax and your recomputed

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figures. Set a math error on the account if the total tax is greater than the taxpayer reported. Refer to IRM 21.5.4.5.1, Setting the Initial Math Error Action, for additional information.

- (6) Verify all income-based items (e.g., earned income tax credit, additional child tax credit, taxable social security benefits, Schedule A deductions, etc.) on claims involving an income change. Recalculate the items when the income changes, even if the taxpayer does not address them. Advise the taxpayer of any resulting change. This is not a Master File check or math verification. This
- (7) Request technical assistance from the Examination Classifiers if a claim cites reliance on a court case, the Internal Revenue Code, Internal Revenue Regulation, Revenue Ruling, Revenue Procedure, or other legal issue, if needed, and written guidance is not already available for the issue. See IRM 21.5.3.4.7, Processing Claims and Amended Returns With Examination Involvement, and IRM 21.5.3-2, Examination Issues, for additional information.
- (8) If discrepancies exist between the taxpayer’s reported liabilities on an overpaid/amended Form 8697, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts, and the related accounts, the case is automatically eligible for Examination. Route your recontrolled case to Examination using local procedures. Close your control base on IDRS.

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21.5.3.4.6
(04-25-2024)
No Consideration and Disallowance of Claims and Amended Returns

- (1) Review claims and amended returns that are processable to determine if the taxpayer’s request is allowable. Unallowable claims and amended returns are disallowed, partially disallowed, or not considered, based upon the facts and circumstances of each case.
- (2) When reviewing the claim or amended return:

If ...	Then ...
Issue being considered is not allowable based on law or regulation	1. Disallow the claim 2. Follow procedures in IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures.
Claim or amended return is not filed timely Note: Specific statute information can be found in IRM 25.6.1.5, Basic Guide for Processing Cases with Statute of Limitations Issues , and IRM 25.6.1.10.3.3(3), Claims for Credit or Refund – General Time Period for Submitting a Claim, regarding due dates for tax year 2019 and 2020 returns.	1. Disallow the claim 2. Follow procedures in IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures.

If ...	Then ...
Amended return is filed to decrease the balance due (e.g., does not result in a refund), does not contain adequate explanation or documentation for the adjustment, and meets CAT-A criteria Note: See the information on requests for abatement in (3) below this table.	<ol style="list-style-type: none"> 1. Do not forward to CAT-A 2. Follow the procedures in IRM 21.5.1.5.6, Incomplete CII Claims, and request the missing information.
Examination Classification notifies you to disallow an issue in full or in part on cases referred as CAT-A criteria or for technical advice.	<ol style="list-style-type: none"> 1. Disallow the claim 2. Follow procedures in IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures.
Examination Classification notifies the function to not consider or reject a claim for additional information or documentation	Follow the procedures in IRM 21.5.3.4.6.3, No Consideration Procedures. Also, see IRM 21.5.3.4.7.2, Claims Returned from Exam Classification, and IRM 21.5.3.4.3, Tax Decrease and Statute Consideration.
The issue was previously examined in a tax return or refund claim of the taxpayer and the taxpayer makes a written request for an immediate notice of claim disallowance	Follow the procedures in IRM 21.5.11.21.8.1, How to Determine if Claim Should be Disallowed.
Taxpayer did not respond to a request for missing information	<p>Treat claim as a no consideration and follow procedures in IRM 21.5.3.4.6.3, No Consideration Procedures.</p> <p>Note: If the statute of limitations is imminent or expired, refer to IRM 21.5.3.4.3, Tax Decrease and Statute Consideration.</p>

Caution: Only disallow claims after complete research and all contacts have been made for any missing information.

- (3) A request for abatement is a request for reduction of tax, penalty, and interest that has not been paid. This includes penalty adjustment requests. **Do not follow no consideration procedures and do not deny requests** solely for nonpayment of tax. Process the claims using normal adjustment procedures. If Examination (CAT-A) criteria apply and the request for abatement contains suf-

efficient documentation/explanation to support the adjustment, forward the request to Exam (CAT-A) for consideration.

21.5.3.4.6.1
(10-01-2024)

**Disallowance and Partial
Disallowance
Procedures**

(1) Actions for inputting the adjustment on **fully disallowed** claims:

- Input TC 290 for .00 with applicable reason code. Refer to Document 6209, IRS Processing Codes and Information, Section 8C, Master File Codes.
- Use blocking series 98 if the original paper return is not with the claim.
- Use blocking series 99 if the original return is with the claim.

Note: If the original return was filed electronically, use blocking series 99 and attach a CC IMFOLR/BMFOLR print. CII users may utilize the “capture” feature to attach a CC IMFOLR/BMFOLR print. Do not use blocking series 98.

- Attach a copy of the disallowance letter with the original return, if the copy is returned for association using Form 9856, Attachment Alert.

Note: Copies of disallowance letters forwarded to the Centralized Print Site are not returned for association. These letters are available on Control-D, if needed at a future date.

Note: BMF only uses reason codes for specific types of cases, refer to the appropriate IRM for further guidance, as applicable.

(2) Actions for inputting the adjustment on **partially disallowed** claims:

- Input TC 29X for appropriate tax change, along with applicable reason code. See *Reason Codes*, in Document 6209, IRS Processing Codes and Information, Section 8C

Note: BMF only uses reason codes for specific types of cases, refer to the appropriate IRM for further guidance, as applicable.

- Use blocking series 00 if the original return is with the claim.
- Use blocking series 18 if the original return is not with the claim.

Note: If the original return was filed electronically, use blocking series 00 and attach a CC IMFOLR/BMFOLR print. Do not use blocking series 18.

(3) Send the taxpayer a disallowance letter for fully disallowed or partially disallowed claims:

- Letter 105C, Claim Disallowed, is used for fully disallowed claims.
- Letter 106C, Claim Partially Disallowed, is used for partially disallowed claims.
- Other disallowance letters are used as applicable or as identified in the subject specific IRM.

Example: Letter 3477C, Interest Suspension Provisions Under IRC 6404(g), is used for interest suspension claims under IRC 6404(g). Letter 3010C, Full Disallowance of Interest Abatement Request with Appeal Rights, Letter 3022C, Disallow (Partial) Interest Abatement Request, Letter 3180C, Interest Abatement Full Disallowance - Final Determination,

or Letter 3181C, Interest Abatement Partial Disallowance - Final Determination, are used for interest abatement cases under IRC 6404(e).

- Letters are sent certified or registered mail and include a complete agency address.
- Letters must contain the specific reason for the disallowance of the claim for refund or request for abatement as well as the claim amount.

Note: If the claim is being disallowed due to statute issues, the disallowance letter must include the received date of the original/ amended return or postmark date of the envelope and the date the claim should have been filed to be considered timely for the specific tax year.

Note: This explanation is required under IRC 6402(l), which states, "In the case of a disallowance of a claim for refund, the Secretary shall provide the taxpayer with an explanation for such disallowance."

- An IRC section, if provided by Examination, is cited.
- Use the appropriate signature title for your Director. See *SERP - Correspondence Signature Codes - Who/Where*.
- **When disallowing claims for refund, the letter must include appeal rights and the right to file suit.** See IRM 21.5.3.2, What are Claims for Credit, Refund and Abatement? for information regarding claims for refund.
- **When disallowing a request for abatement, the letter must include appeal rights and information about the actions required in order to file suit.** See IRM 21.5.3.2, What are Claims for Credit, Refund and Abatement? for information regarding requests for abatement.

When disallowing a request for abatement the letter, provide information to the taxpayer that they can pay the tax they owe and file a claim for refund generally within 3 years from the date the return was filed, or 2 years from the date the tax was paid, whichever is later. Use the following paragraph when disallowing a request for abatement using Letter 105C or Letter 106C:

"If you disagree with our determination and want to file a suit in court, you must first pay the tax you owe and then file a claim for refund. Your claim must generally be filed within 3 years from the date you filed your return or 2 years from the date you paid your tax, whichever is later."

Exception: For interest abatement cases, first send a full or partial disallowance (Letter 3010C for full disallowance or Letter 3022C for a partial disallowance) including appeal rights only. If no appeal is taken from Letter 3010C or Letter 3022C, send, by certified mail, a Notice of Final Determination Letter 3180C (full disallowance) or Letter 3181C (partial disallowance), which includes the right to file suit. IRC 6404(h)(1)(A) provides that a taxpayer can file a petition with the Tax Court at any time after the earlier of the date IRS mailed its final determination not to abate interest, or the date which is 180 days after the taxpayer filed its claim

for abatement. IRC 6404(h)(1)(B) provides that a petition cannot be filed later than 180 days after IRS mailed its final determination.

If using CII, save the PDF (105C/106C letter) and attach it to the case with the Attach File button on the actual tax period involved, instead of capturing the "request completed" screen. See IRM **21.5.1.5.1**, CII General Guidelines, for additional information. Be advised that the current date (date input) is displayed on the PDF print of the 105C/106C letter. This date is not the date on the letter issued to the taxpayer. If you need to determine the date on the letter, use the taxpayer's copy, the copy attached to the disallowance DLN, or the copy that is accessible on Control D.

Attach a copy of the disallowance letter with the original return, if the copy is returned for association.

Note: Copies of disallowance letters sent to the Centralized Print Site are not returned for association. These letters are available on Control-D, if needed at a future date.

21.5.3.4.6.1.1
(07-18-2007)

**Disallowance
Procedures When the
Original Return Has Not
Posted**

- (1) The following procedures apply when it is necessary to disallow a claim prior to the posting of the taxpayer's original return:

If ...	And ...	Then ...
1 Original return has not posted	Normal processing time has elapsed	Request a signed copy from taxpayer.
2 Return does not post	You cannot secure a copy from taxpayer	IMF – Refer to IRM 21.6.7.4.2, Amended Return – No Original – TRNS29 (Amended Return Posts to an Account With No Original Return Present) BMF – Refer to IRM 21.7.9, BMF Duplicate Filing Conditions, for CP 190 procedures.
3 Signed copy is received	No TC 150 posted	Verify the entity information and process the copy as an original return.
4 Original return has not posted	Normal processing time has not elapsed,	1. Input TC 930 to file the claim or amended return and the disallowance letter. Refer to IRM 21.5.1.4.4.2, TC 930 Push Codes, for additional information. 2. When the return posts, the original return and the disallowed claim or amended return and letters are returned to the originator for input of the TC 290 for .00.
5 Claim is not related to a specific tax return	Claimant is not required to file an income tax return	1. Input TC 290 for .00. 2. Use Blocking Series (BS) 44 (IMF is MFT 30, BMF is MFT 02) to file these claims. See IRM 4.24.22.4.5, Form 8849, Claim for Refund of Excise Taxes, for Form 8849, Claim for Refund of Excise Taxes, procedures.

21.5.3.4.6.2
(10-01-2024)

**Appeals and Responses
to Letter 105C and Letter
106C**

- (1) A response to Letter 105C, Claim Disallowed, and Letter 106C, Claim Partially Disallowed, is treated as a new case using the guidelines in this subsection.
- (2) If the taxpayer is confused and asking questions, attempt to resolve before continuing.

If ...	And ...	Then ...
1 Taxpayer resubmits the same claim or resubmits a claim without new or additional information	Does not request an appeal	Close the case as a “no consideration.” Follow the procedures in IRM 21.5.3.4.6.3, No Consideration Procedures.
2 Taxpayer sends additional information	Determination can be made to allow the claim Note: An original return with a math error is not a claim.	Follow normal adjustment procedures.
3 Taxpayer sends additional information	Determination cannot be made to allow the claim	Do not send another disallowance letter. Follow the procedures in IRM 21.5.3.4.6.3, No Consideration Procedures, and explain what additional information is needed to make a determination. Exception: If disallowance was on the advice of Examination, forward the response as CAT-A.

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If ...	And ...	Then ...
4 Taxpayer resubmits the same claim or resubmits a claim without new or additional information and a determination cannot be made to allow the claim	Submits a statement requesting an appeal, where no prior Appeals consideration was made and was not previously closed with finality. See IRM 8.7.7.2.2, Liability Issues Previously Closed with Finality.	<ol style="list-style-type: none"> Forward to the appropriate Appeals Office – Refer to the <i>Appeals Case Routing</i> website for additional information. Cases are routed using the document located under To Appeals From External Sources. Caution: Do not route cases to Appeals through CII. Ensure the taxpayer's original disallowed claim, taxpayer's original return (or return print), copy of disallowance letter, and taxpayer's statement of appeal is included in the package forwarded to Appeals using a Form 3210, Document Transmittal. Refer to Document 12990, IRS Records Control Schedules (RCS) 29, Item 91 for the National Archives and Records Administration (NARA) approved Form 3210, Document Transmittal retention and disposition requirement. Note: A copy of the disallowance letter may be obtained from Control-D, if it is not with the information submitted by the taxpayer or attached to the disallowance DLN. If unable to obtain a copy of the letter, document all attempts to secure letter prior to forwarding to Appeals. Managerial review is required before cases are forwarded to Appeals. Inform taxpayer when case is sent to an Appeals office. Refer to IRM 21.3.3.4.2.1, Use of 86C Letter - Referring Taxpayer Inquiry/Forms to Another Office. Note: Do not refer the taxpayer to the Appeals Customer Service Line unless the taxpayer's case has previously been forwarded to Appeals. Taxpayer account research (e.g., IDRS, AMS, and/or CII) is necessary to determine if the case has been forwarded. Close the case.

- (3) See IRM 20.1.1.4, Methods of Appealing Penalties, for penalty appeal procedures.

21.5.3.4.6.3
(04-15-2021)
**No Consideration
Procedures**

- (1) Send the taxpayer a “no consideration” letter.
 - Letter 916C, Claim Incomplete for Processing; No Consideration, is used for “no consideration” or rejected claims.
 - **Letter must advise the taxpayer why the claim is not being considered.**
- (2) If the case is suspended for missing information or needing additional information and no reply is received, treat the case as a no consideration and issue a Letter 916C.
- (3) Input a TC 290 for .00 with the reason code(s) for the items being claimed. Refer to IRM 21.6.7-1, Reason Codes, for additional information on reason code literals. Input the adjustment using the *appropriate blocking series*. Do not use blocking series 98 or 99. Refer to IRM 21.6.7.4.1.2, Source Code (SC), to determine the appropriate Source Code.

Note: BMF only uses reason codes for specific types of cases, refer to the appropriate IRM for further guidance, as applicable.

21.5.3.4.7
(10-01-2024)
**Processing Claims and
Amended Returns with
Examination
Involvement**

- (1) Review all claims and amended returns for Examination involvement. Exam involvement may include:
 - An open Transaction Code (TC) 420 or an open “-L” freeze – see (6) below.
 - Category A (CAT-A) criteria as outlined in Exhibit 21.5.3-2, Examination Criteria (CAT-A) – General.
 - Both an open TC 420 and CAT-A criteria.

Refer to Exhibit 21.5.3-1, Claim Processing with Examination involvement, for additional details regarding the processing of claims with Examination involvement.

- (2) If the claim or amended return contains CAT-A criteria and -L freeze (TC420/424) is not present, refer to CAT-A.

Note: Whenever possible, multiple claims from the same taxpayer should be handled by the same employee and referred to Exam at the same time. If using Correspondence Imaging Inventory (CII), link the different cases prior to referring and indicate “**same issue-multiple years**” or some similar designation.

- (3) Technical questions or assistance requests may be referred to local Exam Classification when an issue is questionable, but does not meet CAT-A criteria. Refer to Exhibit 21.5.3-2, Examination Criteria (CAT-A) – General, for additional information on requesting technical assistance.
- (4) AM retains an open control in background (B) status on all cases referred to Examination. Update the activity code to “CAT-A” to identify the location of the claim and status.

Note: If using CII, the case is automatically recontrolled to Examination and placed in suspense status until returned from Examination or automatically purged from the Examination queue. No additional contact with Examination is required.

If a non-CII case has been sent and fourteen (14) workdays have passed:

- a. Contact the local Examination Classifiers to check the status of the case.
- b. Request the case be returned and documented appropriately (allowed or disallowed).
- c. If Exam Classification does not return the case, treat it as a selected claim. CII systemically reassigns the case to the co-located Examination Classification IDRS number. Input TC 971, AC 013, using the received date of the amended return for the transaction date.
- d. When the case is returned from Examination, follow Examination's instructions and notify the taxpayer accordingly. See IRM 21.5.3.4.7.2, Claims Returned from Exam Classification, for additional information.

- (5) If the case is being forwarded to Exam (this includes Form 8862, Information to Claim Certain Credits After Disallowance)

- Input TC 971, AC 013, using the received date of the amended return for the transaction date.

Exception: On Command Code (CC) DDBCK "selected" cases, if the account does not contain a TC 971 AC 010, CC DDBCK systemically inputs the TC 971 AC 013. If the account contains a TC 971 AC 010, manual input of the TC 971 AC 013 is still required.

- Notify the taxpayer if required as outlined in IRM 21.3.3.4.2.1, Use of 86C Letter - Referring Taxpayer Inquiry/Forms to Another Office.
- Check the appropriate boxes when completing the "Exam Referral Data" section and the "Action" section.

Note: When CC DDBCK indicates "selected," route to Examination Classification. Indicate that the case was selected through CC DDBCK and an AIMS database has been opened. See IRM 21.6.3.4.2.7.14, Earned Income Tax Credit (EITC) and Command Code DDBCK, for additional information about CC DDBCK. If this case is being handled in CII, see IRM 21.5.1.5.8, Examination Selected Inventory and Command Code DDBCK, for information on routing the case.

- (6) Research IDRS using CCs TXMOD, AMDISA, IMFOLT, and BMFOLT, to determine whether a case is established on AIMS. If the case is under audit, a -L freeze is present. See Exhibit 21.5.3-1, Claims Processing with Examination Involvement, for processing instructions. Follow these procedures even if an open IDRS control base to a CI-FDC campus is present (Do not route to CI).

Exception: Refer to IRM 21.4.6.5.8.11, Exam, CI and RIVO Cases, to work injured spouse allocations.

- (7) Refer to IRM 21.7.7, Exempt Organizations and Tax Exempt Bonds, for procedures.

21.5.3.4.7.1
(10-01-2024)
**Claims Sent to
Examination Campus
Classification**

- (1) Sort all claims with Examination criteria received by the Document Perfection Operation (Code and Edit) or Accounts Management (AM) into one of two categories, Category A and Category B (BMF only). For more information of Category B, refer to IRM 21.5.3.4.12, Category B Criteria (BMF Only).

Exception: Refer cases with an open audit to an Area Office.

- (2) Do not send cases to Exam Classification that do not meet CAT-A criteria. For additional information on Category A criteria, refer to Exhibit 21.5.3-2, Examination Criteria (CAT-A) – General, and Exhibit 21.5.3-3 Examination Criteria (CAT-A) – Credits.

Note: Classification of cases meeting CAT-A criteria is outlined in IRM 4.19.11, Examination Classification of Work.

- (3) CAT-A criteria denotes high audit potential. Route complete and timely cases meeting CAT-A criteria to Classification prior to resolution. Before routing the claim to Examination:
 - a. Ensure pages one and two of the Form 1040-X or Form 1120-X are complete and contain the required signatures,

Note: Taxpayers have the option to electronically amend current tax year and two prior year Form 1040 and Form 1040-SR returns that were originally e-filed through the Modernized e-File Return (MeF) application. It is unnecessary to correspond for signatures on amended Form 1040 and Form 1040-SR MeF filed tax returns, as they were originally accepted through the e-file system.
 - b. Attach all needed forms and schedules relating to the claim,
 - c. Attach CC IMFOL or CC BMFOL transcript(s) for the year(s) involved, if needed, and
 - d. Forward to the lead or manager for review.

Note: CII processing automatically forwards the case for review.

- (4) The dollar amount in the criteria cited refers to the amount of the tax decrease or credit increase unless otherwise noted.
- (5) If the taxpayer calls about an amended return in Exam Classification, refer to IRM 21.4.1.4, Refund Inquiry Response Procedures.
- (6) **Do not send cases to Examination Classification that do not meet CAT-A classification criteria.** See Exhibit 21.5.3-2, Examination Criteria (CAT-A) – General, and Exhibit 21.5.3-3, Examination Criteria (CAT-A) – Credits, for the referral criteria.

21.5.3.4.7.2
(04-25-2024)
**Claims Returned from
Exam Classification**

- (1) Examination Classification returns claims as **disallowed, accepted, selected** or **no considered**.
- (2) If Examination **disallows** the claim, send a disallowance letter. Use the explanation and citation of the law provided by the Examination Classifier. Refer to IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures, for additional information.

- (3) When Examination **accepts** a claim, but the amount of the claim is not computed or is computed incorrectly:
 - a. Re-compute the allowable amount,
 - b. Correct if necessary, and
 - c. Advise the taxpayer of any changes to the amount claimed.
- (4) When the Examination Classifier **accepts** (or allows) the claim, do the following:
 - a. Input necessary adjustments
 - b. Release the TC 470 (if appropriate)

Note: Most adjustments release the TC 470. Refer to Document 6209, IRS Processing Codes and Information, for exceptions.
 - c. Notify the taxpayer the adjustment has been made.
- (5) When the Examination Classifier **selects** a claim, it remains in Examination for an audit. Examination may need to transfer a claim to another office. The Examination site receiving the transfer claim may accept or deny the claim. Claims not selected for audit (e.g., “surveyed”) are not routed back to the originating campus.

Note: Refer to IRM 21.5.1.5.8, Examination Selected Inventory and Command Code DDBCK, for information regarding the routing of CC DDBCK selected claims processed through CII.

- (6) When the Examination Classifier determines more information is needed, the claim is returned as **no consider**. Follow procedures in IRM 21.5.3.4.6.3, No Consideration Procedures, or IRM 21.5.3.4.1.1, Tax Increase and Credit Increase Processing, as appropriate.
- (7) Until selected, all claims referred to Examination Classification remain under AM control on CII. The IDRS control base is systemically reassigned to the co-located Campus Exam Classification IDRS number. When a case is selected by Examination or the classifier provides instructions to route the claim, take appropriate actions to close the case (i.e., inputting TC 971, AC 013 using the received date of the amended return for the transaction date, inputting any required letters to the taxpayer as outlined in IRM 21.3.3.4.2.1, Use of 86C Letter - Referring Taxpayer Inquiry/Forms to Another Office, and clicking the Close button on your CII case).

21.5.3.4.7.3 (10-03-2022) Protective Claims

- (1) Protective Claims may be informal claims, formal claims, or amended returns for credit or refund normally based on expected changes in a:
 - Current Regulation,
 - Pending legislation or,
 - Current litigation.
- (2) Any claim based on a pending court case or decision is considered a Protective Claim. A protective claim can be identified with a literal “protective claim” or similar language or verbiage related to current regulation or pending or current litigation on the claim itself. These claims are filed to protect the claimant’s right to recover internal revenue tax before the expiration of the statute of limitations. For this reason, they are all considered to meet CAT-A criteria.

21.5.3.4.7.3.1
(05-05-2023)

Processing Protective Claims

- (1) Send all Protective Claims to Examination Classification. If the claim is processable, Exam Classification must make a determination on the claim.

Note: Prior to forwarding to Examination Classification, ensure the claim is complete and timely.

Exception: For protective claims citing "California v. Texas," "Texas vs. The U.S.," "Fifth Circuit Court & Individual Mandate," "ACA Penalty Relief," "Health Care Penalty," or "Shared Responsibility Payment", do not refer the claim to CAT-A. Refer to IRM 21.5.3.4.7.3.2, Affordable Care Act (ACA) protective claims filed for California et al. v. Texas et al., for additional information on how to process the claim.

- (2) Do not suspend Protective Claims in Accounts Management inventory, unless the claim is being held for additional information to become processable.
- (3) Protective Claims must be processable before sending to Examination Classification. A protective claim:
 - must have a written component;
 - must identify and describe the contingencies affecting the claim;
 - is sufficiently clear and definite to alert the IRS as to the essential nature of the claim;
 - must identify a specific year or years for which a refund is requested.
- (4) Screen all Protective Claims for:
 - Statute timeliness,

Note: Refer to IRM 25.6.1.10.2.7, Claims for Credit or Refund – General Time Period for Submitting a Claim, for additional information.
 - Signatures.
- (5) If the claimed amount of refund is \$1 or some other nominal amount when there is no valid condition, such as some pending event or circumstance, and it is possible to determine the amount of the overpayment with accuracy, then reject the claim using no consideration procedures as referenced in IRM 21.5.3.4.6.3, No Consideration Procedures.

21.5.3.4.7.3.2
(07-27-2022)

Affordable Care Act (ACA) protective claims filed for California et al. v. Texas et al.

- (1) On June 17th, 2021, the Supreme Court issued a decision in California et al. v. Texas et al., a constitutional challenge filed by several states and individuals, to the validity of the Affordable Care Act. The Court dismissed the case on the grounds that the plaintiffs did not have the standing to challenge the law. As a result of the Supreme Court's ruling, IRS does not allow any protective claims for refunds held in suspense. Instead of issuing disallowance notices to all taxpayers who filed these protective claims, the IRS issued a generalized announcement, *IRS Statement — Supreme Court Ruling CALIFORNIA ET AL. v. TEXAS ET AL. and IRS Disposition of Protective Claims for Refund*, informing taxpayers of the disposition of such claims. In FY22, Accounts Management began to perform a mass closure of correspondence cases that were previously suspended to CAT-A or reassigned to a local IDRS holding number. These cases were automatically closed within the CII application and included a CII case note stating the following: "As a result of the Supreme Court's ruling in California et al. v. Texas et al., IRS does not accept any claims for refund of

taxes that rely on legal theories advanced by the plaintiffs in that litigation. Refer to IRS Statement — Supreme Court Ruling CALIFORNIA ET AL. v. TEXAS ET AL. and IRS Disposition of Protective Claims for Refund on IRS.gov for additional information.”

- (2) If you have a CII case filed as a protective claim citing “California v. Texas,” “Texas vs. The U.S.,” “Fifth Circuit Court & Individual Mandate,” “ACA Penalty Relief,” “Health Care Penalty,” or “Shared Responsibility Payment”, see the If/Then chart below on how to proceed.

If ...	And ...	Then ...
1 Your claim is a Duplicate Filing or Amended Return	The claim was only filed for the ACA protective claim	<ol style="list-style-type: none"> 1. Release any applicable freeze codes (i.e., – A Freeze) and input the following CII case note: “As a result of the Supreme Court’s ruling in California et al. v. Texas et al., IRS will not accept any claims for refund of taxes that rely on legal theories advanced by the plaintiffs in that litigation. Refer to IRS Statement — Supreme Court Ruling CALIFORNIA ET AL. v. TEXAS ET AL. and IRS Disposition of Protective Claims for Refund on IRS.gov for additional information.” 2. Close your CII case.
2 Your claim is a Duplicate Filing or Amended Return	The claim filed contains an additional request, unrelated to the ACA claim, that requires consideration (i.e., adjustment to AGI, Credits or Withholding)	<ol style="list-style-type: none"> 1. Follow standard procedures to address the additional concerns and partially disallow the ACA protective claim portion of the claim. Issue a Letter 106C, Claim Partially Disallowed, including the following into an open paragraph. “As a result of the Supreme Court’s ruling in California et al. v. Texas et al., IRS will not accept any claims for refund of taxes that rely on legal theories advanced by the plaintiffs in that litigation. Refer to IRS Statement — Supreme Court Ruling CALIFORNIA ET AL. v. TEXAS ET AL. and IRS Disposition of Protective Claims for Refund on IRS.gov for additional information.” 2. Refer to IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures, for additional information regarding issuing a Letter 106C. 3. Close your CII case.

If ...	And ...	Then ...
3 Your claim is correspondence	The claim was only filed for the ACA protective claim	<ol style="list-style-type: none"> 1. Input the following CII case note. “As a result of the Supreme Court’s ruling in California et al. v. Texas et al., IRS will not accept any claims for refund of taxes that rely on legal theories advanced by the plaintiffs in that litigation. Refer to IRS Statement — Supreme Court Ruling CALIFORNIA ET AL. v. TEXAS ET AL. and IRS Disposition of Protective Claims for Refund on IRS.gov for additional information.” 2. “Close your CII case. <p>Note: Even if CII issued an interim letter, a closing letter is not required. The IRS statement serves as the formal communication advising the taxpayers of the disposition of their claims.</p>
4 Your claim is correspondence	The claim filed contains an additional request, unrelated to the ACA claim, that requires consideration (i.e., adjustment to AGI, Credits or Withholding)	<ol style="list-style-type: none"> 1. Follow standard procedures to address the additional concerns and partially disallow the ACA protective claim portion of the claim. Issue a Letter 106C, Claim Partially Disallowed, including the following into an open paragraph. “As a result of the Supreme Court’s ruling in California et al. v. Texas et al., IRS will not accept any claims for refund of taxes that rely on legal theories advanced by the plaintiffs in that litigation. Refer to IRS Statement — Supreme Court Ruling CALIFORNIA ET AL. v. TEXAS ET AL. and IRS Disposition of Protective Claims for Refund on IRS.gov for additional information.” 2. Refer to IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures, for additional information regarding issuing a Letter 106C. 3. Close your CII case.

If ...	And ...	Then ...
5 Your case is a response to a previously filed ACA protective claim that was closed		<ol style="list-style-type: none"> 1. Issue a Letter 105C, Claim Disallowed, including the following into an open paragraph. “As a result of the Supreme Court’s ruling in California et al. v. Texas et al., IRS will not accept any claims for refund of taxes that rely on legal theories advanced by the plaintiffs in that litigation. Refer to IRS Statement — Supreme Court Ruling CALIFORNIA ET AL. v. TEXAS ET AL. and IRS Disposition of Protective Claims for Refund on IRS.gov for additional information.” 2. Refer to IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures, for additional information regarding issuing a Letter 105C. 3. Close your CII case.

21.5.3.4.8
(10-01-2024)

Carryback/Carryforward Claims and Applications

- (1) See IRM 21.5.9, Carrybacks, for instructions on processing carryback/carryforward claims and applications. Employees not trained on carryback cases refer to IRM 21.5.9.2.1, Identifying Carryback Applications and Claims, and IRM 21.5.9.2.2, Identifying Carryforward Claims, to determine if the case should be reassigned to Carrybacks. If the case should be reassigned, see *SERP - AM Site Specialization Temporary Holding Numbers - Who/Where*.
 - (2) A carryback is a deduction that can be applied or **carried** to offset tax or taxable income in a preceding taxable year. A taxpayer who has an overpayment of tax as a result of a Net Operating Loss (NOL), Net Capital Loss (NCL), Unused Credits, or a Claim-of-Right adjustment can file an application or claim, also referred to as a TENT or RINT, for adjustment or refund.
 - (3) Tentative carryback adjustments are filed on Form 1045, Application for Tentative Refund, and Form 1139, Corporation Application for Tentative Refund. They include restricted interest claims that may otherwise be filed on a Form 1040-X, Amended U.S. Individual Income Tax Return, Form 1120-X, Amended U.S. Corporation Income Tax Return, an amended Form 1041, U.S. Income Tax Return for Estates and Trusts, Form 1120-C, U.S. Income Tax Return for Cooperative Associations, and Form 990-T, Exempt Organization Business Income Tax Return (and proxy tax under IRC 6033(e)).
- Note:** An application for a tentative refund is not treated as a formal claim for credit or refund.
- (4) Taxpayers may carry a NOL or excess business credit forward to the current tax year. Taxpayers eligible to carryback a NOL may elect to forgo the carryback period and carry the entire NOL forward. Most Carryforwards do not require special processing guidance. To determine if the Carryforward should be worked by the carryback team, refer to IRM 21.5.9.2.2, Identifying Carryfor-

ward Claims. If the case should be reassigned, reassign the case using *SERP - AM Site Specialization Temporary Holding Numbers - Who/Where*.

21.5.3.4.8.1
(10-01-2011)

**Claim of Right
Adjustments to Income**

- (1) Taxpayers requesting a Claim of Right adjustment may use Form 1040-X, Amended U.S. Individual Income Tax Return, or Form 1120-X, Amended U.S. Corporation Income Tax Return. A reference to IRC 1341 identifies such claims. See IRM 21.5.9, Carrybacks, for adjustments and IRM 21.6.6.2.10, Claim of Right - IRC 1341, Repayment of Income Previously Reported.
- (2) Taxpayers claiming “compensation for personal labor is not taxed by Title 26, IRC Section 1341”, and are taking a deduction on Schedule A, or removing the amount from their gross income, are identified as frivolous claims. Route these claims as indicated in IRM 21.5.3.4.16.7, Identifying Frivolous Returns/ Correspondence and Responding to Frivolous Arguments.

21.5.3.4.9
(10-01-2015)

**Competent Authority
Cases**

- (1) Rev. Proc. 2015-40 provides the procedures which allow a U.S. taxpayer to request assistance from the U.S. Competent Authority on issues arising under a tax treaty between the U.S. and a foreign country.
- (2) The Deputy Commissioner (International), LB&I acts as the U.S. competent authority charged with administering the provision of tax treaties, interpreting and applying the treaties, and reaching mutual agreements in specific cases. The U.S. competent authority conducts the competent authority process through two offices, the Advance Pricing and Mutual Agreement Program (APMA) and the Treaty Assistance and Interpretation Team (TAIT). APMA has primary responsibility for cases arising under the business profits and associated enterprises articles of U.S. tax treaties. TAIT has primary responsibility for cases arising under all other articles of U.S. tax treaties. TAIT also has primary responsibility for cases arising under U.S. tax treaties with respect to estate and gift taxes. APMA and TAIT each can consider cases arising under the permanent establishment articles of U.S. tax treaties, and both offices coordinate and collaborate on such cases and on any other cases as appropriate.
- (3) Send written requests for, or any inquiries regarding, competent authority assistance for APMA or TAIT to:
For request to APMA:
Deputy Commissioner (International)
Large Business and International Division
1111 Constitution Avenue, NW
Washington, DC 20224
SE:LB:IN:ADCI:TPO:APMA:M3-370 (Attention: APMA)

For request to TAIT:
Deputy Commissioner (International)
Large Business and International Division
1111 Constitution Ave., N.W.
Washington, DC 20224
SE:LB:IN:ADCI:TAIT:M4-365 (Attention: TAIT)
- (4) Direct any questions regarding Competent Authority requests to the attention of APMA or TAIT, as appropriate, at the above address.
- (5) Generally, non-resident aliens or foreign corporations must contact the Competent Authority in their foreign government with their inquiries.

21.5.3.4.9.1
(04-22-2014)

**Refund Claims Under
U.S. Tax Treaty
Provisions and Special
Rules for Canadian
Registered Retirement
Savings Plans (RRSP)
and Registered
Retirement Income Fund
(RRIF)**

- (1) Forward claims or amended returns claiming benefits under a United States Tax Treaty to the Accounts Management Operation (International) at the Cincinnati, Ogden or Philadelphia Campus. Refer to IRM 21.8.2.2.1, Campus Consolidation and Program Centralization, for additional information.
- (2) Form 8891, U.S. Information Return for Beneficiaries of Certain Canadian Registered Retirement Plans, with an edited caption at the top of the form stating RRSP, Canadian RRIF, Rev. Proc. 2002-23, or Notice 2003-75, must also be forwarded to the Philadelphia Campus.

Exception: Do not forward claims filed by resident aliens or U.S. citizens that are taking the election under Rev. Proc. 2002-23 to defer U.S. tax on income accruing in the Canadian Registered Retirement Savings Plan (RRSP). Form 8891 or Registered Retirement Income Fund (RRIF) may be used to make by this election.

- (3) For retroactive elections, a resident alien or U.S. citizen that has a RRSP or RRIF and chooses to take the election under Rev. Proc. 2002-23 to defer U.S. tax on income accruing in the RRSP or RRIF must file a Form 1040-X and attach the election to it. Take the following action:
 - a. Process the amended return as normal.
 - b. If no changes appear on the amended return, input TC 290 for .00 to refile the document.
 - c. If the election is filed as a loose document, attach it to the original return, TC 150 DLN.

Note: If the original return was filed electronically, input TC 290 for .00 to refile the loose document.

21.5.3.4.10
(03-16-2023)

**Returns Prepared Under
IRC 6020(b) - Substitute
for Return (SFR)**

- (1) An IRS employee prepares a return under IRC 6020(b) when a taxpayer fails to file. The taxpayer is given the opportunity to file a valid voluntary return to correct the proposed assessment, or to agree to the proposed assessment. Subsequent posting of the taxpayer's original return creates a duplicate filing condition. Route Substitute for Return (SFR) cases prepared under IRC 6020(b) to the Collection Function, unless the account reflects examination involvement.

Exception: IMF cases with a previously posted TC 29X and TC 599 CC 89 or only TC 599 CC 89 on the module and all BMF 6020(b) duplicate filing cases are worked in Accounts Management. See IRM 21.7.9.4.1.6, Duplicate Filing Conditions Involving Returns Prepared Under IRC 6020(b), for information regarding BMF 6020(b) duplicate filing identifiers and procedures.

Note: If the taxpayer requests a copy of the SFR return, refer to IRM 3.5.21.4.1.8, Request for Copies of Substitute for Return (SFR). If the taxpayer requests income information or a transcript, refer to IRM 21.2.3, Transcripts, and the applicable subsections.

- (2) If the case reflects examination involvement (e.g., -L freeze, regardless of AIMS status), **do not route to Examination**. Refer to IRM 21.5.3.4.10.1, Non-Filer Returns, for procedures on how to adjust the account.

- (3) If the case does not reflect examination involvement, adjust the account to the taxpayer's figures. Do not route to Examination.

Reminder: If the adjustment is a net decrease use priority code 1. Use priority code 2 if no tax was previously assessed when adjusting the account. If the taxpayer filed a superseding return with tax shown greater than on the return that created the transaction code (TC) 150 transaction, follow IRM 20.1.2.2.6.3, Wrong Return Posted First.

21.5.3.4.10.1
(11-22-2022)

Non-Filer Returns

- (1) Non-Filer Returns (NFR) are forwarded to the IMF AM paper function for processing. The returns can typically be identified by:

- A TC 976 Duplicate return.
Note: Not all NFR returns include a Transaction Code (TC) 976 on the module.
- A TC 150 Substitute Return (SFR) with Project Code 0277.
- AIMS status less than 90 (open TC 420/424).
- AIMS Status 90 with Disposal Code 01 or any Non-Examined Disposal Code. Refer to *Examination Disposal Codes*, in Document 6209, for a complete list of Non Examined Disposal Codes.
- Some cases also have the letters "NFR" across the front of the return.

- (2) These NFR cases are worked using category code "XRET".

Exception: If the dummy TC 150 posted as single (FS1), head of household (FS4), or married filing separate (FS3) and the taxpayer is now filing as married filing joint (FS2), work the case using category code "SPJT." If the NFR case is considered International, change the category code to reflect IXRT.

- (3) Adjust the account following normal procedures.

- Update the return processable date, if the NFR return is complete.
- Input TC 290 to assess any tax.
- Use the appropriate *priority code* and *hold code*, in Section 8c of Document 6209, IRS Processing Codes and Information.
- Input all appropriate credits.
- Input all appropriate reference numbers.
- Use a blocking series that indicates the original return is with the adjustment (e.g., 00, 77, or 99). This return is the taxpayer's original filing.
- Update the Assessment Statute Expiration Date (ASED) with TC 560 using command code REQ77. Refer to IRM 25.6.1.6.14, Criteria for Establishing a Statute of Limitations Period, for information regarding the ASED.
- Assess any applicable Failure to File or Estimated Tax Penalties. Priority code 2 may be utilized to assess the failure to file (FTF) and failure to pay (FTP) penalties as outlined in IRM 5.18.1.9.2.3.17, Penalties. Compute the estimated tax penalty manually. Refer to IRM 20.1.2, Failure to File/Failure to Pay Penalties, and IRM 20.1.3, Estimated Tax Penalties, for additional information on assessing penalties.
- Refer to IRM 21.5.2.4.23.6, Discriminant Function (DIF) SCORE or CLASSIFICATION "Send Return(s) to Examination for Review", to determine if a DIF Score referral is needed.

Reminder: If the Refund Statute Expiration Date (RSED) is expired, input the Refund Statute Control Date (RFSCDT) with the adjustment. Refer to IRM 5.18.1.9.2.3.16.1, Refund Statute Expiration Date (RSED), for additional information.

- (4) The Taxpayer Advocate Service (TAS) may issue an Operations Assistance Request (OAR) on these cases. Any OARs are also be handled by the IMF AM paper function until the TC 976 issue has been resolved.

21.5.3.4.11
(10-01-2019)
**Reimbursement of Bank
Charges – Form 8546**

- (1) Taxpayers file Form 8546, Claim for Reimbursement of Bank Charges, when they have been charged for erroneous levies placed on their accounts or claim reimbursement checks.

If the issue involves	Then route request to
A lost or misapplied payment	Campus Accounting Attn.: Dishonored Check File (DCF)
Erroneous levy	Appropriate ACS Support (ACSS) Site
DDIA processing error on the part of IRS	ACS Support (ACSS) Stop 5050, P-4 333 W. Pershing Road Kansas City, MO 64108

- (2) If an inquiry is received, send the taxpayer a Form 8546, Claim for Reimbursement of Bank Charges. Use the appropriate “C” letter and close your case unless there are other issues to address.
- (3) For further information, refer to IRM 3.17.10.5, Reimbursement of Bank Charges Due to Service Loss or Misplacement of Taxpayer Checks, IRM 5.11.4.9, Reimbursing Bank Charges Because of Erroneous Levies, and IRM 5.19.6.12.7, Erroneous Levy, Reimbursement of Bank Charges.

21.5.3.4.12
(10-01-2004)
**Category B Criteria
(BMF Only)**

- (1) Category B Criteria applies to claims for the Form 1120 series (except Form 1120-IC DISC), Form 1041, Form 1041-N, and Form 1041-QFT that have a

B adjustments with:

- a. Blocking Series 62 (with original return) or,
 - b. Blocking Series 63 (without original return).
- (2) Exempt Organizations (EO) and Employee Plans Master File (EPMF) claims are not subject to Category B criteria. See IRM 21.7.7.6.16, EO Claim Procedures, for other EO claim procedures. See IRM 21.5.11, Employee Plan Accounts, for Employee Plans (EP) claim procedures. These are all worked in Ogden.

21.5.3.4.13
(06-15-2022)
Unprocessed Return

- (1) When an unprocessed return is received as a taxpayer inquiry and no return is posted, forward the return to be processed as an original return. If the taxpayer's figures are incorrect, a notice is generated.

Note: For CII cases, refer to IRM 21.5.1.5.5, Processing/Reprocessing CII Tax Returns, for additional information.

- (2) When the return is posted and the taxpayer submits a corrected return, input the appropriate adjustment, provided enough information is available.

Note: If you cannot determine taxpayer's intent, call or correspond with taxpayer, then input any necessary adjustment.

21.5.3.4.14
(04-22-2022)

**May Department Store
and Sequa
Underpayment Interest
Issue**

- (1) Give the following information to taxpayers calling or writing about the filing of a claim/request citing the May Department Stores v. U.S. or Sequa Corp. v. U.S. interest cases:
- Rev. Rul. 99-40 provides guidance as to when a credit elect is applied against an estimated tax installment.
 - The date the credit elect is applied to satisfy an unpaid estimated tax installment determines when underpayment interest begins on a subsequent underpayment for the overpayment year.
 - Taxpayers may file a Form 843, Claim for Refund and Request for Abatement, or submit an informal claim citing the underpayment tax year that Rev. Rul. 99-40 applies to (Rev. Rul. 99-40 supersedes Rev. Rul. 88-98).
 - If the taxpayer used the annualized installment method for determining the estimated tax liability for the immediately succeeding tax year (Computer Condition Code "8" for BMF or "P" for IMF), ask the taxpayer to include with their request a copy of the Form 2210, Underpayment of Estimated Tax by Individuals, Estates and Trusts, or Form 2220, Underpayment of Estimated Tax by Corporations, that is applicable to the original return for that tax year.
- (2) These claims/requests are processed following the information outlined in IRM 20.2.5.7.2, Rev. Rul. 99-40 and Credit Elects (May/Sequa).

Note: Upon claim/request receipt, coordinate with your site's *Interest Specialist*, on the Interest Knowledge Base, to figure the correct start date(s) and amount(s) for the interest computation and input the necessary adjustment.

21.5.3.4.15
(10-01-2020)

**Net Rate Interest Netting
Claims**

- (1) IRC 6621(d) allows for the netting of credit and debit interest during time periods where a taxpayer had overlapping credit and debit interest accruals between two or more tax modules.
- (2) If the taxpayer has made a request for the application of the net interest rate of zero for interest accruing before October 1, 1998, then that taxpayer does not have to make a separate request for the portion of the overlapping period identified in that request that impacts interest for periods beginning after July 22, 1998 (e.g., interest accruing on or after October 1, 1998). See Rev. Proc. 2000-26.

21.5.3.4.15.1
(12-16-2014)

**Pre-Enactment Net Rate
Interest Netting Claims**

- (1) Net rate claims involving pre-enactment interest periods (interest accruing prior to October 1, 1998) are worked in Ogden Accounts Management. However, if one of the tax periods addressed on the claim is:

- a. Currently open in Examination, use CC AMDISA information and forward the claim to the appropriate office. Input Transaction Code (TC) 971, AC 013, for the tax period(s) addressed on the claim that is open on AIMS.
- b. In the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) suspense, use CC AMDISA information and forward the claim to the appropriate TEFRA unit for association. Input TC 971, AC 013, for the tax period(s) addressed on the claim that is open on AIMS.

Reminder: Notify the taxpayer if required, as outlined in IRM 21.3.3.4.2.1, Use of 86C Letter - Referring Taxpayer Inquiry/Forms to Another Office.

- (2) Taxpayers have been instructed to file Form 843, Claim for Refund and Request for Abatement, with a note at the top: "Request for Net Interest Rate of Zero Under Rev. Proc. 99-43."
- (3) Claims identified as pre-enactment net rate interest claims (whether notated or not) are transmitted to Ogden AM using Form 3210, Document Transmittal. Include the following information:
 - a. The name, address, and telephone number of the sender.
 - b. The Taxpayer Identification Number (TIN), type of tax, and type of return at issue.
 - c. The taxable periods for which the taxpayer overpaid and underpaid the tax liability.
 - d. Whether the underpayment is outstanding and, if not, when the taxpayer paid the tax.
 - e. If the overpayment is not outstanding, when the taxpayer received a refund of tax.
 - f. The period(s) for which the taxpayer's overpayment and underpayment overlapped and the overlapping amount.
 - g. Whether the equivalent amounts of underpayments and overpayments for the period(s) have previously been used in a request to obtain the net interest rate of zero.
 - h. Provide a computation to the extent possible, of the amount of interest to be credited, refunded, or abated.
 - i. Address to: Internal Revenue Service, Net Rate Interest Claim, P.O. Box 9987, Mail Stop 6800, Ogden, UT 84409.

Flag the Form 3210, Document Transmittal, "EXPEDITE-NET RATE CLAIM." Send the IDRS Letter 86C or equivalent, informing the taxpayers claim was referred to Ogden AM.

- (4) The transmitting offices must follow-up on any non-receipted Form 3210 three weeks after transmission to ensure controls have been established in Ogden AM. Control the tax module(s) involved to IDRS number "0435500002," case category "INTC", when received in Ogden AM.

Note: If claim is received through CII, route the claim to Ogden by selecting the Ogden Central printer in CII. A Form 3210 is not needed if routing through CII. Include the information from (3) in the case notes on CII.

21.5.3.4.15.2
(10-01-2015)

**Post-Enactment Net
Rate Interest Netting
Claims**

- (1) Rev. Proc. 2000-26 provides guidance on the application of IRC 6621(d) for interest periods beginning after July 22, 1998 (interest accruing on or after October 1, 1998). This revenue procedure is not relevant to interest accruing on or after January 1, 1999, for taxpayers other than corporations because the underpayment and overpayment rates for interest accrued after that date for taxpayers that are not corporations are equal.
- (2) For post-enactment net rate claims, taxpayers have been instructed to send Form 843, Claim for Refund and Request for Abatement, to the IRS campus where their most recent federal tax return was filed. The taxpayer should label the top of the Form 843: "Request for Net Interest Rate of Zero Under Rev. Proc. 2000-26." Consider the instructions in IRM 21.5.3.4.15.1, Pre-Enactment Net Rate Interest Netting Claims, before allowing the claim. Refer to IRM 20.2.14.6.1.1, Post-Enactment Date Interest Periods, for processing net rate adjustments.

21.5.3.4.16
(12-20-2010)

**Other Inquiries and
Adjustments**

- (1) Certain items submitted by taxpayers must be referred to other functions for additional review and action.

If ...	Then Refer to ...
1 Altered Remittance Complaint	The Treasury Inspector General for Tax Administration (TIGTA). Note: Contact TIGTA at 800-366-4484 for referral instructions.
2 Renegotiation of Government Contracts	Examination
3 Reimbursement of IRS Administrative and/or Legal Expenses per IRC 7430	Appeals – Refer to the various section of IRM 8 (Appeals), for additional information.

- (2) The remaining subsections provide information on various other inquiries and adjustments.

21.5.3.4.16.1
(10-04-2021)

**Account Adjustments,
Administrative Errors**

- (1) Abate any incorrect assessment made on taxpayer's account due to an IRS error.
- (2) Adjust penalty and interest charges generated by the incorrect assessment if it cannot be computer adjusted.
- (3) Close any erroneous filing requirements caused by misapplied tax returns posting to the wrong account.
- (4) If the taxpayer received an erroneous billing, apologize for the error in your reply. **IMF ONLY:** If you do not write a letter, enter Source Code 4 with your adjustment.

21.5.3.4.16.2
(10-01-2019)

Civil Cases (Department of Justice Cases)

- (1) A court decision may necessitate an adjustment to a taxpayer's account, including abatement of the assessed civil penalties. Refer to IRM 21.5.3.4.16.2.1, Action Required on Civil Cases, for additional processing information.

Note: The civil penalty is assessed on MFT 55 for IMF or MFT 13 for BMF.

- (2) Refund checks are issued in care of the U.S. Attorney's Office or the Assistant Attorney General - Department of Justice, or as stated in the case file.
- (3) Process these cases expeditiously. Civil cases involving a refund (or abatement of the civil penalty) to the taxpayer received from the Office of Chief Counsel or the Department of Justice must include the following documents:
- A transcript of account (if not attached, obtain a complete transcript of the account),
 - A Department of Justice letter authorizing the refund, and
 - Form 2285, Concurrent Determinations of Deficiencies, (when restriction is invalid).
- (4) Cases received by the insolvency function are processed by the Office of Chief Counsel, or the Department of Justice. In these cases, you receive a memorandum authorizing the refund.
- (5) All civil cases with the Department of Justice require managerial review. Managers must certify that the refund check amount and payee listed are correct.

21.5.3.4.16.2.1
(10-01-2019)

Action Required on Civil Cases

- (1) The following actions are required for case resolution and account adjustments to close the Civil Cases:
- a. Use Corporate Files On Line (CFOL) command codes. Check CC IMFOL/BMFOL, CC MFTRA, IDRS, or NMF records for debit balances. Offset any overpayment after the adjustment, if necessary.
 - b. Adjust the account(s) using the amount(s) specified with a refile blocking series.

Note: If the original return was filed electronically, use blocking series 00 with the TRPRT print attached. Do not use blocking series 18. See *Blocking Series*, in Document 6209, Section 4-14

- c. Prepare Form 3753, Manual Refund Posting Voucher, or Form 1331-B, Notice of Adjustment, for the over-assessment amount, plus interest.
- d. Prepare Form 3753 and enter the name of the taxpayer followed by "C/O U.S. Attorney" or "C/O Assistant Attorney General" and the address in the "Make Check Payable To" box. Enter "Civil Case" in the remark's box.

Note: Do not schedule refunds of court costs. See IRM 3.17.79.3.13, Refunds Based on Court Decisions.

- e. Input a TC 521 input for each module that contains a TC 520 with CC 073. Only the Refund Litigation Coordinator for the campus which initially opened the case may enter TC 521. Close all open control bases.
- f. Prepare Form 3460, Transmittal Memo Accounting Control Documents, labeled "Manual Refund" and route to the Accounting Function.
- g. Complete any remaining necessary processing and schedule the refund by the end of the sixth workday after the receipt at the campus.

- h. Notify the originator in the Chief Counsel's office when the adjustments and refunds have completed processing or if any irregularity or delay is encountered while processing the case.

21.5.3.4.16.3
(10-01-2002)
**Voluntary Contributions
to Reduce the Public
Debt**

- (1) Taxpayers may contribute to reduce the public debt in the form of a separate check or request that all or part of an overpayment be applied to reduce the public debt. For processing instructions, refer to IRM 3.14.1.6.4.4.7, Contributions to Reduce the Public Debt.

21.5.3.4.16.4
(03-25-2020)
**Taxpayer Request IRS
Preparation of Return**

- (1) Statements made by taxpayers disclosing their gross income and related deductions may be accepted as a tentative return provided the taxpayer later files proper forms without unnecessary delays.
- (2) For tax years 2018 and later, if an IMF return cannot be prepared on a Form 1040 series (without any attachments) or for tax year 2017 and prior, Form 1040EZ, Income Tax Return for Single and Joint Filers With No Dependents, inform the taxpayer that the request for the IRS to prepare the return will be accepted as a timely filed return (if the correspondence was received by the due date), but that they must also promptly file the required return. Send the taxpayer the proper forms and schedules. Instruct the taxpayer to attach a copy of the IRS correspondence to the taxpayer's return to avoid any late filing penalties. Do not prepare a dummy return for processing.
- (3) If the information can be filed on the forms stated above, prepare the return for the taxpayer to sign and file as indicated below:
 - a. Attach all forms.
 - b. Use filing status of single with one exemption unless the information furnished by the taxpayer indicates filing status of married filing joint.
 - c. Make a copy of the return, the attachments, and taxpayer's correspondence for processing as a tentative return.
 - d. Annotate "Tentative Return" below the entity section of the return **copy**; edit the correspondence received date as the received date of the return; attach the original correspondence; and forward for pipeline processing.
 - e. Send the return to the taxpayer for signature along with copies of the original correspondence and blank forms and schedules.

Caution: Take extreme care to ensure that only the material relative to the taxpayer(s) to which the correspondence is addressed is enclosed in the envelope. Refer to IRM 21.3.3.4.24, Breaches of Personally Identifiable Information (PII) Caused by Manual Stuffing Errors, for additional information.

- (4) Advise the taxpayer to file the return and to:
 - a. Verify the accuracy of the return.
 - b. Make any necessary corrections.
 - c. Sign and date the return.
 - d. Keep a copy of the return for the taxpayer's records.
 - e. Return the original with all attachments.
- (5) If the taxpayer files a signed return inconsistent with the tentative return information, resolve the discrepancies.

21.5.3.4.16.5
(05-05-2023)
**Timely Filed Blank
Return**

- (1) If the taxpayer timely files a purported tax return which contains only the taxpayer's signature, title, and date, or is unsigned, the filing requirements have not been satisfied for late filing (delinquency) penalty purposes.
- (2) If the taxpayer files a second return after the filing due date and the later return reports tax, filing the second return results in the generation of a Duplicate Filing Condition.
 - a. Order the original return.

Exception: If the account contains sufficient **timely** payments to cover the tax liability of the second return, no late filing penalty is due. It is not necessary to order the original return in this case. For Form 1065, U.S. Return of Partnership Income, see IRM 20.1.2.3.6, *Assessment/Abatement Procedures*, and for Form 1120-S, U.S. Income Tax Return for an S Corporation, see IRM 20.1.2.6.4, *Procedures for Assessment or Abatement Prior to 01/01/2022*, or IRM 20.1.2.6.4.1, *Procedures for Assessment or Abatement After 01/01/2022*.
 - b. Adjust the account to the correct figures. Assess the late filing penalty (TC 160), and any other applicable penalties, if the original contains only the signature, title and date, or is unsigned. See IRM 20.1.2, *Failure to File/Failure to Pay Penalties*, for more information on the late filing penalty. Update the Assessment Statute Expiration Date (ASED) with TC 560 using command code REQ77 if applicable. See IRM 21.7.9.4.1.1.2, *Two Returns Posted to Same Account, Incorrect Return Posted First, TC 976 Return is Correct Return*.
 - c. Use blocking series 00 to indicate the original return is being refiled with the adjustment.

21.5.3.4.16.6
(10-01-2002)
**Taxpayer Inquiries
Requiring Referral to
Other Functions**

- (1) Some taxpayer inquiries cannot be worked in AM. Refer these cases to another function for review. When appropriate, cases are returned to the AM function for account action or for a letter of explanation to the taxpayer.

21.5.3.4.16.7
(10-01-2024)
**Identifying Frivolous
Returns/Correspondence
and Responding to
Frivolous Arguments**

- (1) The IRS is faced with a growing number of individuals who file frivolous tax returns based upon tax avoidance arguments that are not supported by law. IRC 6702 provides for the assessment of penalties for filing frivolous tax returns or other specified frivolous submissions (namely, a request for a collection due process hearing, or application for an installment agreement, offer-in-compromise, or taxpayer assistance order) that are based on a position which the Secretary has identified as frivolous or reflects a desire to delay or impede the administration of Federal tax law.
- (2) A frivolous argument is used for expressing dissatisfaction with the substance, form, or administration of the tax laws by attempting to illegally avoid or reduce tax liabilities. Recognized frivolous arguments made by both individuals and businesses can be found in *Internal Revenue Bulletin: 2010-17*, located on IRS.gov.
- (3) Accounts with a transaction code (TC) 971 Action Code (AC) 089 indicate that a frivolous return has been received. An F- freeze is generated on all tax periods. The TC 971 AC 089 freezes the entire account. Frivolous returns that

are being audited have open AIMS under Primary Business Code (PBC) 192, Exam Employee Group Code (EGC) 5531, 5532 or 5533.

ALL calls identified with the EGC 5531, 5532, 5533, or cases that have a TC 971(089) or F- Freeze on the tax account or where the caller identifies that they have recently received Letter 3175C, Frivolous Correspondence Response, or Letter 3176C, Frivolous Correspondence Response, as shown on CC ENMOD, are referred to the Ogden Frivolous Return Program.

Instruct the taxpayer to call 866-883-0235. Available hours are Monday - Friday from 7:00 AM - 3:30 PM Mountain Standard Time.

Caution: Only refer taxpayers to the FRP toll-free line if the account meets the conditions in paragraph 3 above. Do not refer TC 810-4 to the FRP toll-free line unless a Letter 3176C, Frivolous Correspondence Response, was issued. See IRM 21.5.6.4.10, -E Freeze, to address these calls.

Employees outside of the Ogden Frivolous Return Program do not attempt to handle these calls.

- (4) Use the following procedures when referring frivolous claims and/or correspondence to the Ogden Campus Frivolous Return Program (FRP). Before routing an amended return to FRP, refer to IRM 25.25.10.3.1 (2), Cross Functional Account Freeze Cleanup, to determine if the account should be adjusted to remove the questionable credit.

- a. Prepare Form 3210, Document Transmittal. Include the Taxpayer Identification Number (TIN) and tax year for each claim, document or correspondence, along with the releasing official's name and the originator's address. In the remarks box of the Form 3210, indicate whether the document is an amended return or correspondence. Forward the Form 3210 along with the taxpayer's documents to the following address:
Ogden Compliance
1973 N Rulon White Blvd., M/S 4450 OSC
Ogden, UT 84404
Attention: Frivolous Return Program.

Note: If claim is received through CII, route the claim to M/S 4450 OSC in Ogden following the CII reroute procedure in IRM 21.5.1.5.2, Cases Currently Assigned in CII.

- b. Transship trust returns to Ogden/Frivolous Return Program (FRP) if all the following apply:
 - the trust is a simple, complex or grantor type;
 - the entity was created in 1991 or later;
 - the activity on the attached Schedule C is not oil or gas;
 - and the tax is less than \$3,000.
 - c. If a non-frivolous claim is received and CC TXMOD shows an open control base to an employee in the FRP (Unit Numbers: 14867, 14868, 14869), transship to Ogden/FRP.
 - d. For claims only, input TC 971 with Action Code 013. Enter "Sent to Ogden/FRP" in the remarks area.
- (5) Taxpayers may call complaining about filing and paying taxes. It is our responsibility to educate taxpayers to help them understand and meet their tax

obligations. Inform the taxpayer that the IRS administers the tax laws but does not have the authority to change the laws and cannot debate the legality or constitutionality of the laws. Respond to the taxpayers' inquiries on specific tax issues related to their account, but do not debate general tax issues.

Determine if the taxpayer has received Publication 2105, *Why Do I Have to Pay Taxes?* If so, refer the taxpayer to this publication. If not, send the publication to the taxpayer or refer the taxpayer to IRS.gov.

- ALL calls identified with the EGC 5531, 5532, 5533, or cases that have a TC 971(089) or F- Freeze on the tax account or where the caller identifies that they have recently received Letter 3175C, Frivolous Correspondence Response, or Letter 3176C, Frivolous Correspondence Response, as shown on CC ENMOD, are referred to the Ogden Frivolous Return Program.

Instruct the taxpayer to call 866-883-0235. Available hours are Monday - Friday from 7:00 AM - 3:30 PM Mountain Standard Time.

Caution: Only refer taxpayers to the FRP toll-free line if the account meets the conditions in paragraph 3 above. Do not refer TC 810-4 to the FRP toll-free line unless a Letter 3176C, Frivolous Correspondence Response, was issued. See IRM 21.5.6.4.10, -E Freeze, to address these calls.

Reminder: Employees outside of the Ogden Frivolous Return Program do not attempt to handle these calls.

21.5.3.4.16.8
(10-01-2002)
**Renegotiation of
Government Contracts**

- (1) When contracts with government agencies are renegotiated and the amount of excessive profits is eliminated, the taxpayer is required to pay or repay the contracting agency. Route these cases to the campus Examination Operations.

21.5.3.4.16.9
(10-01-2015)
Receipt of Deposits

- (1) During an examination, a taxpayer may make a deposit against a potential underpayment of tax liability. Pursuant to IRC 6603, the receipt of the deposit stops the running of interest on the potential underpayment. If any portion of the deposit is returned to the taxpayer, the taxpayer may be entitled to interest on the returned amount to the extent the deposit was attributable to disputable tax. Disputable tax means the amount of tax specified at the time of deposit as the taxpayer's reasonable estimate of the maximum amount of any tax attributable to disputable items.
- (2) Upon receipt of a deposit:
 - a. Notify taxpayer of the conditions relating to deposits.
 - b. Mail Letter 316C, *Taxpayer Made Tax Payment in Advance*, via certified mail, giving the taxpayer the opportunity to request the return of their deposit if conditions are not satisfactory.
 - c. The second page of Letter 316C can be used for this request. See IRM 20.2.4.9.2, *IRC 6603 Deposits*, for additional information.

21.5.3.4.16.10
(10-01-2020)

Request for a Return of Deposit

- (1) When a request from a taxpayer for the return of a deposit is received:
 - a. Perform research to determine if taxpayer has any other outstanding liabilities.
 - b. Research AIMS to determine the status of the examination.
 - c. Request the posting voucher if the payment in question is not posted as a deposit. The Form 3244-A, Payment Posting Voucher – Examination, indicates either a deposit or a cash bond.
 - d. Research to determine whether the taxpayer previously requested the remittance to be treated as a payment of tax.
- (2) Work these requests as expeditiously as possible. See IRM 20.2.4.9.1, Cash Bonds, for additional information.

21.5.3.4.16.10.1
(10-03-2022)

How to Identify a Deposit on the Tax Module

- (1) A deposit may be identified on the tax module by the following items:
 - The posting of a TC 640 with the literal “Cash Bond” displayed.
 - Tax Class 0 - 8.
 - Document Code 17 (19 for Electronic Federal Tax Payment System).
 - Blocking Series 990 - 999.
- (2) The identity of a remittance as a deposit is lost when it is transferred from one account to another. Therefore, the tax examiner must verify the original remittance posting is indeed a deposit (or a cash bond if the remittance was made prior to the enactment of IRC 6603).

21.5.3.4.16.10.2
(10-03-2022)

When Not to Return a Deposit

- (1) Do not return a deposit when IRS has assessed a liability for the type of tax and tax years for which the taxpayer has designated the deposit to be used per Rev. Proc. 2005-18, or if the collection of tax is in jeopardy.
- (2) If there is any question whether a deposit is to be returned to the taxpayer, obtain technical advice following local procedures. If the deposit is not returned for any reason, notify the taxpayer promptly.

21.5.3.4.16.10.3
(10-03-2022)

Honoring Request for Return of Deposits

- (1) Once it is determined the taxpayer is entitled to the return of a deposit:
 - a. Prepare Form 3753, Manual Refund Posting Voucher, according to IRM 3.17.79, Accounting Refund Transactions.
 - b. If Form 3244-A, Payment Posting Voucher - Examination, is requested, attach it and forward it with Form 3753.
 - c. Allow interest on the return of deposits to the extent the deposit is attributable to disputable tax. Disputable tax means the amount of tax specified at the time of deposit as the taxpayer’s reasonable estimate of the maximum amount of any tax attributable to disputable items. See IRM 20.2.4.9.2, IRC 6603 Deposits, for more information regarding interest on deposits.
- (2) Any non-tax liability owed by the taxpayer may be offset by the Bureau of the Fiscal Service (BFS) through the Treasury Offset Program. Refer to IRM 21.4.6.5.2, Injured Spouse Inquiries, for additional information on refund offsets.

21.5.3.4.16.11
(01-28-2014)
**Non-Negotiable
Remittances**

- (1) If Form 1040-X, Amended U.S. Individual Income Tax Return, or other correspondence is received with a non-negotiable remittance attached, process as follows:

- a. Attach a copy of the remittance to the claim and process the claim.
- b. Return the remittance to the taxpayer using the variable paragraph in Letter 315C, Form/Document/Payment Unnecessary; Returned to Taxpayer. Advise the taxpayer to make the remittance payable to the United States Treasury as soon as possible with a copy of the letter.

Caution: Take extreme care to ensure that only the material relative to the taxpayer(s) to which the correspondence is addressed is enclosed in the envelope. Refer to IRM 21.3.3.4.25, Breaches of Personally Identifiable Information (PII) Caused by Manual Stuffing Errors, for additional information.

21.5.3.4.16.12
(11-18-2011)
**Late Election by Real
Estate Professionals -
Revenue Procedures
2011-34**

- (1) *Rev. Proc. 2011-34*, located on IRS.gov, provides guidance for qualified real estate professionals to make a late election to aggregate all interests in rental real estate as a single activity. The procedures in the *Rev. Proc.* are in lieu of applying for a private letter ruling. The granting of an extension of time to file an election does not automatically mean that the taxpayer satisfies *Rev. Proc. 2011-34* eligibility requirements, qualifies as a real estate professional, or materially participates in any activity. Under *Rev. Proc. 2011-34*, a taxpayer is granted an extension of time to file, if the taxpayer meets **all** the following requirements:

- Failed to make an election solely because the taxpayer failed to timely meet the requirements in *Rev. Proc. 2011-34*.
- Filed returns consistently with having made an election to aggregate and did not file any returns inconsistent with the requested aggregation of activities for all years including and following the year the taxpayer intends the requested aggregation to be effective.
- Timely filed each return that would have been affected by the election if it had been timely made. A return is timely if filed within six months after its due date, excluding extensions.
- Has reasonable cause for its failure to not make a timely election.

If the taxpayer meets all the eligibility requirements of *Rev. Proc. 2011-34* above, the taxpayer may make a late election by attaching the statement to an amended return.

Note: There should be no tax deficiency/refund when the late election is filed with an amended return if the taxpayer has consistently filed returns as though they made an election. The taxpayer must also explain the reason for the failure to file a timely election and establish reasonable cause. Correspond with the taxpayer and include the following paragraph "Your amended return is a completed application for request under Revenue Procedures 2011-34."

- (2) If the taxpayer fails any of the eligibility requirements of *Rev. Proc. 2011-34*, then the taxpayer is not qualified for the relief to make a late election. As such, each rental is treated as a separate rental real estate activity. Follow the "No Consideration" procedures as outlined in IRM 21.5.3.4.6.3, No Consideration Procedures.

21.5.3.4.17
(12-01-2023)
**Amended Economic
Impact Payment (EIP)
Return**

- (1) To assist individuals who have no tax return filing requirement with receiving their Economic Impact Payments (EIP) timely, the "Free File Fillable Form" product was modified to capture minimal individual information designed to determine EIP eligibility and issue payment. Individuals with no tax filing requirement were encouraged to use the *Non-Filers: Enter Payment Info Here Tool* on IRS.gov to provide their Name, SSN, Address, Dependent and Banking information. The submission of this information through the Non-Filers Tool created a basic 2019 Form 1040 filing for the taxpayer. In some cases, individuals with a TY 2019 tax obligation erroneously used the Non-Filers Tool to quickly provide banking information for their EIP. Because the submission of information using the Non-Filers Tool was a Form 1040 filing, the erroneous use of the Non-Filers Tool made it impossible for these individuals thereafter to e-file their accurate 2019 tax return. Taxpayers affected by this issue were instructed to file a paper Form 1040, U.S. Individual Income Tax Return, with "**Amended EIP Return**" noted at the top center of the return. **Amended EIP Returns** are processed as superseding returns following normal procedures as outlined within IRM 21.6.7.4.10, Superseding Returns, ensuring the following are addressed:

- Update the Return Processable Date (RPD) to April 15, 2020 when the amended EIP return is received in processable form on or before the

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wise, enter the date the amended EIP return is received in processable form.

Example: If the return received date on the tax module is April 15, 2020, and the amended EIP return is received fully processable on July 15th, 2020, there is no need to input the RPD within your adjustment. If the return received date on the tax module is June 15, 2020, and the amended EIP return is received fully processable on July 15th, 2020, input 04/15/2020 as the RPD within your adjustment. If the return received date on the tax module is April 15, 2020, and the amended EIP return is received fully processable on July 25th, 2020, input 07/25/2020 as the RPD within your adjustment.

Reminder: Refer to IRM 21.5.1.4.2.5, Received Date - Grace Periods, when determining the received date.

Reminder: If the Amended EIP Return is unprocessable, due to a missing form or schedule, refer to IRM 21.5.3.4, General Claims Procedures.

- Input TC 290 to assess any tax.
- Input all appropriate credits.
- Input all appropriate item reference numbers.
- Do not input an "AMD-CLMS-DT" with your adjustment.
- Use a blocking series that indicates the original return is with the adjustment (e.g., 00, 77, or 99). This return is the taxpayer's original filing.
- Update the Assessment Statute Expiration Date (ASED) with TC 560 using command code REQ77, when the Non-Filer Tool return is not valid (i.e., ID Theft). Refer to IRM 25.6.1.6.14, Criteria for Establishing a Statute of Limitations Period, IRM 25.6.1.6.15, When a Document Is Treated As Filed Under the IRC, and IRM 25.6.1.9.5.3, 25% Omission, for information regarding the ASED.

Note: See IRM 21.6.7.4.2.7, Tax Period Changes, for instructions on updating the ASED.

- Use item reference number 871 when necessary, and refer to IRM 20.1.2.2.6.2, Incorrect Tax Shown Recorded, and IRM 20.1.2.2.6.3, Wrong Return Posted First, for additional information. Refer to IRM 20.1.2, Failure to File/Failure to Pay Penalties, and IRM 20.1.3, Estimated Tax Penalties, for additional information on assessing penalties.
- Refer to IRM 21.5.2.4.23.6, Discriminant Index Function (DIF) SCORE or CLASSIFICATION "Send Return(s) to Examination for Review", to determine if a DIF Score referral is needed. No other CAT-A criteria review is required. Do not update CC DDBCK.

Note: An "Amended EIP Return" can take up to 16 weeks to process, however, timeframes may be temporarily extended. Refer to the *IRS Operations: Status of Mission-Critical Functions* page on IRS.gov.

Note: Refer to IRM 21.5.6.4.2, -A Freeze, for additional information. If IDRS shows the characteristics that the original return was filed using the Non-File Tool (i.e. AGI of \$1.00), there is no need to request the documentation to verify the presence of the literal "Amended EIP Return".

Reminder: For additional information regarding Economic Impact Payments and how to identify returns filed using the "Non-File Tool", refer to IRM 21.6.3.4.2.13, Economic Impact Payments.

21.5.3.4.18
(03-06-2023)
**Electronically Filed
Amended Returns**

- (1) Taxpayers have the option to electronically amend current tax year and two prior year Form 1040 and Form 1040-SR returns that were originally e-filed through the Modernized e-File Return (MeF) application. The CII cases created by Account Management Services (AMS) are automatically segmented between SP and AM. Review the amended return documentation via the MeF Return Request Display (RRD) application. CR's can identify which return on RRD contains the amended return documentation by locating the document with a literal "A" in the DLN column. Refer to IRM 21.2.1.22, Modernized e-file (MeF/TRDB), and IRM 21.2.2.4.4.9, Modernized e-File Return Request Display (RRD), for additional information.
- (2) These cases can be identified on IDRS by control base category codes. The following category codes are assigned to AM:
 - MEFA (1040-X MeF)
 - MEFC (Carryback 1040-X MeF)
 - MEFI (International 1040-X MeF)
 - MEFR (International Carryback 1040-X MeF)

The return received date for electronically filed amended returns is determined by the MeF application when the amended return is accepted and the case is created. Acceptance of the amended return generates the posting of a TC 971 AC 120 and TC 971 AC 010 on IDRS, which posts with the received date as the Transaction Date (do not update the CII received date if there is a TC 977 on the account and the dates do not match). The return received date information can be verified by reviewing the MeF/RRD application.

- It is unnecessary to correspond for signatures on amended returns that were filed electronically.
 - When reprocessing an amended return from the MeF/RRD application, line through “e-file GRAPHIC print - DO NOT PROCESS” prior to forwarding the document for reprocessing. See IRM 21.5.2.4.23.1, Reprocessing Electronic Returns.
 - If referring an MeF amended return meeting CAT-A criteria, include in your remarks “MeF Amended 1040-X” to indicate that the amended return documentation can be reviewed via the MeF/RRD application. See Exhibit 21.5.3-2, Examination Criteria (CAT-A) General.
 - If a copy of the amended return is sent back to the taxpayer, print the amended return documentation from the MeF/RRD application. Make annotations using the Adobe Acrobat Pro software, save the updated document as a PDF and attach the document to your CII case. If the Adobe Acrobat Pro software is not available to you, print the amended return documentation from the MeF/RRD application and have the annotated document associated with your CII case via a CIS association sheet. See IRM 21.5.1.5.6, Incomplete CII Claims.
- (3) The CII cases created for these amended returns do not contain a digital image of the amended return. The entry of “1” is still required in the CIS IND> field on CC ADJ54 for these CII cases. See IRM 21.5.1.5.1, CII General Guidelines.
- Do not use blocking series 18 for e-filed returns. Use the applicable blocking series as indicated in the subject specific IRM. See IRM 21.6.6.2.25, Electronic Filing System (e-file).
 - When adjusting an account due to an electronically filed amended return, use “NSD” in the remarks section for **most** adjustments. See IRM 21.5.1.5.3, CII Source Documentation.
 - For information regarding electronically filed amended returns requesting direct deposit see IRM 21.5.3.4.18.1, Direct Deposit for Amended Returns.
 - For information regarding electronically filed amended returns with Taxpayer Protection Program (TPP) involvement, see IRM 21.5.3.4.18.2, Electronically Filed Amended Returns with Taxpayer Protection Program (TPP) Involvement.
 - When adjusting accounts refer to the specific subject IRM for that topic.

21.5.3.4.18.1
(10-01-2024)

**Direct Deposit for
Amended Returns**

- (1) Direct deposit is available on tax year 2021 and subsequent electronically filed amended returns. A TC 970 AC 001 is posted by MeF with a date matching an amended return received with valid direct deposit information. Item Reference Number (IRN) 872 is used when adjusting the account to designate the amount of refund in the form of a direct deposit.

Note: IDRS does not have the capability to update bank account information.

- (2) Input IRN 872 with the amount of the computed overpayment to be refunded on MFT 30 tax year 202112 and subsequent modules only. The IRN 872 is input as a positive amount. Do not include any math error correction amounts. It is not necessary to recompute or calculate penalties and interest. Do not input IRN 872 if there is no overpayment, if the adjustment results in a balance due, or if the adjustment is not the result of an amended return.

Caution: Check CC IMFOLT for the presence of the TC 970 AC 001 if the amended return was received the same week it is worked.

Caution: A RJ10 EFT0 next to the TC 970 does not mean the direct deposit will reject. See IRM 2.3.11-75, Command Code TXMOD—Pending TC 970 Transactions, for more information.

Exception: An adjustment releasing a refund on a Carryback claim does not require the input of an IRN 872, as the refund can't be released as a direct deposit.

Exception: The IRN 872 does not bypass a -X freeze. See IRM 21.5.6.4.48, -X Freeze, for processing information and issue a letter to the taxpayer to advise that their direct deposit request cannot be honored.

Note: If the amended return requires multiple adjustments due to the number of IRNs and CRNs needed, include the IRN 872 on the adjustment posting the credit/tax adjustment to ensure it is posted in time to affect the refund issuance.

- (3) If the adjustment results in a refund with credit interest, the credit interest amount may refund in a paper check.
- (4) To correct an IRN 872, or add an omitted IRN 872 after the CC TERUP timeframe has lapsed, take the following action:
 - Input a TC 290 for .00
 - Use RC 199
 - Use HC 3
 - Input IRN 872 for the correction amount

Example: If the previous IRN 872 amount of \$500.00 is incorrect and should have been \$200.00, then input IRN 872 for 300.00- to correct the direct deposit information.

Note: Corrections to the IRN 872 do not generate a new refund. These procedures are specific to the processing of e-filed amended returns and should not be followed by phone assistants.

21.5.3.4.18.2
(07-25-2024)
**Electronically Filed
Amended Returns with
Taxpayer Protection
Program (TPP)
Involvement**

- (1) Electronically filed amended returns are reviewed by Return Integrity and Compliance Services (RICS) to identify potential identity theft using the Taxpayer Protection Program (TPP) to ensure the return was filed by the true taxpayer. Those returns identified must be authenticated through TPP before Form 1040-X can be processed.
- (2) Amended returns with TPP involvement can be identified with a TC 971 AC 129 with the Form 1040-X MeF DLN. The taxpayer was issued a Letter 4883C, Potential Identity Theft During Original Processing, Letter 5747C, Potential Identity Theft during Original Processing - TAC AUTH ONLY, or Letter 5071C, Potential Identity Theft during Original Processing with Online Option, to the address listed on the MeF Form 1040-X to authenticate their identity.
- (3) Take the following actions:

- a. If after 30 days from the posting of a TC 971 AC 129 **without** a corresponding TC 972 AC 129, follow procedures in IRM 21.5.3.4.6.3, No Consideration Procedures, and issue Letter 916C to the address on the Form 1040-X. Use “*” in place of the TIN. Select paragraph F on the letter and use the open paragraphs T and U with the following:

If **Letter 4883C** was issued, use the following paragraphs:

“You didn’t respond to our request to verify your identity and return information. Please call our Taxpayer Protection Program hotline at 800-830-5084 between 7:00 a.m. and 7:00 p.m. local time to confirm you filed the amended tax return. Once you have verified your identity and confirmed you filed the return in question, you may resubmit your claim.”

“When you call, you **MUST** have a copy of this letter, the 4883C we issued for identity verification, your Form 1040-X, Amended tax return, your prior year tax return if you filed one (Forms W-2 and 1099 aren’t tax returns), and any supporting documents for each year’s tax return you filed (e.g., Form W-2, Form 1099, Schedule C, Schedule F, etc.).”

If **Letter 5747C** was issued, use the following paragraphs:

“You didn’t respond to our request to verify your identity and return information. If you did file, you must call 844-545-5640 to schedule an appointment at your local taxpayer assistance center. We need more information to verify your identity and tax return information so we can issue the full or remaining refund. We can’t process your refund until we hear from you.”

“If you **DIDN’T** file: Call our Taxpayer Protection Program hotline at 800-830-5084 to confirm that you did not file a tax return, as you may be a victim of identity theft. You do not need to schedule an appointment at your local taxpayer assistance center.”

Note: Do not issue Letter 916C prior to 21 days from the date the Letter 4883C or Letter 5747C was issued.

Note: Suspend the case pending a TC 972 AC 129 or issuance of the letter.

- b. When the TC 971 AC 129 DLN matches the posted TC 150, and the taxpayer has not completed authentication, follow IRM 21.5.1.4.4.1, Unresolved Taxpayer Protection Program (TPP) Issues for Correspondence and Loose Forms.
- c. If the taxpayer’s account contains a TC 971 AC 129 **with** a corresponding TC 972 AC 129, adjust the account following normal procedures.
- d. If the account shows an E- freeze, refer to IRM 21.5.6.4.9.1, E- Freeze Procedures for Unresolved Taxpayer Protection Program (TPP) Issues.

21.5.3.4.18.3
(10-01-2024)

**Electronically Filed
Amended Returns with
Potential Withholding
Mismatch TC 971 AC
123**

- (1) MeF Forms 1040-X with potential withholding mismatches can be identified with a TC 971 AC 123 MISC 1040X INC MISMATCH.
- (2) Take the following actions:
 - a. If withholding is substantiated by IRP data, follow normal Form 1040-X procedures.
 - b. If withholding information is not substantiated by IRP data, follow procedures outlined in IRM 21.6.3.4.2.2, Withholding (W/H) Tax Credit.

21.5.3.4.18.4
(05-05-2023)

**Electronically Filed
Amended Returns with
Potential Bogus
EIN/False Income TC 971
AC 123**

- (1) MeF Forms 1040-X with potential bogus EIN/false income can be identified with TC 971 AC 123 MISC 1040X INVALID IDOC. Disallow the claim following procedures in IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures.

21.5.3.4.18.5
(03-06-2023)

**Electronically Filed
Amended Returns for
Full Year Prisoners TC
971 AC 123**

- (1) MeF Forms 1040-X filed for full year prisoners are identified with a:
 - TC 971 AC 123 MISC - 1040X FYP BOTH - primary and secondary
 - TC 971 AC 123 MISC - 1040X FYP PRIMARY - primary only
 - TC 971 AC 123 MISC - 1040X FYP SECONDARY - secondary only
- (2) Follow normal procedures, however exercise caution when processing these amended returns as some credits may not be allowed.

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Exhibit 21.5.3-1 (06-17-2024)**Claim Processing with Examination Involvement**

This exhibit provides details for processing a claim with Examination involvement.

1. To identify the appropriate information, you must first determine the following:
 - Does the account have a -L freeze and, if so, what is the current status on Audit Information Management System (AIMS)?

Reminder: Check for a -L freeze on both taxpayer's accounts when processing a filing status change from/to married filing jointly. If a -L freeze exists on either account, follow the procedures as outlined below.

Accounts with a -L freeze indicate an account has been selected for a potential audit. The AIMS status (as viewed with Command Code (CC) AMDISA) determines the current status of the potential audit. Since not all cases with a -L freeze are audited, processing procedures differ based on the AIMS status.

Note: Substitute for Return (SFR) accounts containing a -L freeze and the AIMS information indicates a Primary Business Code (**PBC**) **296** (for MFT 01 and 10 only) or **PBC 212**, regardless of AIMS status: Forward the return to Examination without inputting any adjustments. All other Substitute for Return (SFR) accounts containing a -L freeze, refer to IRM 21.5.3.4.10.1, Non-Filer Returns, for additional information.

- Does the claim meet CAT-A criteria?
CAT-A criteria identifies issues that require a referral to the Examination Classifiers prior to allowing a taxpayer's claim, including protective claims and requests for abatement of CAT-A criteria penalties as identified in Exhibit 21.5.3-2, Examination Criteria (CAT-A) – General, and Exhibit 21.5.3-3, and Examination Criteria (CAT-A) – Credits. Review IRM 21.5.3.4.7, Processing Claims and Amended Returns with Examination Involvement, prior to referring any cases to Examination.
2. Cases referred to the CAT-A classifiers will be returned with processing instructions as outlined in the following table:

If ...	Then ...
1 Exam Classification indicates "selected" or provides instructions to route the claim	Case is selected for audit – AM will: <ol style="list-style-type: none"> 1. Input the necessary audit trail with a TC 971 and Action Code (AC) 013. 2. Input any applicable letters to the taxpayer. Refer to IRM 21.3.3.4.2.1, Use of 86C Letter - Referring Taxpayer Inquiry/Forms to Another Office. 3. Route the case if Classification responds with a stop number. 4. Close the case.
2 Exam Classification indicates "rejected"	AM resolves the reason for rejection and resubmit the claim as Category A Note: If additional information is needed from the taxpayer, AM rejects the claim and request the information. Refer to IRM 21.5.3.4.3, Tax Decrease and Statute Consideration, for information on processing statute year claims.

Exhibit 21.5.3-1 (Cont. 1) (06-17-2024)**Claim Processing with Examination Involvement**

If ...	Then ...
3 Exam Classification indicates no consideration or provides instructions to request additional information	If the Examination Classifier notifies AM to “No Consider” a claim for additional information or missing supporting documentation, refer to IRM 21.5.3.4.6.3, No Consideration Procedures, or IRM 21.5.3.4.1.1, Tax Increase and Credit Increase Processing, as appropriate. For information on processing statute year claims, refer to IRM 21.5.3.4.3, Tax Decrease and Statute Consideration.
4 Exam Classification indicates “accepted”	Classifier determined no examination will be initiated at this time, AM inputs the necessary actions to adjust the account and release any overpayment.
5 Exam Classification indicates “disallowed”	The issue is not allowable – AM inputs the disallowance adjustment and send the appropriate disallowance letter. Refer to IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures.

3. The information below outlines the procedures based on the different combinations of CAT-A criteria and AIMS status codes.
- **For accounts without a -L freeze:**
 - **If the claim does not meet Category A criteria**, process the claim following normal adjustment procedures.
 - **If the claim meets Category A criteria**, forward the claim to CAT-A Exam for classification.
 - **For accounts with a -L freeze and the AIMS status is 08 or less:**
 - If the claim does not meet CAT-A criteria, process the claim following normal adjustment procedures. If the refund is frozen by Exam, use appropriate hold code to ensure the credit balance does not refund. Include the appropriate *priority code* to prevent an unpostable. Do not forward the case to Examination.
 - If the claim meets CAT-A criteria, forward to Exam Classification as CAT-A.
 - **For accounts with a -L freeze and the AIMS status is 09 or more and less than 90:**
 - If the return is a **true duplicate**, input a TC 290 for .00 to release the freeze utilizing **TRUEDUPF** as the activity code when inputting the adjustment. Use hold code 1 if the account reflects a credit balance. Do not forward to Examination unless the return also includes taxpayer correspondence. If correspondence is included, forward to Examination per the AIMS data.
 - For any Form 843 claims filed by individuals requesting a refund of withheld (employee's share) FICA tax showing an open -L freeze on the employer in PBC 212, process the claim using normal procedures. For additional information, see (domestic) IRM 21.7.2.4.6.4.2, Excess Social Security and Medicare Tax Withheld - Employee Claims for Refund, and IRM 21.8.2.7.3, Processing Employee Claims.
 - For all other claims/amended returns, regardless of CAT-A criteria, route the case to the Examination group conducting the exam per the AIMS data. See Exam Employee Group Code (EGC) Contacts listing on SERP under Who/Where tab.

Note: If AIMS status is 90, ignore the -L and process case as if -L freeze not present.

Examination Criteria (CAT-A) – General

[illegible]

Exhibit 21.5.3-2 (Cont. 1) (10-01-2024)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 2) (10-01-2024)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 3) (10-01-2024)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 4) (10-01-2024)
Examination Criteria (CAT-A) – General

[illegible]

Exhibit 21.5.3-2 (Cont. 5) (10-01-2024)
Examination Criteria (CAT-A) – General

[illegible]

Exhibit 21.5.3-2 (Cont. 6) (10-01-2024)
Examination Criteria (CAT-A) – General

[illegible]

[illegible]

Exhibit 21.5.3-2 (Cont. 8) (10-01-2024)
Examination Criteria (CAT-A) – General

[illegible]

Exhibit 21.5.3-2 (Cont. 9) (10-01-2024)

Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 10) (10-01-2024)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 11) (10-01-2024)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 12) (10-01-2024)
Examination Criteria (CAT-A) – General

[illegible]

Exhibit 21.5.3-2 (Cont. 13) (10-01-2024)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 14) (10-01-2024)
Examination Criteria (CAT-A) – General

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Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 16) (10-01-2024)
Examination Criteria (CAT-A) – General

[illegible]

Exhibit 21.5.3-2 (Cont. 17) (10-01-2024)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 18) (10-01-2024)
Examination Criteria (CAT-A) – General

[illegible]

Exhibit 21.5.3-2 (Cont. 19) (10-01-2024)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 20) (10-01-2024)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 21) (10-01-2024)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 22) (10-01-2024)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-3 (10-01-2024)
Examination Criteria (CAT-A) – Credits

See Exhibit 21.5.3-2, Examination Criteria (CAT-A) – General, for additional criteria and information pertaining to CAT-A.

Note: Taxpayers have the option to electronically amend current tax year and two prior year Form 1040 and Form 1040-SR returns that were originally e-filed through the Modernized e-File Return (MeF) application. CII cases created by Account Management Services (AMS) does not contain a digital CII image. If referring a MeF amended return meeting CAT-A criteria, include in your remarks **“MeF Amended 1040-X”**, to indicate that the amended return documentation can be reviewed via the MeF Return Request Display (MeF/RRD) application.

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Exhibit 21.5.3-3 (Cont. 1) (10-01-2024)
Examination Criteria (CAT-A) – Credits

[illegible]

Exhibit 21.5.3-3 (Cont. 2) (10-01-2024)
Examination Criteria (CAT-A) – Credits

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Exhibit 21.5.3-3 (Cont. 3) (10-01-2024)
Examination Criteria (CAT-A) – Credits

[illegible]

Exhibit 21.5.3-3 (Cont. 4) (10-01-2024)
Examination Criteria (CAT-A) – Credits

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Exhibit 21.5.3-3 (Cont. 5) (10-01-2024)
Examination Criteria (CAT-A) – Credits

[illegible]

Exhibit 21.5.3-3 (Cont. 6) (10-01-2024)
Examination Criteria (CAT-A) – Credits

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Exhibit 21.5.3-3 (Cont. 7) (10-01-2024)
Examination Criteria (CAT-A) – Credits

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Exhibit 21.5.3-4 (05-22-2017)**Fraud Referral Claims**

1. This exhibit provides details for processing IMF fraudulent claims that **do not** have an existing treatment stream.
 2. A fraud referral database (FReD) has been created that enables potential tax fraud or non-compliance leads to be disseminated and subsequently acted upon. The database **does not** replace any existing referral methods.
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4. Employees who discover a questionable case refers the case to their lead or manager. The employee maintains an open control base and suspend the case while waiting for a response. Update the IDRS activity to "REF2FRED" after suspending the case to the manager or lead.
 5. The lead or manager reviews the case to ensure fraud referral criteria are met.
 - If criteria are not met, the case is returned to the employee with a message advising why fraud referral criteria were not met.
 - If criteria are met, the lead or manager refers the case information to their local fraud referral coordinator via E-mail indicating why the case was referred and the CII case number. AM Fraud Referral Coordinators can be found on the *Accounts Management Fraud Referral Coordinators* website.

Caution: The case remains in "suspense" inventory for 7 days and if no action is returned to the employee in their "active" inventory. Do not take action on the case until appropriate guidance has been provided.
 6. The fraud referral coordinator reviews the case to ensure fraud referral criteria are met.
 - If not met, the fraud referral coordinator sends an E-mail to the lead / manager advising why the criteria were not met.
 - If met, the fraud referral coordinator accesses *FReD* to see if the issue has already been identified.
 - If the issue has not been identified, access CII, convert the CII case image to a PDF file, submit a new report (from the link above), input the required fields and attach the case information.
 7. Based on the characteristics of the case, the referral team (FReD) gets input from CI, Return Integrity & Verification Operations (RIVO) and / or other impacted functional areas to develop guidance. The referral team respond to the fraud referral coordinator within 3 business days via E-mail.
- Note: The Fraud Referral Coordinator must follow up with the FReD Team if a response is not received within 3 business days.**
8. The fraud referral coordinator forwards the referral team's guidance to the lead / manager within 5 business days of the original submission providing the appropriate actions needed.
 9. The lead / manager attaches the E-mail guidance to the CII case by converting the E-mail to a PDF file.
 10. The lead/manager activates the case back to the employee.
 11. The employee follows the guidance provided to close the case.