



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

25.24.2

AUGUST 21, 2023

## EFFECTIVE DATE

(10-01-2023)

## PURPOSE

- (1) This transmits revised IRM 25.24.2, Return Preparer Misconduct Victim Assistance Specialized Accounts Management Processing.

## MATERIAL CHANGES

- (1) IRM 25.24.2.3(5) Added exceptions for creating a CII control or inputting a TC 290.00 with a Reason Code 131 to avoid creating Dummy modules and pulling modules out of retention. IPU 22U1162 issued 12-05-2022
- (2) IRM 25.24.2.3.1(2) Clarified receipts from RPO.
- (3) IRM 25.24.2.3.1(2) Added in Form 14157-A may be received from RPO also. Added in reference to new subsection IRM 25.24.2.3.1.1, RPO Receipts Case Batching. (4) Added reference to IRM 2.3.60 for additional information on researching names and addresses for research. (6) Added new paragraph to follow normal RPM case assignment when a Form 3949-A is received and clearly relates to an RPM issue filed on an incorrect form. IPU 23U0699 issued 06-05-2023
- (4) IRM 25.24.2.3.1.1(3) Updated process to step list.
- (5) IRM 25.24.2.3.1.1 Added new subsection, RPO Receipts Case Batching, with the procedures for intake of receipts received RPO. IPU 23U0699 issued 06-05-2023
- (6) IRM 25.24.2.3.5(3) Updated process to step list.
- (7) IRM 25.24.2.3.5(4) Added new paragraph to provide instruction when the taxpayer should be notified the RPM case is being forwarded to RPO and when it is not required. IPU 23U0699 issued 06-05-2023
- (8) IRM 25.24.2.4(4) Row 5 - Added information for 'Get My Payment'.
- (9) IRM 25.24.2.4(2) Added clarification of 'not met' criteria and the requirement for complete research. IPU 23U0699 issued 06-05-2023
- (10) IRM 25.24.2.5.1.2.2.2(2) and (4) Added additional information when removing AdvCTC payments to adjust each credit separately rather than using the total amount of lost credit to avoid an unpostable condition. IPU 22U1086 issued 11-10-2022
- (11) IRM 25.24.2.5.2.2(3) Updated process to step list.
- (12) IRM 25.24.2.5.2.3(3) (4) Updated process to step list.
- (13) IRM 25.24.2.5.2.4(5) Updated process to step list.
- (14) IRM 25.24.2.5.3.4(12) Updated process to step list.
- (15) IRM 25.24.2.5.4(2) Row 3 Updated process to step list.

- (16) IRM 25.24.2.6(2) Changed IRM citation 21.3.3.4.17.1 to 21.3.3.4.17 to incorporate all Outgoing Correspondence subsections. Edited 6th bullet to clarify informing the taxpayer RPO was notified when the claim did not come from RPO. IPU 23U0699 issued 06-05-2023
- (17) IRM 25.24.2.6.1(5) Added note to issue correspondence in Spanish when the Limited English Proficient (LEP) is blank and the Mail Filing Requirement (MFR) is 07. IPU 23U0699 issued 06-05-2023
- (18) IRM 25.24.2.6.2(1) and (8) Removed guidance for an additional 20 day suspense timeframe if a response has not been received after the initial suspense timeframe has elapsed due to a reduction in backlogs. IPU 22U1162 issued 12-05-2022
- (19) IRM 25.24.2.9(4) Simplified definition of newly filed returns to avoid confusion over a specific timeframe.
- (20) IRM 25.24.2.9.1(2) Removed guidance for an additional 20 day suspense timeframe if a response has not been received after the initial suspense timeframe has elapsed due to a reduction in backlogs. IPU 22U1162 issued 12-05-2022
- (21) IRM 25.24.2.9.2(2) Removed guidance for an additional 20 day suspense timeframe if a response has not been received after the initial suspense timeframe has elapsed due to a reduction in backlogs. IPU 22U1162 issued 12-05-2022
- (22) IRM 25.24.2.9.3(2) Removed guidance for an additional 20 day suspense timeframe if a response has not been received after the initial suspense timeframe has elapsed due to a reduction in backlogs. IPU 22U1162 issued 12-05-2022
- (23) IRM 25.24.2.9.4(1) Removed tax return as intended to be filed signed by the taxpayer from required documentation since the original return is considered valid. IPU 22U1086 issued 11-10-2022
- (24) IRM 25.24.2.9.4(2) Removed guidance for an additional 20 day suspense timeframe if a response has not been received after the initial suspense timeframe has elapsed due to a reduction in backlogs. IPU 22U1162 issued 12-05-2022
- (25) IRM 25.24.2.12.5(1) Added in additional blocking series for TC 971 AC 199 and (2) updated process to step list.
- (26) Editorial changes have been made throughout the IRM. Reviewed and updated plain language, grammar, web addresses, organizational terms and titles, IRM references, form names and legal references, where applicable. IPU 22U1086 issued 11-10-2022

#### **EFFECT ON OTHER DOCUMENTS**

IRM 25.24.2 effective October 1, 2022 is superseded. The following IRM Procedural Update (IPU) issued between November 10, 2022 and June 5, 2023 have been incorporated into this IRM: 22U1085, 22U1162 and 23U0699 .

#### **AUDIENCE**

Identity Theft Victim Assistance (IDTVA) Accounts Management employees performing account work related to return preparer misconduct.

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25.24.2

Return Preparer Misconduct Victim Assistance Specialized Accounts Management Processing

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25.24.2.1  
(10-01-2021)  
**Program Scope and  
Objectives**

- (1) This manual discusses processing guidelines for Return Preparer Misconduct (RPM) complaints received in Identity Theft Victim Assistance (IDTVA). The information and guidance provided is for use by AM IDTVA employees specialized in performing account work related to RPM with and without compliance activity.
- (2) The owner of the policies contained herein is the Director, Accounts Management.
- (3) Identity Protection Strategy & Oversight (IPSO) is the internal organization responsible for the administration, procedures, and updates related to the RPM program.
- (4) The program objective is to assist taxpayers who report they are victims of return preparer misconduct. The IRS may provide relief to taxpayers when the return preparer has altered a taxpayer's tax data and/or misdirected a portion or all of a refund. Taxpayers who claim to be a victim of RPM may submit a complaint and the required documentation to the IRS to request assistance and relief.

25.24.2.1.1  
(10-01-2018)  
**Background**

- (1) Unscrupulous return preparers may alter taxpayer tax data without the taxpayer's knowledge or consent (for example, by falsifying dependent information, expenses, deductions, credits, income, refund amount, etc.) and/or misdirect a portion or all of the refund for their personal benefit. Taxpayers may become aware of misconduct through taxpayer initiated contact (Toll-Free, Field Assistance, Taxpayer Advocate Service, etc.) or through IRS enforcement investigative processes Revenue Agent (RA) or Tax Compliance Officer (TCO) contact, Automated Underreporter (AUR) correspondence, campus examination correspondence, Revenue Officer (RO) contact, Criminal Investigation (CI) inquiries, etc.).

25.24.2.1.2  
(10-01-2023)  
**Authority**

- (1) The policy statement relating to RPM can be found in IRM 1.2.1.16.1, Policy Statement 25-2, Return Preparer Misconduct.
- (2) IRC 6201 provides the IRS authority to assess taxes imposed by Title 26. IRC 6402 authorizes the IRS to make credits and refunds.
- (3) 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>.
- (4) The Taxpayer Advocate Service (TAS) is an **independent** organization within the Internal Revenue Service (IRS), led by the National Taxpayer Advocate. Its job is to protect taxpayers' rights by striving to ensure that every taxpayer is treated fairly and knows and understands their rights under the TBOR. TAS offers free help to taxpayers, including when taxpayers face financial difficulties due to an IRS problem, when they are unable to resolve tax problems they haven't been able to resolve on their own, or when they need assistance to address an IRS system, process, or procedure that is not functioning as it

should. TAS has at least one taxpayer advocate office located in every state, the District of Columbia, and Puerto Rico.

25.24.2.1.3  
(08-24-2017)  
**Responsibilities**

- (1) IDTVA employees specialized in RPM are responsible for the evaluation and resolution of RPM complaints.
- (2) IDTVA employees are required to use the mandated Integrated Automation Technologies (IAT) tools per IRM 21.2.2.4.4.14, Integrated Automation Technologies.

25.24.2.1.4  
(10-01-2023)  
**Key Return Preparer Misconduct (RPM) Terminology and Acronyms**

- (1) Key RPM terminology used throughout this guidance is defined below.
- (2) **Preparer Misconduct:** Return preparer misconduct generally involves the orchestrated preparation and filing of false income tax returns (in either paper or electronic form), including Form 1040-X, Amended U.S. Individual Income Tax Return, by unscrupulous preparers without the taxpayer's knowledge or consent. Preparers may change direct deposit information or claim tax benefits improperly. Examples of improper claims for tax benefits include:

- Inflated personal or business expenses,
- False deductions,
- Excessive exemptions, or
- Fraudulent tax credits such as the Earned Income Tax Credit (EITC).

The preparer's clients do not have knowledge of the false expenses, deductions, exemptions and/or credits shown on their tax returns.

**Example:** A taxpayer used a preparer in 2019 to prepare and file Form 1040, U.S. Individual Income Tax Return. The preparer changed the return by increasing the withholding tax claimed and diverted the resulting refund into the preparer's personal account.

**Example:** A taxpayer used a preparer in 2019 to prepare and file Form 1040. The preparer subsequently files a Form 1040-X, Amended U.S. Individual Income Tax Return, without the taxpayer's knowledge or consent. The filing of the unauthorized amended return by the preparer may be considered return preparer misconduct.

- (3) **Return Preparer Definitions:** The preparer definitions below are for the purposes of this guidance only.

Preparer Type	Definition
Signing Preparer	Preparer information appears on the processed tax return. An individual who prepares federal tax returns for compensation is required to have a Preparer Tax Identification Number (PTIN) issued by the IRS and must enter it on every tax return prepared for compensation along with the preparer's name and signature. Any preparer with a PTIN is in the business of preparing tax returns or has held themselves out as in the business of preparing tax returns.
Ghost Preparer/Non-Signing Preparer	No preparer information appears on the processed tax return. An individual who prepares a tax return but does not sign the return as a preparer. These returns may be reflected as <b>self-prepared</b> and do not appear to have evidence of third party involvement. <b>Note:</b> The individual the taxpayer alleges to be their preparer is the "third party".

- (4) **RPM Complaint:** Taxpayers alleging preparer misconduct are required to provide Form 14157-A, Tax Return Preparer Fraud or Misconduct Affidavit, signed under penalties of perjury and Form 14157, Return Preparer Complaint, along with additional required documentation to support their allegations.

- (5) **Complete Complaint:** Sufficient documentation is provided **and** the preparer information is considered verified and valid.
- (6) **Acceptance of Complaint:** Acceptance of an RPM complaint is dependent upon the receipt of sufficient documentation, verification of the preparer, the facts and circumstances of each complaint gathered from the taxpayer's documentation and account research. When a complaint is accepted, the IRS determines the type of relief the taxpayer is entitled to receive.
- (7) **Actual Return or Return As Intended To Be Filed:** The taxpayer's tax return submitted with the RPM complaint reflecting the return unaltered by the preparer and as intended to be filed.
- (8) **Relief/Resolution:** Relief and resolution is based upon the specific category defined in (i) and may consist of a combination of the following:
- The taxpayer's actual return (return as intended to be filed) is accepted as the return of record and account is adjusted to reflect that return.
  - Removal of the preparer portion of the refund attributable to preparer misconduct using a General Ledger (GL) account.
  - Issuance of an additional refund, with applicable interest.
- (9) **Refunds:** Terminology used to describe the refund portion include:

Terminology	Definition
Taxpayer portion of the refund	Any portion of the refund received or determined to be received by the taxpayer and/or any portion of the refund where the taxpayer received benefit (e.g., Refund offset to legitimate liability including Bureau of the Fiscal Service (BFS) offsets.
Preparer portion of the refund	Portion of the refund resulting from the altered data on the processed tax return or portion of the refund misdirected to the preparer.
Additional refund	The amount of the refund still due to the taxpayer.

- (10) **RPM Categories:** RPM complaints have been categorized into four (4) basic fact patterns. Within each of the 4 categories, different procedures may apply depending upon the specific facts and circumstances, such as whether there is a signing preparer or a non-signing preparer (ghost), and/or the method of refund issuance (e.g., refund anticipation check (RAC), split refund, paper

check). These facts and circumstances, the specific documentation requirements for each category, verification requirements and account information determine the treatment stream and whether the taxpayer is entitled to a refund or a portion of the refund misdirected by the preparer.

Category	Definition
<p><b>Category 1:</b> Unauthorized filing.</p>	<p>The taxpayer was in contact with a preparer for the year of filing</p> <p>authorize the filing of a return, but a return was filed with their name and taxpayer identification number (TIN).</p> <p><b>Potential relief/resolution:</b> The IRS administratively adjusts the taxpayer’s account to reflect the taxpayer’s valid return and remove the portion of the refund attributable to preparer misconduct. The taxpayer shall receive a refund for the entire amount due from their valid return, less any amounts already received.</p>

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Category	Definition
<p><b>Category 2:</b> Authorized filing: Altered return information and no additional refund due to the taxpayer.</p>	<p>The taxpayer was in contact with a preparer for the year of filing and did authorize a return filing, but states tax data (exemptions, income, expenses, deductions, credits, etc.) on their return was altered before it was filed or the return otherwise includes items which they did not authorize.</p> <p>The taxpayer may have received a refund for the amount they expected and it matches their return as intended to be filed, or taxpayer received a refund in excess of the amount to which they are entitled. In addition, the taxpayer may not have received a refund, but did not expect a refund and the return as intended to be filed is a balance due.</p> <p><b>Potential relief/resolution:</b> The IRS administratively adjusts the taxpayer's account to reflect the taxpayer's valid return and remove the portion of the refund attributable to preparer misconduct. If the taxpayer is in a balance due situation as indicated on their valid return and/or the taxpayer received a portion of the refund that exceeds the refund amount to which they are entitled, then the taxpayer is liable for the amount owed and/or will be asked to repay any refund received to which they were not entitled.</p>

Category	Definition
<p><b>Category 3:</b> Authorized filing: Altered return information and taxpayer requesting additional refund.</p>	<p>The taxpayer was in contact with a preparer for the year of filing and did authorize a return filing, but states tax data (exemptions, income, expenses, deductions, credits, etc.) on their return was altered before it was filed or the return otherwise includes items which they did not authorize.</p> <p>The taxpayer states they only received a portion of the refund they expected or they received no refund. The taxpayer may have received a portion of the inflated refund but they have not received the refund they expected per the return submitted as intended to be filed.</p> <p><b>Potential relief/resolution:</b> The IRS administratively adjusts the taxpayer’s account to reflect the taxpayer’s valid return and remove the portion of the refund attributable to preparer misconduct. The taxpayer shall receive a refund for the entire amount due from their valid return, less any amounts already received.</p>

Category	Definition
<p><b>Category 4:</b> Misdirected Refund Only and Taxpayer Requesting Additional Refund.</p>	<p>The taxpayer was in contact with a preparer for the year of filing and did authorize a return filing, but states although no tax data was altered, the direct deposit information or mailing address for the refund check was altered diverting all or a portion of the refund to the preparer.</p> <p>The taxpayer states that they only received a portion of the refund or they received no refund and the taxpayer was not aware that the preparer was going to misdirect all or a portion of the refund.</p> <p><b>Potential relief/resolution:</b> The IRS administratively removes the portion of the refund misdirected to the preparer and the taxpayer shall receive a refund for the entire amount due from the original valid return, less any amounts already received</p>

- (11) Refer to the table below for a list of acronyms used throughout this guidance.

Acronym	Definition
AC	Action Code
ACSS	Automated Collection System Support
AIMS	Audit Information Management System
AM	Accounts Management
AMS	Account Management Services
ASED	Assessment Statute Expiration Date
AUR	Automated Underreporter
BFS	Bureau of the Fiscal Service
BL	Blocking Series
BMF	Business Master File
CC	Command Code
CCC	Computer Condition Code
CEAS	Correspondence Exam Automated System

<b>Acronym</b>	<b>Definition</b>
CET	Correspondence Examination Technician
CI	Criminal Investigation
CII	Correspondence Imaging Inventory
CSR	Customer Service Representative
DITA	Designated Identity Theft Adjustments unit
DOJ	Department of Justice
EGC	Employee Group Code
EIN	Employer Identification Number
ERSED	Erroneous Refund Statute Expiration Date
ES	Estimated Tax
EUP	Employee User Portal
FMS	Financial Management Service
FRP	Frivolous Return Program
FTC	Federal Trade Commission
FTF	Failure to File
FTP	Failure to Pay
GL	General Ledger
HC	Hold Code
HQ	Headquarters
ICT	Image Control Team
IDRS	Integrated Data Retrieval System
IDTVA	Identity Theft Victim Assistance
IDTVA-A	Identity Theft Victim Assistance - Accounts Management
IMF	Individual Master File
IRM	Internal Revenue Manual
IRN	Item Reference Number
LITC	Low Income Taxpayer Clinic
MeF	Modernized e-File
OAR	Operations Assistance Request
P&A	Planning & Analysis
PACER	Payments Claims and Enhanced Reconciliation

<b>Acronym</b>	<b>Definition</b>
PBC	Primary Business Code
PC	Priority Code
POC	Point of Contact
PRC	Penalty Reason Code
PTIN	Preparer Tax Identification Number
QRP	Questionable Refund Program
RA	Revenue Agent
RAC	Refund Anticipation Check
RAL	Refund Anticipation Loan
RBA	Restitution Based Assessment
RC	Reason Code
RDD	Return Due Date
RFIS	Refund Fraud & Investigative Support
RI	Refund Inquiry
RICS	Return Integrity and Compliance Services
RIVO	Return Integrity Verification Operations
RO	Revenue Officer
RPD	Return Processible Date
RPM	Return Preparer Misconduct
RPO	Return Preparer Office
RRD	Return Request Display
RSED	Refund Statute Expiration Date
SC	Source Code
SERP	Servicewide Electronic Research Program
SIDN	Site Identification Number
SLA	Service Level Agreement
SNOD	Statutory Notice of Deficiency
SP	Submission Processing
SPEC	Stakeholder Partnerships, Education & Communication
SSN	Social Security Number
TAC	Taxpayer Assistance Center
TAO	Taxpayer Assistance Order

Acronym	Definition
TAS	Taxpayer Advocate Service
TBOR	Taxpayer Bill of Rights
TC	Transaction Code
TCE	Tax Counseling for the Elderly
TCIS	Treasury Check Information System
TCO	Tax Compliance Officer
TIGTA	Treasury Inspector General for Tax Administration
TIN	Taxpayer Identification Number
TOP	Treasury Offset Program
TPP	Taxpayer Protection Program
VITA	Volunteer Income Tax Assistance
W&I	Wage and Investment

25.24.2.1.5  
(08-24-2017)

**Related Internal Revenue Manuals (IRMs)**

- (1) Employees are responsible for familiarizing themselves with and utilizing all linked/referenced IRMs, as appropriate. This includes, but is not limited to, sections within the following:
  - IRM 3, Submission Processing
  - IRM 4, Examining Process
  - IRM 5, Collecting Process
  - IRM 20.1, Penalty Handbook
  - IRM 21, Customer Account Services
  - IRM 25, Special Topics
  - IRM 25.23, Identity Protection and Victim Assistance

- (2) IRM 25.24.1, Return Preparer Misconduct Victim Assistance - General Overview, should be used in conjunction with specific functional RPM guidance.

25.24.2.2  
(10-01-2022)

**Return Preparer Misconduct (RPM) Complaints Overview**

- (1) Compliance complaints: A complaint from a taxpayer who has current or previous compliance involvement with the IRS is worked by the IDTVA Specialty Function Exam team located in Kansas City. A compliance complaint includes but is not limited to an account of a taxpayer who has become aware of return irregularities/inconsistencies as a result of:
  - Audit notice or assessment (-L freeze, Transaction Code (TC) 420/424, TC 300)
  - AUR notice; such as CP 2501 or CP 2000
  - Collection notices
  - Contact by a Revenue Officer (RO), Revenue Agent (RA), Tax Compliance Officer (TCO), or other Field employee

- a. All RPM complaints received on closed Field Exam cases are referred to the IDTVA Specialty Function team in accordance with IRM 4.13, Audit Reconsideration. RPM complaints received from Field and Specialty Collection or Field Exam that require account adjustment only are worked by the Designated Identity Theft Adjustments (DITA) team.
- (2) Non-compliance complaints: A complaint from a taxpayer having no current or previous compliance involvement or Return Integrity and Compliance Services (RICS) involvement are worked by the IDTVA-Accounts Management (IDTVA-A) teams located in Memphis and Atlanta. A non-compliance complaint includes but is not limited to an account of a taxpayer who has become aware of the potential for return irregularities/inconsistencies through friends using the same preparer, through media releases or through receipt of a notice/letter from the IRS.
- (3) The time frame for RPM case resolution is 120 days from the time the IRS receives an RPM complaint affidavit.

25.24.2.3  
(10-01-2023)

**RPM Case Assignment  
and Inventory  
Management - General  
Guidance**

- (1) In general, Return Preparer Misconduct cases are scanned into the Correspondence Imaging Inventory (CII) and assigned to specialized employees located in Atlanta, Kansas City and Memphis.
- (2) The Correspondence Imaging Inventory (CII) is updated with identity theft CII Logic to assign/associate newly scanned work to CSRs with existing controls. This is to be consistent with note/guidance under (2) of IRM 21.5.2.3, Adjustment Guidelines - Research.
- (3) The Automated Age Listing (AAL) and Multiple Control Listing (MCL) are used to monitor and manage assigned inventory.
- (4) If multiple controls are present on your case, link cases following guidance in IRM 21.5.1.5.1, CII General Guidelines.
- (5) Adjustments for allowed, partially allowed or disallowed RPM claims must contain a Reason Code 131.

**Exception:** Do not create a CII control or input a TC 290 .00 with a Reason Code 131 if the following conditions exist:

- There is no TC 150 present on the account.
- No tax module exists.
- The module is in retention (unless reversing a tax offset will create a balance due or it is necessary to resolve the taxpayer issue to make the taxpayer whole).
- When an impacted module is not active on IDRS CC: TXMOD and is not yet in retention. **Do not** input IDRS CC: MFREQ.

25.24.2.3.1  
(10-01-2023)

**RPM Receipts**

- (1) Taxpayers claiming to be victims of RPM must submit a complaint, affidavit and other required documentation to the IRS to request relief. Policy Statement P-21-3 applies, and interim letters are systemically generated through CII. Refer to IRM 21.3.3.4.2.2, Interim Responses, for additional information.
- (2) The Return Preparer Office (RPO) may also send Form 14157-A, Tax Return Preparer Fraud or Misconduct Affidavit, or Form 14157, Return Preparer Complaint, or its equivalent, without the Form 14157-A to IDTVA when there is

indication that the taxpayer is requesting account resolution. RPO does not make account determinations. Do not reject these cases. IDTVA continues with resolution of these cases. Refer to IRM 25.24.2.3.1.1, RPO Receipts Case Batching, for procedures on intake of these receipts.

**Note:** Review the Form 14157 to determine whether the taxpayer completed the complaint or whether it is IRS identified. If it is IRS identified, and the taxpayer has no knowledge then review the case to determine whether an interim letter generated. If a closing letter is required, send a Letter 544C or equivalent, advising the taxpayer that an interim letter was issued in error and to disregard.

- (3) RPM complaints can also be received from non-specialized functions identifying IDTVA criteria. Follow the table below if a case is referred in error.

If ...	Then ...
Case is inappropriately designated as RPM	Return case to originator and provide an explanation. <b>Note:</b> If returning case to the originator, be sure to update the CII data back to the original information. Review CC TXMOD controls to determine the previous category code if unable to determine case type. Use the corresponding Document type and the program code should automatically update. If necessary, refer to IRM 3.13.6-1, Appendix A - Document Types, Category Codes, IMF, for complete listings.
Case is appropriately designated as RPM <b>but</b> is sent to the inappropriate IDTVA specialized function	Reassign CII case to the correct specialized RPM function directly.

- (4) If a CII case is assigned to all zeros, research to locate a TIN for the taxpayer. See IRM 2.3.60, Command Codes NAMES, NAMEE, NAMEI, NAMEB, FINDS, FINDE, and TPIIP, for information to query national files of name and address data for research purposes. If a TIN cannot be located and there is sufficient mailing information on the complaint, issue correspondence to the taxpayer requesting the taxpayer's TIN and any other required RPM documentation. If no response is received, issue a 5956C letter to tell the taxpayer no action can be taken since we have no record of a response being received. If correspon-

dence cannot be issued then leave a CII case note stating insufficient information to issue correspondence and close the case no action.

- (5) If a CII case is scanned as an RPM case in error and it does not fit any other case type, review case to determine whether an interim letter generated. If a closing letter is required, send a Letter 544C or equivalent, advising taxpayer that an interim letter was issued in error and to disregard.
- (6) If a Form 3949-A, Information Referral, is received that clearly relates to an RPM issue and the taxpayer used the wrong form, continue with normal RPM case assignment.
- (7) If a CII case is scanned as RPM from a 3rd party informing on a taxpayer, consider this an informant case. If a closing letter is required, send a Letter 544C or equivalent, advising taxpayer that an interim letter was issued in error and to disregard. Informant cases (generally Form 3949-A) are worked in Ogden. Review where case originated to determine whether the case should be referred to Ogden. Route to IRS, Attention: Entity, Mail Stop 6273, 1973 N Rulon Blvd., Ogden, UT 84404, after sending closing letter. If Form 14157-A was included, indicate in remarks on CII reroute, Not RPM - Informant Correspondence.
- (8) If a complaint is received for an EIN alleging preparer misconduct, elevate to ITVA HQ (copy IDTVA P&A POC) for coordination with BMF.
- (9) Refer to IRM 25.23.4.19, Requesting Translations of Certain Languages into English, for translation services guidance.

25.24.2.3.1.1  
(10-01-2023)  
**RPO Receipts Case  
Batching**

- (1) The Return Preparer Office (RPO) will send weekly spreadsheets to the RPM team for processing of Form 14157-A, Tax Return Preparer Fraud or Misconduct Affidavit, or Form 14157, Return Preparer Complaint, or its equivalent, without the Form 14157-A to IDTVA when there is indication that the taxpayer is requesting account resolution.
- (2) Access to the RPO database is required. Elevate to ITVA HQ POC for specific instruction to gain access.
- (3) The process for securing the documents from the RPO Database is as follows:
  1. Access the RPO database.
  2. Query by RPO control number.
  3. Click Complaint-View.
  4. Click View Document.
  5. Print images.
  6. Research IDRS to determine SSN, if necessary. See IRM 2.3.60, Command Codes NAMES, NAMEE, NAMEI, NAMEB, FINDS, FINDE, and TPIIP, for information to query national files of name and address data for research purposes.
  7. Research account conditions for appropriate scanning category. (i.e., compliance involvement will be scanned to category code IDII, no compliance involvement will be scanned to category code RPMC)
  8. Prepare ICT batch cover sheet. - See below for cover sheet instructions.
  9. Send to Campus Support/ICT for scanning per the applicable batch cover sheet.

## 25.24.2.3.2 (10-01-2022) Case Batching

- (4) Cases should be batched accordingly based on the category code. Batch 'like' cases together and attached the applicable batch cover sheet.
- (5) The IDTVA RPM Batch Sheet and the instructions for completion are located under the **Specialty Only** heading on the *IDTVA Hub*.

- (1) All RPM allegations that come into an IDTVA Specialty Function team must be controlled on CII.
- (2) All correspondence should be researched on IDRS and CII to determine whether there are existing open CII cases.
- (3) Any new correspondence received on an open RPM CII case must be associated with the existing open case. Complete a CII Association sheet and send to ICT.

**Note:** DO NOT request the scanning of like documents with no new information that are already on CII.

- (4) Prior to sending a case to ICT for batching:
  - a. Perform research to ensure that the case meets the requirements to be worked in IDTVA.
  - b. Address all collection activities. See IRM 25.23.4.12, Collection Activity - Form 14394/13794.
- (5) If a Form 14394, Identity Theft/RPM Case Collection Alert, or Form 13794, Request for Release or Partial Release of Federal Tax Lien, is sent to Automated Collection System Support (ACSS) or Collection Advisory, include a copy of the completed form with the other documents being sent to ICT for imaging.

**Exception:** ACSS does not complete Form 14394, therefore they are not responsible for submitting a copy of the form to ICT.

- (6) The IDTVA Specialty Function team receiving correspondence completes the IDTVA RPM Batch Sheet for each piece of correspondence. This form and its instructions can be found under **Specialty Only** heading on the *IDTVA Hub*.
- (7) Make sure that the Image Control Team Batch Cover Sheet contains all necessary information so the case can be accurately controlled.
  - a. All IDTVA Specialty Function RPM cases contain category code IDII. See IRM 25.23.2-16, IDTVA IDRS Category Controls by Function.
  - b. Input priority codes on the ICT batch sheet as appropriate following IRM 25.24.2.3.4, Priority of IDTVA CII Cases.
- (8) Any cases that were previously closed and re-opened must be updated to the correct case type, category code and program code immediately after re-opening the case. Cases should only be re-opened if worked and closed in the same day.

25.24.2.3.3  
(10-01-2022)

**RPM Correspondence  
Imaging Inventory (CII)  
and Integrated Data  
Retrieval System (IDRS)  
Controls**

- (1) RPM complaints meeting IDTVA Specialty Function criteria are scanned to the Correspondence Imaging Inventory (CII) with Doc Type COMP RPM. The Category Code is IDII and program code 710-85431.
- (2) RPM complaints meeting IDTVA-A criteria are scanned to CII with Doc Type Return Preparer Misconduct, Category Code RPMC and Program Code 710-85440.
- (3) All RPM cases are required to have a CII control. If multiple years are listed in the RPM complaint, the Image Control Team (ICT) creates the case for the earliest year identified. Review the RPM complaint to identify all years impacted. A new CII case must be created for each year listed in the RPM complaint. Use the same "IRS Received Date" as the existing related RPM case containing the complaint. Link the newly created CII case to the related RPM case containing the complaint.

**Exception:** One case, controlled to the earliest year identified is acceptable when all years result in the same determination. Refer to IRM 25.24.2.6.1, RPM Specific Letters 5955C and 5956C, for guidance issuing letters on multiple year complaints.

**Example:** A taxpayer alleges their preparer altered their 2018 and 2019 tax returns. The RPM case is established on tax year 2018. The 2018 and 2019 RPM complaint result in a no consideration. One 5956C is issued addressing tax years 2018 and 2019. The CII case is closed on tax year 2018.

25.24.2.3.4  
(10-01-2022)

**Priority Codes for  
Identity Theft Victim  
Assistance (IDTVA) CII  
Cases**

- (1) All RPM cases should be treated as priority; however, some cases require immediate attention.
- (2) IDTVA Specialty Function priority codes are listed below. When sending a case to ICT for CII batching, certain cases require a priority code to be noted on the batch sheet, per the chart below.

Priority Code	Definition
Priority 1	<ul style="list-style-type: none"> <li>• TAS case - Form 12412, Operations Assistance Request (OAR).</li> <li>• Global Review Referral - Form 14027 B, Identity Theft Case Referral.</li> </ul>
Priority 2	<ul style="list-style-type: none"> <li>• Statute imminent case</li> <li>• Cases with a Statutory Notice of Deficiency (SNOD) issued in which the taxpayer still has time to petition the U.S. Tax Court.</li> </ul>
Priority 3	<p>All open AUR cases.</p> <p><b>Note:</b> Open AUR cases must be worked within 120 days of receipt into IDTVA.</p>

Priority Code	Definition
Priority 3	All open Exam cases and Exam cases closed with disposal code (DC) 12 or 37. <b>Note:</b> For purposes of RPM inventory, open Exam cases include those cases closed with DC 12 or 37. Exam closes AIMS using DC 12 or 37 prior to routing RPM complaints to IDTVA Specialty Function.
Blank	All other inventory is worked in IRS received date order.

- (3) It may be necessary to update the priority code of a case as it is being processed.

**Example:** Case was originally built with no priority code. During the time the case is waiting to be worked, TAS issues an OAR for the account. The priority code would need to be updated to priority '1' using the 'Update Data' button in the Case Data section of your CII case.

**Example:** Case was originally built with no priority code. During the time the case is waiting to be worked the account comes within 90 days of the ASED expiring. The priority code would need to be updated to priority '2'.

**Example:** Case was updated to priority code 2 due to time to petition remaining on the Statutory Notice of Deficiency issued. During the time the case is waiting to be worked the time to petition expires. The priority code would need to be updated to priority '3' or blank.

- (4) IDTVA Specialty Function cases must be worked in priority order due to agreements with the referring functions (AUR and Exam).

25.24.2.3.5  
(10-01-2023)  
**Return Preparer Office Notification Requirements**

- (1) Refer RPM cases involving allegations against a return preparer to the Return Preparer Office (RPO) when the claim is received in IDTVA or as early as possible. Refer only the cases received for the current processing year or any of the prior 3 years. This includes:
- a. Complaints against a preparer that meet RPM criteria, regardless of the completeness of the complaint.
  - b. ID theft involving a preparer.
- (2) If any of the scenarios below apply, do not notify the RPO. Leave an appropriate case note.
- a. There is an indication the case was previously sent to RPO or indication the case originated in RPO (for example, RPO control number, RPO date stamp or RPO routing sheet is present).
  - b. Reroute criteria are met. The receiving function forwards to RPO, if applicable.

- c. There is a general account or tax return issue that otherwise demonstrates it is an issue other than RPM (for example, transposition error, open Exam issue not involving RPM) and it is determined no misconduct has occurred.
  - d. RPM complaint that does not involve a preparer (for example, complaint against a spouse, dependent issues, etc.) and RPM criteria are not met.
  - e. Return preparation at Volunteer Income Tax Assistance (VITA) or Tax Counseling for the Elderly (TCE) sites including AARP.
- (3) If no exceptions apply, Customer Service Representatives (CSRs) and Correspondence Exam Technicians (CETs):
1. Create a spreadsheet and notate the taxpayer identification number (TIN), taxpayer name and tax periods involved, for each case.
  2. Leave a case note: "TIN to RPO" on CII to indicate information was sent.
  3. Weekly - Send secure email with spreadsheet attachment and subject
  4. Proceed to work the RPM case following current procedures.
- (4) If the case is being sent to RPO per paragraph 3 above, inform the taxpayer you forwarded the information to RPO. Taxpayer notification is not required if case meets any criteria in paragraph 2 above.

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25.24.2.3.6  
(10-01-2023)

**Reroute/Reassignment  
Criteria**

- (1) In a typical RPM case, there is a single point of contact for a taxpayer when allegations of RPM involve multiple years.
- (2) Employees are required to perform Integrated Data Retrieval System (IDRS) research to determine whether reroute/reassignment criteria exists and determine:
  - If there are controls for related cases
  - If there are multiple controls on the account e.g., AUR, Exam or AM
- (3) When multiple years are involved and at least one year has Compliance involvement, all years are worked by IDTVA Specialty Function.

**Example:** A taxpayer alleges their preparer altered their 2018 and 2019 tax return. The 2018 return has an Exam assessment (TC 420/TC 300). The 2019 has no compliance activity. IDTVA Specialty Function works both years.

**Exception: For IDTVA Specialty Function** - If -LW freeze on account with Office of Appeals involvement, only refer the year under its jurisdiction. All other years are retained and worked in IDTVA Specialty Function. See IRM 25.23.4.13.1, Cases with -L or -W Freeze Codes, for additional information.

- (4) Accounts showing another function or team is responsible for resolution should be routed/reassigned per IRM 25.24.1.4.1, Routing Information - Paper.
  - a. Compliance involvement received in IDTVA-A should be routed to IDTVA Specialty Function.

**Exception:** Accounts in status 22 with no other compliance involvement (e.g., Exam or AUR) are resolved in IDTVA-A. Refer to IRM 25.24.2.5.2.1, Collection Activity - Form 14394/13794 Referrals, for additional information.

**Exception:** If -L freeze posts with AIMS status code 09 or less while working the case, IDTVA-A continues to work the case. For example, there was no -L freeze on the account initially, correspondence was sent to the taxpayer and while the case was in suspense, a -L freeze posted. Once final closing determination has been made, send an email to Exam per the Employee Group Code (EGC) Listing Contacts chart on Servicewide Electronic Research Program (SERP), advising of the actions taken and attach the email to the CII record. If AIMS status code is over 09, reassign to IDTVA Specialty team.

- b. No compliance involvement on any involved years received in IDTVA Specialty Function should be routed to IDTVA-A.
- c. RICS/RIVO Involvement and RPM claim involves the original return - Route to RICS/RIVO **only** when 1 or more of the following conditions are met:
  - Open RICS/RIVO control
  - Open TPP unpostable - TC 971 AC 121 or TC 971 AC 124 with UPC 126 and return has not posted
  - Unreversed RICS/RIVO indicators are present, the tax return is posted but the refund is frozen by RICS/RIVO

**Note:** Do not refer to RIVO if the refund is being held by another function, for example refund held by Error Resolution (ERS) or Exam.

- TC 971 AC 129 is present and the refund is frozen
- d. Frivolous Return Program (FRP) involvement - FRP involvement takes precedence over any other compliance involvement. Route only the year with the frivolous filing indicators. Any other years are retained and worked in accordance with the guidance set forth in IRM 25.24, Return Preparer Misconduct Program, as applicable. For example:
  - F- freeze and an unreversed TC 971 AC 089
  - MFT 55 or MFT 13 account with posted TC 240 reference code 666
- e. Request from Criminal Investigation (CI) for case transfer. Route to agent and address as provided by CI. Input TC 290.00 RC 131.

- (5) Send an 86C letter if required per IRM 21.3.3.4.2.1, Use of 86C Letter - Referring Taxpayer Inquiry/Forms to Another Office.

**Exception:** Do not issue an 86C letter for cases transferred to Criminal Investigation.

**Note:** If an Operations Assistance Request (OAR) is received in IDTVA and the account reflects RICS involvement, follow IRM 21.1.3.18.1 (a), Operations Assistance Requests (OAR's) Accounts Management Guidelines. The site TAS liaison should not forward OAR directly to RICS. If there is compliance involvement, the site TAS liaison can send OAR per the Wage and Investment (W&I) IDTVA addendum to the Service Level Agreement (SLA) with TAS at [http://idtva.web.irs.gov/Documents/IDTVA\\_SLA\\_Addendum.pdf](http://idtva.web.irs.gov/Documents/IDTVA_SLA_Addendum.pdf). If a Taxpayer Assistance Order (TAO) is received in IDTVA -A and the account reflects compliance or RICS involvement, refer the case back to the IDTVA P&A POC for proper routing.

25.24.2.4  
(10-01-2023)  
**RPM Criteria Not Met**

- (1) There are instances when the taxpayer's complaint does not meet IRS guidelines for relief under the RPM Program. The RPM complaint is not to be considered.

**Example:** A taxpayer may have submitted documentation claiming they are a victim of preparer misconduct due to non-receipt of a refund; however, the reason a refund was not received may be due to a frozen credit or refund offset.

**Note:** Be aware, however, that even if the complaint doesn't meet RPM guidelines, there may be procedures to deal with certain situations that could result in some assistance or relief for the taxpayer. Take any applicable actions following normal procedures.

- (2) Complete research is required on all complaints. A criteria 'not met' determination means there is another reason why the taxpayer's return as intended to be filed is not what the taxpayer expected (e.g., math error) or it doesn't fit into any of the 4 categories for RPM (e.g., Complaint for extreme fees only). If the complaint fits into any of the 4 categories, then proceed to IRM 25.24.2.5, RPM Criteria Met, for additional research requirements.

- (3) Issue a no consideration 5956C letter and:

- Provide the reason(s) RPM criteria was not met.
- If taxpayer references EIP, RRC and or AdvCTC, you must include applicable information in your letter. For example, tell the taxpayer they need to claim the Rebate Recovery Credit (RRC) on their 2020 tax return, if the EIP was impacted or tell when refunds were issued etc.
- Input TC 290.00 with the appropriate blocking series (00 or 05) and include reason code 131.

**Exception:** If no TC 150 is present on the account, the TC 290 cannot be input. Leave applicable case note.

- (4) Although not all inclusive, follow the chart below to identify and address situations that do not meet criteria for RPM. Use the applicable **Then** column for your complaint type.

	If the ...	IDTVA-A will Then ...	IDTVA Specialty Function will Then ...
1.	Taxpayer's only issue is a lost, stolen, or <b>unintentional</b> misdirected refund (such as an incorrect routing or account number <b>due to transposition error</b> not attributable to preparer misconduct).	Refer to IRM 21.4.1.4.4, Refund Issued but Lost, Stolen, Destroyed or Not Received. Also: <ul style="list-style-type: none"> <li>• Tell the taxpayer a review of the account and the information provided demonstrates it is likely an issue other than RPM.</li> <li>• Provide an explanation of account conditions.</li> <li>• Update CII data to reflect the appropriate Category Code TPRQ.</li> <li>• Close the CII case.</li> </ul>	Refer to IRM 21.4.1.4.4, Refund Issued but Lost, Stolen, Destroyed or Not Received. Also: <ul style="list-style-type: none"> <li>• Tell the taxpayer a review of the account and the information provided demonstrates it is likely an issue other than RPM.</li> <li>• Provide an explanation of the account conditions.</li> <li>• Document actions taken using CII and functional system, if applicable.</li> <li>• Return case to the appropriate Compliance function, as applicable, following normal procedures. See Reminder at end of chart for additional information.</li> <li>• Close the CII case.</li> </ul>

	If the ...	IDTVA-A will Then ...	IDTVA Specialty Function will Then ...
2.	<p>Taxpayer submits documentation; however, research identifies a reason for the reduced refund that demonstrates no preparer misconduct occurred. For example, a math error, frozen refund, refund offset, other general account issue, or usual inquiries by Exam or AUR not related to RPM.</p> <p><b>Example:</b> The taxpayer mistakenly believes they are a victim of preparer misconduct; e.g.,</p> <ul style="list-style-type: none"> <li>• The taxpayer did not receive the refund expected because there was a math error on the original return and the refund was reduced.</li> <li>• The taxpayer did not receive their correct refund because the taxpayer's earned income tax credit was frozen due to selection for examination.</li> </ul>	<ul style="list-style-type: none"> <li>• Make any necessary adjustments to account following normal procedures, if applicable. Including use of TC 971 AC 850.</li> <li>• Tell the taxpayer that a review of the account and the information provided does not support RPM.</li> <li>• Provide an explanation of account actions taken or not taken (such as the correction of a math error or additional information needed to correct the account).</li> <li>• Update CII data to reflect the appropriate Category Code TPRQ.</li> <li>• Close the CII case.</li> </ul>	<ul style="list-style-type: none"> <li>• Inform the taxpayer that a review of the account and information provided does not support RPM.</li> <li>• Document account actions taken or not taken (e.g., correction of math error or additional information needed to verify the AUR or Exam issue.) using CII and functional system, if applicable, following normal procedures.</li> <li>• Return case to the appropriate Compliance function, as applicable. See Reminder at end of chart for additional information.</li> <li>• Close the CII case.</li> </ul>

	If the ...	IDTVA-A will Then ...	IDTVA Specialty Function will Then ...
3.	Taxpayer's account does not show a posted return. (The taxpayer may assume the preparer filed an unauthorized return because of media attention.)	<ul style="list-style-type: none"> <li>• Tell the taxpayer that no tax return was filed using their TIN.</li> <li>• If a tax return was not submitted with the RPM complaint, tell the taxpayer to file a tax return, if required.</li> <li>• If a return was submitted with the RPM complaint by the taxpayer, tell the taxpayer that it will be forwarded for processing and if a refund is due, it may take up to six to eight weeks.</li> <li>• Edit the return for processing per IRM 21.5.1.5.5, Processing/Reprocessing CII Tax Returns.</li> <li>• Document action taken using CII.</li> <li>• Forward the return to Submission Processing.</li> <li>• Close the CII case.</li> </ul>	<ul style="list-style-type: none"> <li>• Tell the taxpayer that no tax return was filed using their TIN.</li> <li>• If a tax return was not submitted with the RPM complaint, tell the taxpayer to file a tax return, if required.</li> <li>• If a return was submitted with the RPM complaint by the taxpayer, tell the taxpayer that it will be forwarded for processing and if a refund is due, it may take up to six to eight weeks.</li> <li>• Edit the return for processing per IRM 21.5.1.5.5, Processing/Reprocessing CII Tax Returns.</li> <li>• Forward the return to Submission Processing.</li> <li>• Document action taken using CII and functional system, if applicable.</li> <li>• Return case to the appropriate Compliance function, as applicable. See Reminder at end of chart for additional information.</li> <li>• Close the CII case.</li> </ul>

	If the ...	IDTVA-A will Then ...	IDTVA Specialty Function will Then ...
4.	<p>Taxpayer’s complaint does not fit into any of the four RPM fact patterns but involves preparer tax identification number (PTIN) misuse, misrepresentation of credentials, employment taxes and other issues.</p> <p><b>Example:</b> The taxpayer is not requesting relief/correction of personal tax return. They are reporting or informing on a person who misused taxpayer information as a preparer.</p> <p>“Other issues” examples might be:</p> <ul style="list-style-type: none"> <li>• Extreme fees</li> <li>• Did not provide copies or explanations</li> </ul>	<ul style="list-style-type: none"> <li>• Tell the taxpayer of the review of the account and the reason the complaint does not meet the IRS guidelines for relief. The preparer information will be forwarded to the Return Preparer Office. No adjustments to their account are required and no further action is necessary on their part.</li> <li>• Tell the taxpayer they may want to contact the Federal Trade Commission (FTC), State Consumer Agencies, Better Business Bureau (BBB) etc., per the RPM policy statement. Refer to IRM 1.2.1.16.1, Policy Statement 25-2, Return Preparer Misconduct.</li> <li>• Include the case on the RPO notification spreadsheet per guidelines in IRM 25.24.2.3.5, Return Preparer Office Notification Requirements.</li> <li>• Close the CII case.</li> </ul>	<ul style="list-style-type: none"> <li>• Tell the taxpayer of the review of the account and the reason the complaint does not meet the IRS guidelines for relief. The preparer information will be forwarded to the Return Preparer Office. No adjustments to their account are required and no further action is necessary on their part.</li> <li>• Tell taxpayer they may want to contact the Federal Trade Commission (FTC), Better Business Bureau (BBB), State Consumer Agencies, etc., per policy statement. Refer to IRM 1.2.1.16.1, Policy Statement 25-2, Return Preparer Misconduct.</li> <li>• Document actions taken using CII and functional system, if applicable.</li> <li>• Return case to the appropriate Compliance function, as applicable. See Reminder at end of chart for additional information.</li> <li>• Notify the Return Preparer Office per IRM 25.24.2.3.5, Return Preparer Office Notification Requirements.</li> <li>• Close the CII case.</li> </ul>

	If the ...	IDTVA-A will Then ...	IDTVA Specialty Function will Then ...
5.	<p>Taxpayer <b>did not</b> visit a preparer for current year; however, preparer filed a return without authorization utilizing information obtained from a prior year visit resulting in an identity theft scenario.</p> <p>OR</p> <p>Taxpayer provides preparer name and company name,</p> <p>identity theft scenario.</p> <p>OR</p> <p>Taxpayer did visit a preparer for the current year and the only issue is employment/income related IDT</p> <p>OR</p> <p>Correspondence and/or AMS history items indicate someone other than the taxpayer updated direct deposit information using the CTCUP/Get My Payment without the taxpayer’s knowledge and TC 971 AC 199 with the MISC field including “EF” and a DLN with Julian Date 999 and Blocking Series 77777/99999 is present on CC IMFOLE</p>	<ul style="list-style-type: none"> <li>• Tell the taxpayer they are a victim of identity theft and not a victim of preparer misconduct. We are forwarding their complaint to the appropriate function for resolution.</li> <li>• X out “Form 14157-A” and write in “Form 14039 Identity Theft”.</li> <li>• Leave a CII case note: Taxpayer is victim of identity theft not victim of preparer misconduct.</li> <li>• Update the CII data to reflect the appropriate Category Code IDT1 along with the other applicable codes per Exhibit 25.23.4-12, Tax-Related Identify Theft (IDT) Codes.</li> <li>• Ensure that a TC 971 AC 522 with a correct MISC code has been input or history item is entered, if necessary. See IRM 25.23.2.4.4, Initial Allegation or Suspicion of Tax-Related Identity Theft - IMF Identity Theft Indicators and subsequent applicable subsections, for information on the specific requirements.</li> <li>• Include the case on the RPO notification spreadsheet per guidelines in IRM 25.24.2.3.5, Return Preparer Office Notification Requirements.</li> <li>• Reassign the CII case to the designated IDTVA contact for ID theft resolution.</li> </ul> <p><b>Exception:</b> If there is an existing open IDT control in IDTVA, link the cases together and close RPM case using “Close as MISC” button.</p>	<ul style="list-style-type: none"> <li>• Tell the taxpayer they are a victim of identity theft and not a victim of preparer misconduct. We are forwarding their complaint to the appropriate function for resolution.</li> <li>• X out “Form 14157-A” and write in “Form 14039 Identity Theft”.</li> <li>• Leave a CII case note: Taxpayer is victim of identity theft not victim of preparer misconduct.</li> <li>• Update the CII data to the appropriate Doc type, category code IDI1/IDI2, OFP 710 402XX and priority code (if applicable).</li> <li>• Ensure that a TC 971 AC 522 with a correct MISC code has been input or history item is entered, if necessary. See IRM 25.23.2.4.4, Initial Allegation or Suspicion of Tax-Related Identity Theft - IMF Identity Theft Indicators and subsequent applicable subsections, for information on the specific requirements.</li> <li>• Include the case on the RPO notification spreadsheet per guidelines in IRM 25.24.2.3.5, Return Preparer Office Notification Requirements.</li> <li>• Reassign the CII case to the designated IDTVA contact for ID theft resolution.</li> </ul> <p><b>Exception:</b> If there is an existing open IDT control in IDTVA, link the cases together and close RPM case using “Close as MISC” button.</p>

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	If the ...	IDTVA-A will Then ...	IDTVA Specialty Function will Then ...
8.	<p>The taxpayer's complaint involves a primary filed married filing joint return without the secondary taxpayer's knowledge</p> <p><b>Note:</b> See IRM 25.23.4.8.1.4.1, Invalid Joint Election Consideration, for more information regarding the validity of the joint filing status shown on the return. If tacit consent does not apply, follow the procedures in the appropriate column (IDTVA-A or IDTVA Specialty Function).</p>	<p>Follow procedures in IRM 21.6.1.5.7, Married Filing Joint or Married Filing Separate is Invalid or Filed with Incorrect Status, paragraph 3.</p> <p>If meets referral criteria:</p> <ul style="list-style-type: none"> <li>• Refer case to Exam</li> <li>• Tell the taxpayer that their claim involves a potential invalid joint election and not return preparer misconduct. We are forwarding their complaint to the appropriate function for resolution.</li> <li>• Close CII case.</li> </ul> <p>If does not meet referral criteria:</p> <ul style="list-style-type: none"> <li>• Remove the spouse's name from the married filing joint account and change the filing status on the married filing joint return to married filing separate. Do not change any tax or credits on the married filing joint return.</li> <li>• Tell the taxpayer their claim involves a potential invalid joint election and not return preparer misconduct. We have removed their name from the married filing joint account.</li> <li>• Close CII case.</li> </ul>	<p>Follow procedures in IRM 21.6.1.5.7, Married Filing Joint or Married Filing Separate is Invalid or Filed with Incorrect Status, paragraph 3.</p> <p>If meets referral criteria:</p> <ul style="list-style-type: none"> <li>• Refer case to Exam</li> <li>• Tell the taxpayer that their claim involves a potential invalid joint election and not return preparer misconduct. We are forwarding their complaint to the appropriate function for resolution.</li> <li>• Close CII case.</li> </ul> <p>If does not meet referral criteria:</p> <ul style="list-style-type: none"> <li>• Remove the spouse's name from the married filing joint account and change the filing status on the married filing joint return to married filing separate. Do not change any tax or credits on the married filing joint return.</li> <li>• Tell the taxpayer their claim involves a potential invalid joint election and not return preparer misconduct. We have removed their name from the married filing joint account.</li> <li>• Close CII case.</li> <li>• Return case to the appropriate Compliance function, as applicable. See Reminder at end of chart for additional information.</li> </ul>

	If the ...	IDTVA-A will Then ...	IDTVA Specialty Function will Then ...
9.	<p>The taxpayer's complaint involves a primary filed married filing joint return by the secondary taxpayer without the primary taxpayer's knowledge</p> <p><b>Note:</b> See IRM 25.23.4.8.1.4.1, Invalid Joint Election Consideration, for more information regarding the validity of the joint filing status shown on the return. If tacit consent does not apply, follow the procedures in the appropriate column (IDTVA-A or IDTVA Specialty Function).</p>	<p>Follow procedures in IRM 21.6.1.5.7, Married Filing Joint or Married Filing Separate is Invalid or Filed with Incorrect Status, paragraph 3.</p> <p>If meets referral criteria:</p> <ul style="list-style-type: none"> <li>• Refer case to Exam</li> <li>• Tell the taxpayer that their claim involves a potential invalid joint election and not return preparer misconduct. We are forwarding their complaint to the appropriate function for resolution.</li> <li>• Close CII case.</li> </ul> <p>If does not meet referral criteria:</p> <ul style="list-style-type: none"> <li>• The return is reprocessed to the secondary taxpayer's account and the refund moved.</li> <li>• Follow IRM 21.6.1.5.7 for required edits for the return and other required inputs.</li> <li>• Tell the taxpayer their claim involves a potential invalid joint election and not return preparer misconduct. We have removed their name from the married filing joint account.</li> </ul>	<p>Follow procedures in IRM 21.6.1.5.7, Married Filing Joint or Married Filing Separate is Invalid or Filed with Incorrect Status, paragraph 3.</p> <p>If meets referral criteria:</p> <ul style="list-style-type: none"> <li>• Refer case to Exam</li> <li>• Tell the taxpayer that their claim involves a potential invalid joint election and not return preparer misconduct. We are forwarding their complaint to the appropriate function for resolution.</li> <li>• Close CII case.</li> </ul> <p>If does not meet referral criteria:</p> <ul style="list-style-type: none"> <li>• The return is reprocessed to the secondary taxpayer's account and the refund moved.</li> <li>• Follow IRM 21.6.1.5.7 for required edits for the return and other required inputs.</li> <li>• Tell the taxpayer their claim involves a potential invalid joint election and not return preparer misconduct. We have removed their name from the married filing joint account.</li> <li>• Return case to the appropriate Compliance function, as applicable. See Reminder at end of chart for additional information.</li> </ul>

**Reminder:** Open AUR or Exam cases should be referred back to the originating function in accordance with IRM 25.24.2.10.1.1, Open AUR Issues or IRM 25.24.2.10.2.1, Open Exam Issues. If an AUR or Exam reconsid-

cases closed as disposal code (DC) 12 or 37, no other actions are required.

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25.24.2.5  
(06-06-2018)  
**RPM Criteria Met**

- (1) This section provides an overview of the research path and verification requirements that should be followed when RPM criteria is met. The subsequent subsections provide specific guidance for these requirements.
- (2) When RPM criteria are met, all of the facts and circumstances provided by the taxpayer and a complete review of the taxpayer's account must be taken into consideration. The specific documentation requirements for each category, verification requirements and account information determine the treatment stream and whether the taxpayer is entitled to a refund or a portion of the refund misdirected by the preparer. Acceptance of the complaint is dependent upon the receipt of sufficient documentation and the verification results of the preparer.
- (3) The responsibilities of the IDTVA RPM employees evaluating the complaint includes:
  - a. Identifying the RPM category
  - b. Applying referral/consultation criteria - RPM complaints with Criminal Investigation (CI) involvement, International issues, Volunteer Return Preparation Programs involvement
  - c. Determining if the complaint is complete
  - d. Verifying the preparer information
- (4) In specific instances, supplemental research and verification must be performed. The outcome of this research and verification is used to determine the treatment stream and the extent of relief to which the taxpayer may be entitled. This research and verification consists of:
  - a. Refund Deposit Verification – Verify the receipt or non-receipt of a refund by researching whether a refund was issued or deposited into an account in the taxpayer's name.
  - b. Law Enforcement Agency Report Verification – Verify the information provided is consistent with the complaint/affidavit.
- (5) If there is missing documentation and/or the preparer information is incomplete, then correspondence is issued to the taxpayer. This will be discussed further in a subsequent section IRM 25.24.2.6.2, Incomplete Complaints.
- (6) Based on the research and verification requirements above, the applicable treatment stream is applied and the necessary account actions taken for resolution.
- (7) Two correspondex letters specific for RPM processing are available. The 5955C letter, Return Preparer Misconduct – Case Incomplete for Processing Request, and the 5956C letter, Return Preparer Misconduct (RPM) – Resolution Closing Letter, are referenced when applicable.

25.24.2.5.1  
(05-08-2020)  
**Special Handling for  
Specific Issues**

- (1) The next sections provide guidance for accounts with specific miscellaneous issues.

25.24.2.5.1.1  
(04-16-2021)

**Economic Impact  
Payment (EIP) and  
Recovery Rebate Credit  
(RRC) - General  
Information**

- (1) The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law on March 27, 2020. IRC 6428 provides eligible individuals with a recovery rebate credit (RRC) for tax year 2020 that taxpayers may receive as an advance payment. Advance payments of the RRC are referred to as an Economic Impact Payments (EIPs).
- (2) The RRC for tax year 2020 was increased and a second Economic Impact Payment (EIP) was included as part of Public Law 116-260 - Consolidated Appropriations Act, 2021.
- (3) The American Rescue Plan Act of 2021 was passed on March 11, 2021. It provides eligible individuals with a recovery rebate credit for tax year 2021 that taxpayers may receive as an advance payment (EIP 3).
- (4) EIPs do not accrue credit interest.
- (5) Refer to IRM 25.23.4.20, Economic Impact Payment (EIP) and Recovery Rebate Credit (RRC) – General, and IRM 25.23.4.20.1, Economic Impact Payment (EIP) Account Research, for more specific background on the CARES Act and EIP account research, including information regarding computations, reason codes and credit reference numbers for EIP 1, EIP 2 and EIP 3.

**Note:** Reference to IRM 25.23.4 sections above are specific to general information regarding EIP and RRC. Procedures specific to the processing of RPM cases involving EIP/RRC follow.

25.24.2.5.1.1.1  
(12-16-2021)

**Economic Impact  
Payment (EIP) –  
Additional Research for  
RPM Cases**

- (1) Taxpayers who are victims of Return Preparer Misconduct (RPM) may have experienced delays in receiving their Economic Impact Payment (EIP) or may not have received an EIP due to an RPM issue.
- (2) TC 971 AC 522 with MISC 'WI FA ALTRD' was created and systemically placed on the entity for accounts with an RPM complaint to prevent the issuance of an EIP.
- (3) All cases assigned to an RPM inventory **must** be reviewed to determine if an EIP was issued and whether it will also need to be addressed with the RPM allegation. If an EIP was issued, it is necessary to identify who received the payment, if possible.

**Caution:** A taxpayer may have been eligible to receive three separate EIP payments: two payments for 2020 (EIP 1 and EIP 2) and one payment for 2021 (EIP 3). Each EIP must be considered separately. Do not assume all payments were issued to the same person.

- (4) The computation is based on the following:
  - EIP 1 calculation is based on the tax year 2019 return, if filed. If a tax year 2019 return has not been processed, tax year 2018 return information is used.
  - EIP 2 calculation is based on the tax year 2019 return, if filed.
  - EIP 3 calculation is based on the tax year 2020 return if filed. If a tax year 2020 return has not been processed, tax year 2019 return information is used.

Refer to IRM 25.23.4.20, Economic Impact Payment (EIP) and Recovery Rebate Credit (RRC) – General, for additional information.

- (5) Review CC IMFOLE for a posted TC 971 AC 199 to locate the source used to determine eligibility.
- a. Tax year 2020 tax return information
  - b. Tax year 2019 tax return information
  - c. Tax year 2018 tax return information
  - d. Social Security Administration (SSA)
  - e. Railroad Retirement Benefits (RRB)
  - f. Social Security Disability (SSDI)
  - g. Veterans Administration (VA)

**Note:** If the source used to determine eligibility was SSA or RRB, the EIP was issued as direct deposit or paper check to the taxpayer, depending on how the taxpayer normally receives their benefits.

- (6) RPM claims for EIP only where the taxpayer is stating there were no issues on the tax year the EIP was calculated on must be researched to determine whether it meets an ID theft scenario. All facts and circumstances should be considered. Refer to the If/And/Then chart below for EIP only scenario guidance. If you have a scenario not referenced in the chart, then elevate the case information to HQ and CC IDTVA P&A for review.

**Example:** The EIP calculation was figured on the 2019 tax return. The taxpayer states they received the 2019 refund but they did not receive the EIP refund. Research shows that the original 2019 refund was issued by paper check to the taxpayer's address of record however, the EIP was issued to a bank account. This indicates that someone updated the account with bank information. If the taxpayer states they are unaware of this then this would fit into an IDT scenario.

If ...	And ...	Then ...
EIP was calculated on an original return <b>not</b> associated with an RPM claim	EIP was direct deposited to a preparer's account as authorized by the taxpayer or other authorized account on the filed return. <b>Example:</b> The EIP was deposited to the Ultimate Bank Account or any account listed on a Form 8888 of the filed return.	Follow no consideration procedures. IRM 25.24.2.11.3, No Consideration of Claims.
EIP was calculated on a Non-Filer Return	EIP was direct deposited into an unauthorized account.	Follow RPM Category 4 procedures. IRM 25.24.2.9.4, Category 4 - Misdirected Refund Only and the taxpayer is requesting an additional refund.

- (7) Review CC IMFOBT on the 2020 module to see the method of issuance. You can determine if the EIP was issued via direct deposit or as a paper check by reviewing the DD indicator posted with the TC 846. The EIP was issued as direct deposit if the indicator is '9' and paper check if the indicator is '0'. The direct deposit information (RTN and BNKACCT) will be present also, if applicable. The EIP 1 only offset for child support debt obligations. The EIP 2 and EIP 3 are not subject to offsets.

**Note:** The direct deposit information can be obtained from various sources. A TC 971 AC 199 miscellaneous field shows the account number followed by the letters "EF".

**Caution:** When direct deposit information has been updated using the Child Tax Credit Update Portal (CTCUP) or Get My Payment (GMP), subsequent refunds released from the tax year 2021 module will be issued via direct deposit to that account, unless the indicator has been reversed with a TC 972. A TC 971 AC 850 will not flip payments to paper after the CTCUP has been used to update direct deposit information. You can identify CTCUP direct deposit information updates by a TC 971 AC 199 with the

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MISC field providing the bank/routing information followed by “EF” (20 positions) posted on the taxpayer’s entity. The Julian Date will be 999, and the Blocking Series will be 77777.

- (8) Allowable RPM claims that have impacted EIP 3, and the EIP 3 payment was deposited into updated bank account information associated with TC 971 AC 199 “EF” with Blocking Series 77777, and the taxpayer states they are unaware of the account information update should be treated as victims of both RPM and ID Theft. Refer to IRM 25.24.2.12.5, RPM with IDT Issues for guidance.
- (9) Review the tax account of the RPM claim to determine whether the EIP was affected and whether the preparer received the EIP. If the source used to determine eligibility was the return information for tax year 2020, 2019 or 2018, refer to the table below based on the year of RPM claim.

	<b>If ...</b>	<b>And the EIP issued was ...</b>	<b>Then ...</b>
1.	2018 RPM Claim	Based on 2018 return information by direct deposit (DD:9)	The taxpayer may not have received their EIP 1.
2.	2018 RPM Claim	Based on 2018 return information by paper check (DD:0)	Review the address, including the cycle date of the last address change, to determine to which address the check was mailed.
3.	2018 RPM Claim	Based on the 2019 return information	The EIP is not affected if there is no 2019 RPM claim.
4.	2019 RPM claim	Based on 2019 return information by direct deposit (DD:9)	The taxpayer may not have received their EIP 1, EIP 2 and/or EIP 3.
5.	2019 RPM claim	Based on 2019 return information by paper check (DD:0)	Review the address, including the cycle date of the last address change, to determine to which address the check was mailed.
6.	2019 RPM claim	Based on 2018 return information	The EIP 1 is not affected if there is no 2018 RPM claim.
7.	2019 RPM claim	Based on a 2019 Non-Filer return	<ul style="list-style-type: none"> <li>• The taxpayer may not have received their EIP 1, EIP 2, and/or EIP 3.</li> </ul>
8.	2020 RPM claim	Based on 2018 or 2019 return information	Review the method of issuance to determine whether the EIPs were affected.
9.	2020 RPM claim	Based on 2020 return information by direct deposit (DD:9)	The taxpayer may not have received their EIP 3.

	If ...	And the EIP issued was ...	Then ...
10.	2020 RPM claim	Direct deposited into the updated bank information associated with the TC 971 AC 199 EF with BS 77777 AND the taxpayer states they did not update the bank information.	<ul style="list-style-type: none"> <li>• The taxpayer may not have received their EIP 3 payment.</li> <li>• Resolve 2020 RPM claim and treat EIP 3 issue as ID Theft scenario.</li> <li>• Refer to IRM 25.24.2.12.5, RPM with IDT Issues, for guidance.</li> </ul>
11.	2020 RPM claim	Based on a 2020 Non Filer return.	<ul style="list-style-type: none"> <li>• The taxpayer may not have received their EIP 3.</li> </ul>
12.	2021 RPM claim - EIP 3 only	Direct deposited into the updated bank information associated with the TC 971 AC 199 EF with BS 77777 and the taxpayer states they did not update the bank information.	<ul style="list-style-type: none"> <li>• The taxpayer may not have received their EIP 3 payment.</li> <li>• Treat as ID Theft scenario.</li> <li>• Refer to IRM 25.24.2.4, RPM Criteria Not Met, for guidance.</li> </ul>
13.	2020 RPM claim or 2021 RPM claim - EIP 3 only	Direct deposited into the updated bank information associated with the TC 971 AC 199 EF with BS 77777 and There is no indication from the taxpayer or otherwise that the bank information is not valid.	The EIP 3 is not affected.

**Reminder:** If the taxpayer has a child support obligation, some or all of the EIP1 offsets to that debt and the taxpayer is considered to have received the benefit of the EIP.

- (10) If no EIP was issued, refer to IRM 25.24.2.5.1.1.3, Economic Impact Payment (EIP) - Adjustment Requirements, for next actions.
- (11) Accounts where the EIP was issued and the RPM claim involves the same tax year that the EIP was calculated on, must be reviewed to determine whether a manual adjustment to EIP is required based on who received the refund.

	If ...	And ...	Then ...
1.	The EIP was issued and the taxpayer received it	RPM claim is incomplete or complete	<p>Follow normal RPM procedures to resolve the case and Refer to IRM 25.24.2.5.1.1.2, Economic Impact Payment (EIP) - Computation and Adjustment Considerations, if allowing RPM claim.</p> <p><b>Note:</b> If TC 971 AC 522 with MISC 'WI FA ALTRD' is present, input a TC 972 AC 522 with MISC 'WI FA IRSERR', to reverse it.</p>
2.	The EIP was issued and the preparer received it	RPM claim is incomplete	<p>Follow normal RPM procedures to request the missing documentation.</p> <p>a. If response is received and claim is allowable, follow Row 3.</p> <p>b. If no response is received, then continue RPM disallowance procedures.</p> <p><b>Note:</b> If TC 971 AC 522 with MISC 'WI FA ALTRD' is present, input a TC 972 AC 522 with MISC 'WI FA IRSERR', to reverse it.</p>
3.	The EIP was issued and the preparer received it	RPM claim complete and allowable	<p>Follow normal RPM procedures to resolve the case on the RPM year and Refer to IRM 25.24.2.5.1.1.2, Economic Impact Payment (EIP) - Computation and Adjustment Considerations, for next steps.</p> <p><b>Note:</b> If TC 971 AC 522 with MISC 'WI FA ALTRD' is present, input a TC 972 AC 522 with MISC 'WI FA IRSERR', to reverse it.</p>

25.24.2.5.1.1.2  
(07-15-2021)  
**Economic Impact Payment (EIP) – Computation and Adjustment Considerations**

- (1) When the RPM claim is allowable and any of the EIPs were originally computed on the invalid RPM return, then the following consideration should be followed to determine the appropriate adjustment to the EIP.
 

**Note:** Repayment of any amount of EIP the taxpayer received in excess of the amount they are entitled to will not be requested. This includes an offset to a child support debt in the case of EIP 1.
- (2) The credits and refunds of Economic Impact Payments (EIPs) can be seen on the applicable tax module:
  - EIP 1 / EIP 2: Tax year 2020 module (tax year 202101 – 202111 for fiscal year filers).
  - EIP 3: Tax year 2021 module (tax year 202201 – 202211 for fiscal year filers).
- (3) When adjusting the amount of EIP, the following Credit Reference Numbers (CRNs) are used:
  - **338** - The amount is attributable to the primary and secondary taxpayer, if applicable.
  - **257** - The amount is attributable to qualifying children/allowable dependents.

Credits post with a TC 766 if adding/increasing the credit or TC 767 if removing/decreasing the credit.
- (4) The CRNs used to adjust the EIP are determined by the facts and circumstances of the case.
  - When inputting an adjustment to EIP, the Reason Codes (RCs) used in the first and second positions must both be 000. This leaves the third open for the RCs that best describe the reason for the adjustment. A separate adjustment is needed to mark the account with RC 131.
  - When inputting an adjustment to EIP that includes CRN 257, the RC in the first position must indicate the number of dependents associated with the adjustment (i.e., RC 002 would be used when there are 2 dependents involved). The second and third positions may be used for additional RCs related to the adjustment. A separate adjustment is needed to mark the account with RC 131.
- (5) Use the following RCs when adjusting the amount of EIP:
 

**Note:** The following reason codes must be in the third position.

Reason Code (RC)	Credit Reference Number (CRN)	Description
214	338	EIP split 50/50 between both spouses (EIP 3)

Reason Code (RC)	Credit Reference Number (CRN)	Description
215	338/257	EIP 1 attributable to the primary taxpayer (EIP 1 / EIP 3) <b>Note:</b> This RC is also used for taxpayers with a filing status other than MFJ.
216	338/257	EIP attributable to the secondary taxpayer (EIP 1 / EIP 3)
217	338	EIP 2 attributable to both spouses (50/50 split)
218	338	EIP 2 attributable to the primary taxpayer <b>Note:</b> This RC is also used for taxpayers with a filing status other than MFJ.
219	338	EIP 2 attributable to the secondary taxpayer

- (6) When it is determined RPM has affected EIP 1 and/or EIP 2, the tax year 2020 Recovery Rebate Credit (RRC) must also be addressed when the 2020 module reflects tax return information. Refer to IRM 25.24.2.5.1.1.4, Recovery Rebate Credit (RRC) - RPM Case Research, for additional information. When the 2020 module does not reflect tax return information, refer to IRM 25.24.2.5.1.1.3, Economic Impact Payment (EIP) - Adjustment Requirements, for next steps.

**Note:** When the RPM claim involves TY 2019 or TY 2020, it must also be determined whether the Advanced Child Tax credit (AdvCTC) payments have been impacted. Refer to IRM 25.24.2.5.1.2.2, ARPA - Advanced Child Tax Credit (AdvCTC) - General, and subsequent AdvCTC sections for guidance.

- (7) When determining the taxpayer's eligibility for EIP 3, consider the valid tax year 2020 return first. If a valid 2020 return has not been received, determine eligibility based on the valid 2019 return, if present. If there is no valid return for tax year 2020 or 2019, a determination of eligibility cannot be made.
- (8) When inputting an adjustment to reduce the posted EIP 3, use CRN 338. If the amount exceeds the credit posted with the TC 766 CRN 338, use CRN 257 to adjust the remainder.

**Example:** The tax year 2021 module currently reflects an EIP 3 issued with the following credits posted:

- TC 766 CRN 338 for \$1,400.00
- TC 766 CRN 257 for \$2,800.00

The valid taxpayer's 2020 return filing status is head of household with two allowable dependents and an AGI of \$118,250. The taxpayer and

dependents all have valid SSNs. The following actions are taken to correct the account based on the valid taxpayer's return information:

Calculate the reduction percentage:

$$\$118,250 - \$112,500 = \$5,750$$

$$\$5,750/\$7,500 = 0.767 \text{ (76.7\%)}$$

Calculate the amount of the credit:

$$\$1,400 \times 3 = \$4,200$$

$$\$4,200 \text{ (maximum credit)} \times 76.7\% \text{ (reduction percentage)} = \$3,221.40$$

The taxpayer is entitled to an EIP 3 in the amount of \$978.60 (\$4,200 – \$3,221.40)

The adjustment input to correct the EIP 3 includes:

- CRN 338 for \$1,400.00-
- CRN 257 for \$1,821.40-

- (9) Systemic refunds issued as a result of an adjustment to EIP 3 post with the Bypass Indicator 3 to prevent offset to any tax or non-tax debt. Allow these refunds to issue systemically, whenever possible. If a manual refund must be issued, **do not** include credit interest. Use HC 4 when inputting the adjustment. Refer to IRM 21.4.4.3, Why Would a Manual Refund Be Needed?, and IRM 21.4.4.5, Preparation of Manual Refund Forms, for additional information.

25.24.2.5.1.1.3  
(02-04-2022)  
**Economic Impact  
Payment (EIP) -  
Adjustment  
Requirements**

- (1) If determination has been made that the EIP 1 and/or EIP 2 have been impacted then manual adjustments are required since EIP 1 and EIP 2 refunds stopped issuing after cycle 202050. When the 2020 module does not reflect tax return information, refer to IRM 25.24.2.5.1.1.3.1, Manual Adjustments for EIP 1 and EIP 2.
- (2) If determination is made that the EIP 1 and/or EIP 2, or no EIP was previously issued, the tax year 2020 Recovery Rebate Credit (RRC) must also be addressed when the 2020 module reflects tax return information. Refer to IRM 25.24.2.5.1.1.4, Recovery Rebate Credit (RRC) - RPM Case Research, for additional information.
- (3) If determination is made that the EIP 3 was impacted, then refer to IRM 25.24.2.5.1.1.3.2, Manual Adjustments for EIP 3.
- (4) Adjustment requirements may include:
- Back-out of EIP 1 and/or EIP 2.
  - Partial adjustment to EIP 1, if offset to child support occurred.
  - Utilizing general ledger 1547 account to net the account.
  - Adjustment to 2020 Rebate Recovery Credit, if the 2020 tax return has been filed.
  - Adjustment to EIP 3.
  - Adjustment to 2021 Rebate Recovery Credit, if the 2021 tax return has been filed.

25.24.2.5.1.1.3.1  
(12-16-2021)  
**Economic Impact  
Payment (EIP) - Manual  
Adjustments For EIP 1  
and EIP 2**

- (1) EIP 1/EIP 2 is adjusted on the tax year 2020 module (tax year 202101 – 202111 for fiscal year filers). EIP 1 and EIP 2 must be addressed and adjusted separately. Refer to IRM 25.24.2.5.1.1.2, Economic Impact Payment (EIP) – Computation and Adjustment Considerations for required CRNs, RCs etc.
- (2) Input TC 972 AC 522 MISC ‘WI FA IRSERR’ on entity module, to reverse TC 971 AC 522 MISC ‘WI FA ALTRD’, if present. Refer to Exhibit 25.23.2-11, IMF Only TC 972 AC 522 - Reversal of TC 971 AC 522, for additional guidance.
- (3) Follow the chart below for the requirements to address the EIP 1 and or EIP 2 issues when the 2020 module **does not** reflect tax return information:

**Reminder:** If TY 2020 tax return was filed then refer to IRM 25.24.2.5.1.1.4, Recovery Rebate Credit (RRC) - RPM Case Research, for procedures.

	<b>If</b>	<b>And</b>	<b>Then</b>
1.	EIP was not issued	The taxpayer qualified for any amount of EIP	<ul style="list-style-type: none"> <li>• Follow normal procedures to resolve the RPM case AND</li> <li>• Refer to paragraph 4 below for letter requirements.</li> </ul>
2.	Entire EIP was issued to the preparer	The taxpayer qualified for any amount of EIP	<ul style="list-style-type: none"> <li>• Follow normal procedures to resolve the RPM case AND</li> <li>• Reverse the EIP on the 2020 module. Input TC 290.00 with BS 05, SC 0, the appropriate CRN(s) and amounts, RC(s) and HC 4.</li> <li>• Remove the preparer portion of the EIP refund using GL1547 procedures, to net even the account.</li> <li>• Refer to paragraph 4 below for letter requirements.</li> </ul>

	If	And	Then
3.	Portion of the EIP was issued to the preparer and the taxpayer received the remaining portion or received the benefit of the remaining portion (offset to child support)	The taxpayer qualified for more EIP than they received	<ul style="list-style-type: none"> <li>Follow normal procedures to resolve the RPM case AND</li> <li>Reduce the EIP by the amount received by the preparer. Input TC 290.00 with BS 05, SC 0, the appropriate CRN(s) and amounts, RC(s) and HC 4.</li> <li>Remove the preparer portion of the EIP refund using GL1547 procedures, to net even the account.</li> <li>Refer to paragraph 4 below for letter requirements.</li> </ul>
4.	Entire EIP was issued to the taxpayer or the taxpayer received the benefit of the entire EIP (offset to child support)	The taxpayer qualified for any amount of EIP	<ul style="list-style-type: none"> <li>Follow normal procedures to resolve the RPM case AND</li> <li>Refer to paragraph 4 below for letter requirements.</li> </ul>

(4) Refer to the chart below for additional letter requirements specific to EIP 1 or EIP 2 issues:

**Reminder:** Taxpayers are not required to repay any portion of EIP 1 or EIP 2 received in excess of the amount to which they are entitled.

	If taxpayer received	Then
1.	No EIP	Send RPM closing letter. Include an open or floating paragraph to tell the taxpayer they need to claim the RRC on their 2020 tax return. You may use the suggested verbiage below: We are unable to issue your Economic Impact Payment (EIP) at this time. To receive any amount of the payment you may be entitled to, you will need to file a 2020 tax return to claim the Recovery Rebate Credit (RRC).

	<b>If taxpayer received</b>	<b>Then</b>
2.	Portion of EIP and qualified for more EIP than they received	Send RPM closing letter. Include an open or floating paragraph to tell the taxpayer they need to claim the RRC on their 2020 tax return. You may use the suggested verbiage below: Our records show you received a total of \$X,XXX.XX from the Economic Impact Payment(s) issued to you. You will need to file a 2020 tax return to claim the Recovery Rebate Credit (RRC) to claim any additional amount you may be entitled to. (Input the amount of the payment in place of the X's.)
3.	Portion of EIP and qualified for the same amount of EIP that they received or Entire amount of EIP or received the benefit of the entire EIP (offset to child support) to which they were entitled	Send RPM closing letter. Include an open or floating paragraph to tell the taxpayer they received or received the benefit of the EIP to which they were entitled. You may use the suggested verbiage below: Our records show you received the amount of EIP to which you were entitled. A total of \$X,XXX.XX from the Economic Impact Payment(s) were issued to you. (Input the amount of the payment in place of the X's.)

- (5) When an EIP 1 and/or EIP 2 has been returned (in whole or part) and the systemic reversal of the credits posted, follow the applicable procedures above to ensure all issues are addressed.

**Caution:** When an adjustment is unpostable due to the posting of a systemic reversal from a returned EIP, verify the systemic adjustment fully addresses the EIP issue before closing your unpostable control. Take any necessary actions when the systemic reversal does not fully resolve the EIP issue (i.e., addressing a partially lost refund, etc.).

25.24.2.5.1.1.3.2  
(05-06-2022)

**Economic Impact  
Payment (EIP) - Manual  
Adjustments For EIP 3**

- (1) EIP 3 is adjusted on the tax year 2021 module (tax year 202201-202211 for fiscal year filers). Refer to IRM 25.24.2.5.1.1.2, Economic Impact Payment (EIP) – Computation and Adjustment Considerations for required CRNs, RCs etc.
- (2) Input TC 972 AC 522 MISC 'WI FA IRSERR' on entity module, to reverse TC 971 AC 522 MISC 'WI FA ALTRD', if present. Refer to Exhibit 25.23.2-11, IMF Only TC 972 AC 522 - Reversal of TC 971 AC 522, for additional guidance.
- (3) Follow the chart below for the requirements to address the EIP 3 issues when the 2021 module **does not** reflect tax return information:

**Reminder:** If TY 2021 tax return was filed then refer to IRM 25.24.2.5.1.1.4, Recovery Rebate Credit (RRC) - RPM Case Research, for procedures.

	If	And	Then
1.	EIP was not issued	The taxpayer qualified for any amount of EIP	<ul style="list-style-type: none"> <li>Follow normal procedures to resolve the RPM case AND</li> <li>Refer to paragraph 4 below for letter requirements.</li> </ul>
2.	Entire EIP was issued to the preparer	The taxpayer qualified for any amount of EIP	<ul style="list-style-type: none"> <li>Follow normal procedures to resolve the RPM case AND</li> <li>Reverse the EIP on the 2021 module. Input TC 290.00 with BS 05, SC 0, the appropriate CRN(s) and amounts, RC(s) and HC 4.</li> <li>Remove the preparer portion of the EIP refund using GL1547 procedures, to net even the account.</li> <li>Refer to paragraph 4 below for letter requirements.</li> </ul>
3.	Portion of the EIP was issued to the preparer and the taxpayer received the remaining portion or received the benefit of the remaining portion	The taxpayer qualified for more EIP than they received	<ul style="list-style-type: none"> <li>Follow normal procedures to resolve the RPM case AND</li> <li>Reduce the EIP by the amount received by the preparer. Input TC 290.00 with BS 05, SC 0, the appropriate CRN(s) and amounts, RC(s) and HC 4.</li> <li>Remove the preparer portion of the EIP refund using GL1547 procedures, to net even the account.</li> <li>Refer to paragraph 4 below for letter requirements.</li> </ul>
4.	Entire EIP was issued to the taxpayer or the taxpayer received the benefit of the entire EIP	The taxpayer qualified for any amount of EIP	<ul style="list-style-type: none"> <li>Follow normal procedures to resolve the RPM case AND</li> <li>Refer to paragraph 4 below for letter requirements.</li> </ul>

- (4) Refer to the chart below for additional letter requirements specific to EIP 3 issues:

**Reminder:** Taxpayers are not required to repay any portion of EIP 3 received in excess of the amount to which they are entitled.

	If taxpayer received	Then
1.	No EIP	Send RPM closing letter. Include an open or floating paragraph to tell the taxpayer they need to claim the RRC on their 2021 tax return. You may use the suggested verbiage below: We are unable to issue your Economic Impact Payment (EIP) at this time. To receive any amount of the payment you may be entitled to, you will need to file a 2021 tax return to claim the Recovery Rebate Credit (RRC).
2.	Portion of EIP and qualified for more EIP than they received	Send RPM closing letter. Include an open or floating paragraph to tell the taxpayer they need to claim the RRC on their 2021 tax return. You may use the suggested verbiage below: Our records show you received a total of \$X,XXX.XX from the Economic Impact Payment issued to you. You will need to file a 2021 tax return to claim the Recovery Rebate Credit (RRC) to claim any additional amount you may be entitled to. (Input the amount of the payment in place of the X's.)
3.	Portion of EIP and qualified for the same amount of EIP that they received or Entire amount of EIP or received the benefit of the entire EIP (offset to child support) to which they were entitled	Send RPM closing letter. Include an open or floating paragraph to tell the taxpayer they received or received the benefit of the EIP to which they were entitled. You may use the suggested verbiage below: Our records show you received the amount of EIP to which you were entitled. A total of \$X,XXX.XX from the Economic Impact Payment was issued to you. (Input the amount of the payment in place of the X's.)

- (5) Allowable RPM claims that have impacted EIP 3, and the EIP 3 payment was deposited into updated bank account information associated with TC 971 AC 199 "EF" with Blocking Series 77777, and the taxpayer states they are unaware of the account information update should be treated as victims of both RPM and ID Theft. Refer to IRM 25.24.2.12.5, RPM with IDT Issues for guidance.
- (6) When an EIP 3 has been returned (in whole or part) and the systemic reversal of the credits posted, follow the applicable procedures above to ensure all issues are addressed.

**Caution:** When an adjustment is unpostable due to the posting of a systemic reversal from a returned EIP, verify the systemic adjustment fully

addresses the EIP issue before closing your unpostable control. Take any necessary actions when the systemic reversal does not fully resolve the EIP issue (i.e., addressing a partially lost refund, etc.).

25.24.2.5.1.1.4  
(02-04-2022)

## Recovery Rebate Credit (RRC) - RPM Case Research

- (1) Taxpayers report the Recovery Rebate Credit on their tax year 2020 / 2021 return. They reduce their 2020 credit by each of the first and second EIPs and their 2021 credit by their third EIP. Any remaining credit is allowed on the tax year 2020 / 2021 return, if eligible. If the taxpayer was eligible for the Economic Impact Payments but the credit based on their 2020 / 2021 tax return is less than the EIPs they received, no repayment is required.
- (2) The credits and refunds of the Recovery Rebate Credit (RRC) can be seen on the applicable tax module:
  - EIP 1/ EIP 2: Tax year 2020 module (tax year 202101 – 202111 for fiscal year filers).
  - EIP 3: Tax year 2021 module (tax year 202201 - 202211 for fiscal year filers).

**Note:** Tax year 2021 RRC can not be seen on accounts until tax year 2021 returns are filed.
- (3) Credits post with a TC 766 if adding/increasing the credit or TC 767 if removing/decreasing the credit. When adjusting the amount of 2020 RRC, the following are used:
  - CRN 256
  - RC 096
- (4) The RRC may be affected when there is RPM involvement and the EIP payments were impacted.
- (5) Refer to IRM 21.6.3.4.2.14.2, RRC Taxpayer Notice Codes (TPNC), for information regarding letters issued to taxpayers as a result of an RRC related math error.
- (6) Consideration of the RRC is required when the taxpayer was eligible for the EIPs , a valid tax year 2020/2021 return has been filed and you have:
  - an allowed RPM claim - EIP 1 and/or EIP 2 was not issued
  - an allowed RPM claim - EIP 1 and/or EIP 2 was based on TY 2018/2019 RPM
  - an allowed RPM claim - EIP 3 was not issued
  - an allowed RPM claim - EIP 3 was based on TY 2019/2020 RPM

25.24.2.5.1.1.5  
(02-04-2022)

## Recovery Rebate Credit (RRC) - Adjustments

- (1) Adjustments to the applicable 2020 or 2021 RRC may be required as a result of an allowable RPM claim where the EIP were impacted and it has been determined that the taxpayer didn't receive any or only a portion of any advance payments.
- (2) Prior to inputting an adjustment for RRC:

- Determine if the valid taxpayer(s) received any amount from posted EIP. Consider any undelivered or returned payments, the secondary TP's account, and offsets when making this determination.
- Math verify the amount of RRC reported on the valid TY 2020/2021 return. Refer to IRM 25.23.4.20, Economic Impact Payment (EIP) and Recovery Rebate Credit (RRC) – General, for eligibility criteria and limitations. You may also use the *Recovery Rebate Credit Worksheet* located in the SERP Job Aids, Part 21 - Customer Account Services Chapter 6 for assistance in calculating or verifying the valid taxpayer's correct amount of RRC.

**Note:** The amount of the RRC is calculated using the FS, number of qualifying children, and AGI from the tax year 2020/2021 return and is reduced by the total amount received from EIP 1 and/or EIP 2 for tax year 2020 and EIP 3 only for tax year 2021. See the tax year *2020 Form 1040 instructions* or tax year *2021 Form 1040 instructions* for additional information.

- (3) Normal RPM adjustment procedures apply per IRM 25.24.2.13, Allowable Claims - Account Adjustments and subsequent sections, on the RPM year. Along with any adjustments necessary for the EIP payments on the 2020/2021 module and any adjustment to the RRC.

**Note:** EIP payments must be addressed and adjusted separately.

- (4) Any refunds of EIP and RRC issued to the preparer are resolved following normal general ledger 1547 procedures.
- (5) When you have determined the tax year 2020/2021 TC 150 return is invalid, input TC 971 AC 850 when direct deposit information was included on the return. Update the entity to reflect the valid taxpayer's correct address. Use appropriate posting delay codes to ensure TC 971 AC 850 and address updates post before account actions that result in a refund.
- (6) When the TY 2020/2021 TC 150 return is valid and a math error was set for claiming the TY 2020/2021 RRC in an amount that is more than they are entitled to based on the amount of the applicable EIP payments reflected on the module, recalculate the RRC based on the valid taxpayer's information. Take into account normal procedures in IRM 25.24.2.13.1, Preliminary Account Inputs and Reminders, for math verification requirements and reference to setting the initial math error.

**Caution:** When the account includes other (non-RRC) math errors, only correct those that can be substantiated. Include an explanation of the adjustment(s) input. Do not suspend the case to request the missing information needed to correct the additional math error(s).

- (7) When it is determined the taxpayer **does not** qualify for RRC, has not received any amount (including advance payments), and did not claim RRC on their valid return, input the adjustment(s) to fully back out the credits for EIP. Include BS 05, SC 0, the appropriate CRN(s) and amount(s), RC(s), and HC 4. Reduce any posted amount of RRC when adjusting the account to the valid return. If RC 131 is not included with the adjustment to the valid return figures, a separate TC 290 must be input to ensure the account reflects RC 131. Post delay the adjustments, as needed.

**Reminder:** Adjust EIP payments separately if both are present, and address lost refunds following normal procedures for the case type.

- (8) When it is determined the taxpayer has received the correct amount of RRC (including advance payments) and did not include any amount of RRC on their return, RRC must be addressed to remove any posted amount claimed on an invalid TC 150 return.
- (9) When the TY 2020/2021 TC 150 return is valid, the taxpayer qualifies for more RRC than they received (including advance payments), and the taxpayer did not claim any amount of the tax year 2020/2021 RRC (blank or zero) **or** claimed less than they are entitled to, recalculate the tax year 2020/2021 RRC based on the valid taxpayer’s information. Adjust the account to add/increase the credit, as allowable. Do not set a math error. Issue a closing to explain the changes made to their tax return figures. You may use the suggested paragraph below or similar verbiage when explaining the changes made:

“We changed the amount you claimed as Recovery Rebate Credit (RRC) because we determined you are eligible for more of the credit than you reported. You included \$XX.XX of RRC on your return. We recalculated the credit and allowed \$XX.XX of RRC. The result of this action is (use appropriate fill in here).”

Use numerical figures in place of the X’s in the dollar amounts provided.

Select an appropriate fill in from the list below:

- an increased refund
- a decreased balance due

- (10) When the correct amount of RRC was claimed on the valid TY 2020/2021 return and the taxpayer receives *less* RRC than they are entitled to, including any advance payments, the account is adjusted to reflect the correct amount, as allowable.

	If	Then ...
1.	No EIP advance payments issued	<ul style="list-style-type: none"> <li>• Resolve RPM case following normal procedures.</li> <li>• No adjustment to the RRC is required since no advanced EIPs were previously issued. The amount of any RRC claimed, should have been allowed during original processing.</li> <li>• Send RPM closing letter and tell the taxpayer that the RRC claimed was allowed.</li> </ul>

	If	Then ...
2.	Entire EIP was issued to the preparer and the taxpayer qualifies for RRC	<ul style="list-style-type: none"> <li>Follow normal procedures to resolve the RPM case AND</li> <li>Reverse the EIP on the applicable 2020/2021 module. Input TC 290.00 with BS 05, SC 0, the appropriate CRN(s) and amounts, RC(s) and HC 4.</li> <li>Remove the preparer portion of the EIP refund using GL1547 procedures, to net even the account.</li> <li>Input applicable adjustment for the RRC. Include RPM RC 131 with adjustment. Post delay the adjustment, if necessary.</li> <li>Send RPM closing letter advising taxpayer the actions taken.</li> </ul>
3.	Portion of the EIP was issued to the preparer and the taxpayer received the remaining portion or received the benefit of the remaining portion (offset to child support)	<ul style="list-style-type: none"> <li>Follow normal procedures to resolve the RPM case AND</li> <li>Reduce the EIP by the amount received by the preparer. Input TC 290.00 with BS 05, SC 0, the appropriate CRN(s) and amounts, RC(s) and HC 4.</li> <li>Remove the preparer portion of the EIP refund using GL1547 procedures, to net even the account.</li> <li>Input applicable adjustment for the RRC. Include RPM RC 131 with adjustment. Post delay the adjustment, if necessary.</li> <li>Send RPM closing letter advising taxpayer the actions taken.</li> </ul>

**Example:** You have received an allowable RPM claim for TY 2019. The taxpayer states their preparer changed their return without their knowledge and that they did not receive a stimulus. They got a math error for claiming RRC on their TY 2020 return. They provide the 2019 tax return as intended to be filed. The return has the following information: MFJ with no dependents, wages of \$145,513, Schedule C, Profit or Loss From Business (Sole Proprietorship), income of \$10,437, and AGI of \$155,950. Their 2020 tax return is filed MFJ with no dependents, AGI of \$158,249, and RRC of \$2,775.10.

The TY 2020 module reflects EIPs based on the taxpayer's TY 2019 return as filed by the preparer:

EIP 1: \$2,400. \$250 offset to a child support obligation and the remainder direct deposited.

EIP 2: \$1,200 direct deposited.

Calculating the amount of tax year 2020 RRC the taxpayer is entitled to:

$\$158,249 \text{ (AGI)} - \$150,000 \text{ (Limitation)} = \$8,249$

$\$8,249 \times 5\% = \$412.45 \text{ (Amount of Reduction)}$

EIP 1 allowable amount:  $\$2,400 - \$412.45 = \$1,987.55$

EIP 2 allowable amount:  $\$1,200 - \$412.45 = \$787.55$   
Total allowable amount:  $\$1,987.55 + \$787.55 = \$2,775.10$

Account adjustments would include:

For EIP 1: CRN 338 for \$2,150 –  
For EIP 2: CRN 338 for \$1,200 –  
For RRC: CRN 256 for \$2,525.10

The taxpayer received the benefit of \$250 offset to child support and must be taken into consideration in the adjustment to EIP 1. The direct deposits of the EIP 1 and the EIP 2 are treated as lost refunds and general ledger 1547 procedures are followed.

The result of the adjustment:

EIP 1 reduced to \$250  
EIP 2 reduced to \$0  
RRC allowed for \$2,525.10

Because the taxpayers are entitled to \$2,775.10 and received a total of \$250 of the EIP 1, they are entitled to RRC in the amount of \$2,525.10.

- (11) When the valid taxpayer receives **more** tax year 2020 RRC than they are entitled to, including advance payments (EIP 1 and EIP 2), the account must be adjusted to reflect the correct amount. If the amount of RRC posted to the module is based on an invalid return and is not included in the amount the taxpayer received erroneously, reduce the tax year 2020 RRC to zero. See below for the order credits are reduced in:

1. RRC (Using CRN 256)
2. EIP 2 (Using CRN 338)
3. EIP 2 (Using CRN 257)
4. EIP 1 (Using CRN 338)
5. EIP 1 (Using CRN 257)

**Caution:** Do not reduce EIP 1 or EIP 2 below the amount of the related refund received by the taxpayer. Taxpayers are not required to repay any portion of EIP 1 or EIP 2 received in excess of the amount they are entitled.

**Example:** You have received an allowable RPM claim for TY 2020. The taxpayer received EIP 1 and EIP 2. They submit their copy of the 2020 tax return that should have been filed. It is filed as HOH with wages of \$125,452, \$4,500 AGI of \$129,952, and no RRC. They have 1 qualifying dependent.

The TY 2020 module reflects EIPs based on the taxpayer's TY 2019 valid return and RRC based on the TY 2020 return as filed by the preparer:

EIP 1: \$1,200  
EIP 2: \$600  
RRC: \$600

Calculating the amount of tax year 2020 RRC the taxpayer is entitled to:

$\$129,952$  (AGI) -  $\$112,500$  (Limitation) =  $\$17,452$   
 $\$17,452 \times 5\%$  =  $\$872.60$  (Amount of Reduction)  
 EIP 1 allowable amount:  $\$1,700 - \$872.60 = \$827.40$   
 EIP 2 allowable amount:  $\$1,200 - \$872.60 = \$327.40$   
 Total allowable amount:  $\$827.40 + \$327.40 = \$1,154.80$

Account adjustments would include:

For RRC: CRN  $\$600.00$  –

The result of the adjustment:

EIP 1 for  $\$1,200$  will remain  
 EIP 2 for  $\$600.00$  will remain  
 RRC reduced to  $\$0$

Because the taxpayers received  $\$1,800$  in advance EIPs , they received in excess of  $\$645.20$  they are not required to repay.

(12) Refer to the table below for additional account considerations:

	<b>Condition</b>	<b>Additional Considerations</b>
1.	Valid Balance Due for another year:	RRC cannot be applied toward that balance.
2.	Credit Elect:	RRC can be applied as a credit elect.
3.	Issuing a manual refund:	Credit interest is allowed for RRC.
4.	Lost refund includes RRC:	Address the lost refund following normal general ledger 1547 procedures.
5.	RRC was offset:	<ul style="list-style-type: none"> <li>• EIP 1 is restricted to offset to child support obligations only, and is not subject to repayment when the taxpayer received more than they were entitled to.</li> <li>• EIP 2 is not subject to offset or repayment when the taxpayer received more than they were entitled to.</li> <li>• Tax year 2020 RRC is subject to offset for a TOP debt.</li> <li>• EIP 3 is not subject to offset or repayment when the taxpayer received more than they were entitled to.</li> </ul>

25.24.2.5.1.2  
 (04-16-2021)  
**American Rescue Plan  
 Act (ARPA) – General**

(1) The American Rescue Plan Act of 2021 was passed on March 11, 2021. It includes various tax provisions to benefit qualifying taxpayers by reducing tax and increasing certain credits. Refer to the subsequent subsection for additional information.

25.24.2.5.1.2.1  
(07-15-2021)

## ARPA – Unemployment Income Tax Relief

- (1) Provision 9402 of the American Rescue Plan Act (ARPA) authorizes qualified individuals who received unemployment compensation during calendar year 2020 to exclude up to \$10,200 (\$20,400 if filing MFJ) from their Adjusted Gross Income (AGI).
- (2) To qualify for the exclusion of unemployment income, the taxpayer(s) must:
  - Have a valid SSN or ITIN
  - Have received unemployment compensation during calendar year 2020
  - Meet the threshold of \$150,000, regardless of filing status
- (3) Calculate the Modified Adjusted Gross Income (MAGI) to determine if the \$150,000 threshold is met by subtracting the total amount of all unemployment compensation from the Adjusted Gross Income (AGI). An Unemployment Compensation Exclusion Worksheet can be found in the tax year 2020 Form 1040 instructions.
  - If the result is less than \$150,000, the threshold is met. The taxpayer(s) may exclude up to \$10,200 (\$20,400 if MFJ) from their unemployment income when filing. The amount of the MFJ exclusion is applied as a whole to the total amount of unemployment compensation. It *is not* separated and applied to each taxpayer individually.
  - If the result is \$150,000 or more, the threshold is not met. The taxpayer(s) do not qualify to exclude any portion of their unemployment income.

**Example:** 2020 MFJ return as intended to be filed includes:

- Wages of \$130,000
- Gambling winnings of \$15,000
- Unemployment of \$35,000 (\$20,000 for primary and \$15,000 for secondary)
- AGI is \$180,000

MAGI is \$180,000 – \$35,000 = \$145,000. The taxpayers would be eligible to exclude \$20,400 from their unemployment compensation. They would include total unemployment compensation amount of \$14,600.

- (4) A systemic relief process is used to correct certain accounts for taxpayers who filed their tax year 2020 return prior to the enactment of ARPA. Open RPM cases are excluded from this process and are corrected as part of resolving the RPM issue.
  - Accounts excluded can be identified by a TC 971 AC 123 with MISC "IDTVACASE" (IDTVA case is open) systemically posted to IDRS CC IMFOLE.
  - Upon resolution of an RPM case that was excluded, a TC 971 AC 123 with MISC "IDTVACLS" (IDTVA case has been resolved) is **systemically** posted to IDRS CC IMFOLE.
- (5) For taxpayers who filed their tax year 2020 return prior to the enactment of ARPA, the IRS determines if the taxpayer(s) qualifies to exclude any portion of their unemployment income. Taxpayers are not required to file an amended return to receive this relief. The systemic process is used to correct accounts that qualify. The following were corrected and adjusted, as applicable:

- Taxable amount of unemployment compensation
- Adjusted Gross Income (AGI) (TC 888)
- Taxable Income (TXI) (TC 886)
- Total Tax (TC 290/291)
- Non-refundable credits
- Refundable credits

**Note:** If the application of the unemployment income exclusion results in the taxpayer qualifying for a credit not claimed on their original tax return, that credit is not added. The taxpayer needs to file a Form 1040-X, Amended U.S. Individual Income Tax Return, to claim any additional credits.

**Exception:** When the application of the unemployment income exclusion results in the taxpayer qualifying for self-EIC, the credit is calculated and included in the corrective adjustment. Taxpayers are not required to file an amended return to receive self-EIC.

- (6) Taxpayers are notified of any changes made when the account has been corrected. Any resulting overpayment of tax is offset when a tax debt or TOP debt exists. If no debt exists, the overpayment is refunded by direct deposit or paper check.
- (7) If an **allowable** 2020 RPM claim is received and the return as intended to be filed (RIF) includes unemployment income then determine if the taxpayer is eligible for the exclusion by figuring the MAGI. Follow the chart below for next actions:

**Note:** The presence of the TC 971 AC 123 with MISC "IDTVACASE" may or may not appear on the module.

	If ...	Then ...
1.	TP is eligible for the exclusion	<ul style="list-style-type: none"> <li>• Continue to paragraph (8) for adjustment considerations.</li> </ul>
2.	TP is not eligible for the exclusion OR the RIF does not contain unemployment income	Follow normal procedures for RPM resolution.

- (8) Prior to inputting an adjustment, the valid taxpayer's tax year 2020 return must be math verified to ensure the unemployment income exclusion has been applied appropriately. Verify income, tax, and credits are computed correctly. The following deductions are computed using the full amount of the taxpayer's unemployment benefits prior to reduction by any exclusion amount.
- Taxable Social Security Benefits
  - IRA Deduction
  - Student Loan Interest Deduction
  - Nontaxable Amount of Olympic or Paralympic Medals and United States Olympic Committee (USOC) Prize Money
  - The exclusion of Interest from Series EE and I U.S. Savings Bonds issued after 1989 (Form 8815)
  - The exclusion of Employer-Provided Adoption Benefits (Form 8839)
  - Tuition and Fees Deduction (Form 8917)

- The deduction of up to \$25,000 for active participation in a Passive Rental Real Estate Activity (Form 8582)

- (9) When eligibility criteria is met, the unemployment compensation is reduced by the allowable amount for the filing status but not below zero. If the taxpayer has not applied this relief, the taxpayer's return figures must be recalculated. Recalculation must include total tax and may include non-refundable and/or refundable credits included on the return.

**Reminder:** Self-EIC is added for taxpayers who qualify for this credit after the application of the unemployment income exclusion. The taxpayer's dependents are not considered when determining if a taxpayer qualifies for self-EIC and the amount of the credit they are entitled to. The taxpayer needs to file a Form 1040-X, Amended U.S. Individual Income Tax Return, to claim any other credits not included on the original return (i.e., original return does not include Additional Child Tax Credit (ACTC), but the taxpayer now qualifies for ACTC after application of the unemployment income exclusion or now qualifies for EIC with dependents).

- (10) When it is determined the taxpayer applied the unemployment income exclusion in an amount that is more than allowable, recalculate the tax year 2020 figures based on the valid taxpayer's information. Correct the account, as allowable. Refer to IRM 21.5.4.5.1, Setting the Initial Math Error Action, to set the math error if applicable and issue a closing Letter 474C to provide an explanation of the correction(s) made.

**Reminder:** Recalculation of the figures may impact AGI, TXI, total tax, non-refundable credits, and refundable credits (including RRC).

- (11) When an adjustment input includes figures using the unemployment income exclusion, Reason Code (RC) 020 must be used to ensure the account continues to be excluded from the systemic relief process after the identity theft case has been closed. Use RC 020 when inputting adjustments for the following scenarios, if applicable:

- Allowed RPM Category 1-3 determinations

25.24.2.5.1.2.2  
(02-04-2022)

**ARPA - Advanced Child  
Tax Credit (AdvCTC) -  
General**

- (1) Section 9611 of the American Rescue Plan Act (ARPA) increases the Child Tax Credit (CTC) for tax year 2021 and authorizes qualified individuals to receive periodic advance payments (in equal amounts) of up to 50% of the refundable portion of the Additional Child Tax Credit (ACTC).
- (2) Refer to IRM 25.23.4.21.2, ARPA - Advanced Child Tax Credit (AdvCTC) - General, for more specific information for the CTC and AdvCTC including but not all inclusive:
- Special Rules
  - Threshold amounts
  - Safe harbor
  - Computations
  - Child Tax Credit Update Portal (CTCUP) information
  - Conditions postponing the computation and payments

- Math errors

25.24.2.5.1.2.2.1  
(05-06-2022)

**ARPA - Advanced Child  
Tax Credit (AdvCTC) -  
Research for RPM Cases**

- (1) Taxpayers who are victims of RPM may experience delays in receiving AdvCTC payments. When you have determined the taxpayer is a victim of RPM (allowable claim) for the same tax year the AdvCTC was calculated on, a determination of impact to AdvCTC payments **must** be made.

**Note:** Each AdvCTC payment must be considered separately.

- (2) The following research must be conducted:

- Determine what return each AdvCTC payment is based on and if the return is valid or invalid.
- Determine the method of payment (direct deposit or paper check).
- If direct deposit, determine if the payment was issued to the account on the return used to calculate the AdvCTC payment or if the account information was updated prior to the payment being issued. The entity will show a TC 971 AC 199 with a MISC field providing routing/bank account information followed by "EF". The julian date will be 999 and the Blocking Series will include 77777.

- (3) Advanced Child Tax Credit (AdvCTC) payments are issued from the tax year 2021 module. Each payment posts with an associated adjustment including the following information:

- TC 290 .00
- Unique Reason Codes (RCs) (defined below)
- TC 766 with Credit Reference Number (CRN) 272 for the amount of the payment

**Note:** This amount may be zero if the taxpayer is ineligible or the credit was completely phased out by the MAGI.

- Hold Code (HC) 3

- (4) Each adjustment includes a unique DLN to identify the month of the payment. Refer to the list below for the DLN sequence numbers:

- 31 - July
- 32 - August
- 33 - September
- 34 - October
- 35 - November
- 36 - December

- (5) Refer to the table below for adjustment information specific to MFJ taxpayers who are **eligible** to receive the credit:

	Scenario	Module 1	Module 2
1.	<ul style="list-style-type: none"> <li>Neither taxpayer is deceased,</li> <li>Not innocent spouse,</li> <li>Not a victim of domestic violence (VODV), <b>and</b></li> <li>Neither unenrolled</li> </ul> <p><b>Note:</b> This scenario also applies if one of the taxpayers is incarcerated.</p>	<p><u>Primary Taxpayer</u></p> <ul style="list-style-type: none"> <li>The AdvCTC adjustment posts as described in paragraph (3) above.</li> </ul>	<p><u>Secondary Taxpayer</u></p> <ul style="list-style-type: none"> <li>The AdvCTC adjustment posts with CRN 272 .00.</li> </ul>
2.	<ul style="list-style-type: none"> <li>One taxpayer is deceased</li> </ul>	<p><u>Surviving Spouse</u></p> <ul style="list-style-type: none"> <li>The AdvCTC adjustment posts as described in paragraph (3) above.</li> </ul>	<p><u>Deceased Spouse</u></p> <ul style="list-style-type: none"> <li>The AdvCTC adjustment posts with CRN 272 .00.</li> </ul>
3.	<ul style="list-style-type: none"> <li>Innocent spouse, <b>or</b></li> <li>VODV indication</li> </ul>	<p><u>Primary Taxpayer</u></p> <ul style="list-style-type: none"> <li>The AdvCTC adjustment posts as described in paragraph (3) above.</li> </ul> <p><b>Note:</b> The credit amount will be half of the total computed amount. (50/50 split)</p>	<p><u>Secondary Taxpayer</u></p> <ul style="list-style-type: none"> <li>The AdvCTC adjustment posts as described in paragraph (3) above.</li> </ul> <p><b>Note:</b> The credit amount will be half of the total computed amount. (50/50 split)</p>

	Scenario	Module 1	Module 2
4.	<ul style="list-style-type: none"> <li>One spouse unenrolls,</li> <li>The other spouse is not deceased, <b>and</b></li> <li>The computed amount for the monthly payment is greater than zero</li> </ul>	<p><u>Enrolled Spouse</u></p> <ul style="list-style-type: none"> <li>The AdvCTC adjustment posts as described in paragraph (3) above.</li> </ul> <p><b>Note:</b> The credit amount will be half of the total computed amount. (50/50 split)</p>	<p><u>Unenrolled Spouse</u></p> <ul style="list-style-type: none"> <li>An adjustment does not post to the module.</li> </ul>
5.	<ul style="list-style-type: none"> <li>One spouse unenrolls, <b>and</b></li> <li>The other spouse is deceased</li> </ul>	<p><u>Deceased Spouse</u></p> <ul style="list-style-type: none"> <li>The AdvCTC adjustment posts with CRN 272 .00.</li> </ul>	<p><u>Unenrolled Spouse</u></p> <ul style="list-style-type: none"> <li>An adjustment does not post to the module.</li> </ul>

- (6) When a taxpayer is **ineligible** for the credit (including MFJ returns), a TC 290 .00 posts to the module with CRN 272 .00. When the taxpayer is ineligible for multiple months, an additional TC 290 .00 with CRN 272 .00 posts only when the reason code in position 3 is different.
- (7) Refer to the table below for adjustment Reason Codes (RCs) specific to AdvCTC adjustments:

RC Position	Description
1	<p>If the taxpayer qualifies for AdvCTC, this field contains the total number of CTC eligible children, regardless of age.</p> <p>If the taxpayer does not qualify for AdvCTC, this field contains RC 000.</p>
2	<p>This field contains a description of the month for the AdvCTC amount:</p> <ul style="list-style-type: none"> <li>007 - July</li> <li>008 - August</li> <li>009 - September</li> <li>010 - October</li> <li>011 - November</li> <li>012 - December</li> </ul>

RC Position	Description
3	<p>This field contains a description of the larger computed AdvCTC amount.</p> <p><u>No Credit RCs:</u></p> <ul style="list-style-type: none"> <li>• 200 - No AdvCTC due to MAGI phase out</li> <li>• 202 - Invalid Primary or Secondary SSN (Includes invalid due to assignment date, SSN not valid for work)</li> <li>• 205 - Catch all (For example, all CTC children deceased, AdvCTC under \$1, etc.)</li> </ul> <p><u>Reduced Credit RC:</u></p> <ul style="list-style-type: none"> <li>• 206 - AdvCTC reduced due to MAGI phase out</li> </ul> <p><u>Maximum Amount RC:</u></p> <ul style="list-style-type: none"> <li>• 209 - AdvCTC not reduced by MAGI</li> </ul> <p><u>Manual Adjustments:</u> This field contains a description of the AdvCTC adjustment.</p> <ul style="list-style-type: none"> <li>• 214 - AdvCTC split equally 50/50 between the primary and secondary taxpayers</li> <li>• 215 - AdvCTC attributable to only the primary taxpayer</li> <li>• 216 - AdvCTC attributable to only the secondary taxpayer</li> </ul>
4	<p><u>Systemic Adjustments:</u> This field includes RC 207 when:</p> <ul style="list-style-type: none"> <li>• A non-joint taxpayer is deceased</li> <li>• A MFJ return and one or both taxpayers are deceased</li> </ul> <p><u>Manual Adjustments:</u> This RC position is not used for manual AdvCTC adjustments.</p>

- (8) An AdvCTC TC 971 AC XXX (other than 199) is placed on the entity (CC IMFOLE) of taxpayers to indicate specific account conditions. Refer to the table below for a list of the action codes and their descriptions:

Action Code	Description
065	Innocent Spouse (Form 8857)
198	Victim of Domestic Violence (VODV)
856	Unenrolled taxpayer (includes MISC 'OPT-OUT')

- (9) TC 971 AC 199 (systemic) is placed on the entity (CC IMFOLE) of taxpayers to document the amount of each AdvCTC payment issued (including zero

## 25.24 Return Preparer Misconduct Program

amounts), the month of payment, number of dependents, and AdvCTC source (tax year of return). Refer to the table below for specific account scenarios:

Scenario	Posts With
(1) Eligible taxpayers with a filing status other than MFJ	<ul style="list-style-type: none"> <li>• The TC 971 AC 199 posts with the total monthly AdvCTC amount.</li> </ul>
(2) MFJ return: <ul style="list-style-type: none"> <li>• Neither taxpayer is deceased,</li> <li>• Not innocent spouse,</li> <li>• Not VODV,</li> <li>• Not unenrolled, <b>and</b></li> <li>• Not incarcerated</li> </ul>	<ul style="list-style-type: none"> <li>• The TC 971 AC 199 AdvCTC amount is split in half (50/50) between the primary and secondary taxpayers.</li> </ul>
(3) MFJ return: <ul style="list-style-type: none"> <li>• Neither taxpayer is deceased, <b>and</b></li> <li>• Is innocent spouse <u>or</u> VODV</li> </ul>	<ul style="list-style-type: none"> <li>• The TC 971 AC 199 AdvCTC amount matches the amount of the credit in the adjustment posted to the tax module. (The credit was already split 50/50 between the Primary and Secondary taxpayers for the TC 290 adjustment.)</li> </ul>
(4) MFJ return: <ul style="list-style-type: none"> <li>• One spouse has unenrolled</li> </ul>	<ul style="list-style-type: none"> <li>• The TC 971 AC 199 posts for the taxpayer who is enrolled with an AdvCTC amount that matches the credit in the adjustment posted to the tax module. (The credit was already split 50/50 between the Primary and Secondary taxpayers for the TC 290 adjustment.)</li> </ul>
(5) MFJ return: <ul style="list-style-type: none"> <li>• One spouse is deceased</li> </ul>	<ul style="list-style-type: none"> <li>• The TC 971 AC 199 posts for the surviving spouse with the total monthly AdvCTC amount.</li> <li>• The TC 971 AC 199 posts for the deceased taxpayer with an AdvCTC amount of zero.</li> </ul>
(6) Ineligible taxpayers	<ul style="list-style-type: none"> <li>• The TC 971 AC 199 posts with an AdvCTC amount of zero.</li> </ul>

- (10) When systemic or manual adjustments to AdvCTC are input, a TC 971 AC 199 (systemic) or TC 971 AC 195 (manual) reflect details of the credit on the taxpayer's entity. Refer to the table below for MISC Field format and descriptions:

TC 971 AC 199/195 MISC Field	Field Description
<p>(1) TC 971 AC 199 (systemic) only:</p> <p>NNNNNNN    kktyCT- CYYmm</p>	<p>AdvCTC was computed and issued</p> <ul style="list-style-type: none"> <li>• NNNNNNN - dollar amount, including cents</li> <li>• kk - number of qualifying children</li> <li>• ty - tax year of payment (00 or 21 = 2021)</li> <li>• CTC - computed for AdvCTC</li> <li>• YY - tax year used for computation (19 = 2019, 20 = 2020)</li> <li>• mm - indicates month of the payment (07 = July, 08 = August, etc.)</li> </ul>
<p>(2) TC 971 AC 199 (systemic) only:</p> <p>NNNNNNN    kk- tyREVCTmm</p>	<p>AdvCTC was reversed systemically (e.g., returned payment)</p> <ul style="list-style-type: none"> <li>• NNNNNNN - dollar amount, including cents</li> <li>• kk - number of qualifying children</li> <li>• ty - tax year of payment (00 or 21 = 2021)</li> <li>• REVCT- systemic reversal</li> <li>• YY - tax year used for computation (19 = 2019, 20 = 2020)</li> <li>• mm - indicates month of the payment (07 = July, 08 = August, etc.)</li> </ul>
<p>(3) TC 971 AC 199 (systemic) or TC 971 AC 195 (manual):</p> <p>NNNNNNN    kktyxxCTC- ADJ</p>	<p>Systemically generated when a manual adjustment for AdvCTC is input resulting in a refund (TC 971 AC 199)</p> <p>OR</p> <p>Manually input when AdvCTC is moved from one account to another (TC 971 AC 195)</p> <ul style="list-style-type: none"> <li>• NNNNNNN - dollar amount, including cents</li> <li>• kk - number of qualifying children</li> <li>• ty - tax year of payment (00 or 21 = 2021)</li> <li>• xx - indicates month of the payment (07 = July, 08 = August, etc.)</li> <li>• CTCADJ - indicates positive manual account adjustment</li> </ul>

TC 971 AC 199/195 MISC Field	Field Description
(4) TC 971 AC 199 (systemic) only:  NNNNNNN kktyxxREVCTC	Systemically generated when a manual adjustment reversing AdvCTC is input (TC 971 AC 199) <ul style="list-style-type: none"> <li>• NNNNNNN - dollar amount, including cents</li> <li>• kk - number of qualifying children</li> <li>• ty - tax year of payment (00 or 21 = 2021)</li> <li>• xx - indicates month of the payment (07 = July, 08 = August, etc.)</li> <li>• REVCTC - indicates negative manual account adjustment</li> </ul>

(11) When a TC 971 AC 199 with MISC “EF” is posted on the entity (CC IMFOLE):

- Unreversed TC 971 AC 199 “EF” with Blocking Series other than 99999 is present: The payment is issued as a direct deposit to the latest EFT account associated with the indicator.
- TC 971 AC 199 “EF” with Blocking Series other than 99999 is not present: The payment is issued as a paper check.
- A posted reversal TC 972 AC 199 “EF” and no subsequent TC 971 AC 199 “EF” with Blocking Series other than 99999 is present: The payment is issued as paper check.
- Innocent Spouse or VODV issue: The payment is issued as a paper check unless the entity contains a posted TC 971 AC 199 “EF” with Blocking Series 77777

**Note:** When direct deposit information is updated using the Child Tax Credit Update Portal (CTCUP), subsequent refunds released from the tax year 2021 module are issued via direct deposit to that account, unless the indicator is reversed with a TC 972. A TC 971 AC 850 does not flip payments to paper after the CTCUP is used to update direct deposit information. CTCUP direct deposit information updates are identified by a TC 971 AC 199 with the MISC field providing the bank/routing information followed by “EF” (20 positions) posted on the taxpayer’s entity. The Julian Date is 999, and the Blocking Series is 77777.

(12) When the entity **does not** contain a TC 971 AC 199 with MISC “EF” (Blocking Series other than 99999), the payment is issued as a paper check when one or more of the following conditions exist:

- The tax year 2021 module contains an unreversed TC 971 AC 850 (refund flipped to paper) unless the last posted unreversed TC 971 AC 199 “EF” has Blocking Series 77777.
- The tax year 2021 module contains a systemically reversed AdvCTC direct deposit refund issued for the previous month.
- The tax year 2021 module contains a TC 841 with Blocking Series 77711/77712/77713/77714 unless there is a TC 971 AC 199 “EF” with Blocking Series 77777 posted after the cycle of the TC 846.

- The tax year 2021 module contains a cycle date for the latest TC 846 that is later than the date of the TC 971 AC 199 “EF” with Blocking Series other than 99999 and there is a subsequent TC 841.
- (13) When the AdvCTC payment is returned/rejected by the bank, the AdvCTC account transactions (tax module and entity) are systemically reversed **EXCEPT** when:
- The payment is a returned direct deposit (Blocking Series 77777) for a taxpayer who is not deceased (both primary and secondary for MFJ) and/or there isn’t a name line change from 2019 to 2020. These are reissued as a paper check.
  - The payment is a returned direct deposit and there is a later posted TC 971 AC 199 “EF” with Blocking Series other than 99999. These are reissued as direct deposit to the new bank account.

**Note:** Effective cycle 202150 and later, all returned/rejected AdvCTC payments are systemically reversed.

- (14) When the taxpayer returns an AdvCTC payment, the account is credited with a TC 670 (DPC 063) on the tax year 2021 module:
- The earliest unreversed matching amount and transactions (on the tax module and entity) is systemically reversed.
  - When the AdvCTC repayment amount is more than the earliest unreversed matching amount, subsequent amounts and transactions (on the module and entity) are systemically reversed until the repayment is exhausted.
- (15) Review the tax account of the RPM claim to determine whether the AdvCTC is affected and whether the preparer received the AdvCTC payment.

	If ...	And the AdvCTC issued was ...	Then ...
1.	2018 or prior RPM claim	Based on 2020 return (2019 if no 2020 return filed)	The AdvCTC may not be affected.
2.	2019 RPM claim	Based on 2019 return information by direct deposit (DD:9) on that return.	The taxpayer may not have received their AdvCTC.
3.	2019 RPM claim	Based on 2019 return information by paper check	Review the address, including the cycle date of the last address change, to determine to which address the check was mailed.

	If ...	And the AdvCTC issued was ...	Then ...
4.	2020 RPM claim	Based on 2020 return information by direct deposit (DD:9) on that return.	The taxpayer may not have received their AdvCTC payment.
5.	2020 RPM claim	Based on 2020 return information by paper check	Review the address, including the cycle date of the last address change, to determine to which address the check was mailed.
6.	2020 RPM claim	Direct deposited into the updated bank information associated with the TC 971 AC 199 EF with BS 77777 AND the taxpayer states they did not update the bank information.	<ul style="list-style-type: none"> <li>• The taxpayer may not have received their AdvCTC payment.</li> <li>• Resolve 2020 RPM claim and treat AdvCTC issue as ID Theft scenario.</li> <li>• Refer to IRM 25.24.2.12.5, RPM with IDT Issues for guidance.</li> </ul>
6.	2021 RPM claim - AdvCTC only	Direct deposited into the updated bank information associated with the TC 971 AC 199 EF with BS 77777 AND the taxpayer states they did not update the bank information.	<ul style="list-style-type: none"> <li>• The taxpayer may not have received their AdvCTC payment.</li> <li>• Treat as ID theft scenario.</li> <li>• Refer to IRM 25.24.2.4, RPM Criteria Not Met, for guidance.</li> </ul>

	If ...	And the AdvCTC issued was ...	Then ...
7.	2021 RPM claim - AdvCTC only	Direct deposited into the updated bank information associated with the TC 971 AC 199 EF with BS 77777 AND There is no indication from the taxpayer or otherwise that the bank information is not valid	The AdvCTC is not affected.

**Caution:** Addresses on taxpayers' accounts may have been updated multiple times throughout the pandemic. In an effort to ensure determinations of receipt are correct, it is suggested IDRS CC FINDS is used to compare address updates with the cycle date of the TC 846 for the payment in question. This CC provides a long-term history of the taxpayer's address and cycle dates for each change.

25.24.2.5.1.2.2.2  
(11-10-2022)

**ARPA - Advanced Child Tax Credit (AdvCTC) - Adjustment Requirements**

- (1) AdvCTC is adjusted on the TY 2021 module using Credit Reference Number (CRN) 272. Refer to IRM 25.24.2.5.1.2.2.1, ARPA - Advanced Child Tax Credit (AdvCTC) - Research for RPM Cases, to determine the appropriate Reason Codes to be used when adjusting.
- (2) Adjustments to AdvCTC only remove the credits on an account received by the preparer. The valid taxpayer receives the correct amount through systemic recalculation for future payments. When all advance payments for the year are issued, the taxpayer is able to claim any amount not received when filing their tax return.
  - Each advance payment must be considered separately to identify if any were issued to the preparer.
  - All payments issued to the preparer are to be adjusted separately. Adjusting the account using the total amount of lost credits will result in an unpostable condition.

**Note:** Taxpayers who incorrectly calculate Schedule 8812, Credits for Qualifying Children and Other Dependents, or who fail to reconcile advance payments, when filing their original return may be issued a math error during original processing. Taxpayer Notice Code (TPNC) 276 is used to identify AdvCTC math errors. Refer to IRM 21.6.3.4.1.24.2.1, Reconciling Advance Child Tax Credit Payments, for additional information.

- (3) RPM claims for AdvCTC only where the taxpayer is stating there are no issues on the tax year the AdvCTC was calculated on must be researched to determine whether it meets an ID theft scenario. If the bank information updated through the CTCUP portal (Unreversed TC 971 AC 199 EF with BS

77777) and it is determined the bank information is not valid, then the AdvCTC payments are affected by an IDT scenario. Refer to the applicable references per chart in (15) in IRM 25.24.2.5.1.2.2.1, ARPA - Advanced Child Tax Credit (AdvCTC) - Research for RPM Cases, to ensure the required actions are taken to address the IDT portion of the claim.

All facts and circumstances should be considered and if not considered IDT, then elevate the case information to HQ and CC IDTVA P&A for review.

- (4) For **allowable** RPM claims where the preparer received a portion or the entire AdvCTC payments, normal procedures are taken to resolve the RPM claim for the tax year involved unless otherwise noted. Refer to the table below for AdvCTC scenarios:

If ...	And ...	Then ...
The preparer received a portion or all of the AdvCTC payments,	A 2021 return <b>has not</b> been processed	<ol style="list-style-type: none"> <li>1. Reverse AdvCTC for each payment issued to the preparer. Each payment should be adjusted separately.</li> <li>2. Follow procedures in IRM 25.24.2.12.2, Utilizing General Ledger Account for Preparer Portion of the Refund, to resolve the portion of lost AdvCTC issued to the preparer.</li> <li>3. Input TC 290 .00 with HC 3. Use RC 131.</li> <li>4. Refer to paragraph (6) below for potential additional letter requirements.</li> </ol>

If ...	And ...	Then ...
<p>The preparer received a portion or all of the AdvCTC payments,</p>	<p>A 2021 return <b>has</b> been processed</p>	<ol style="list-style-type: none"> <li>1. Determine the total amount of AdvCTC payments received by the valid taxpayer. Reverse AdvCTC for each payment issued to the preparer. Each payment should be adjusted separately.</li> <li>2. Math verify the amount of Child Tax Credit (CTC) and/or Additional Child Tax Credit (ACTC) claimed on the valid tax year 2021 return. Refer to IRM 21.6.3.4.1.24, Child Tax Credit (CTC), and IRM 21.6.3.4.2.8, Additional Child Tax Credit (ACTC), for credit qualifications and computation.</li> <li>3. Follow procedures in IRM 21.5.4.5.4, Math Error Substantiated Protest Processing, to correct the account, as allowable. If the taxpayer's original return figures were incorrect, adjust the account to the corrected figures.</li> </ol> <p><b>Note:</b> CTC/ACTC are only allowed up to the amount claimed by the taxpayer on their original return. To receive any additional amount they are entitled to, the taxpayer needs to amend their return.</p> <ol style="list-style-type: none"> <li>4. Refer to paragraph (6) below for potential additional letter requirements.</li> </ol>

(5) Refer to the table below for additional letter requirements specific to AdvCTC issues:

	If ...	Then ...
1.	The taxpayer has not filed a 2021 tax return:	Include an open or floating paragraph to tell the taxpayer they need to file a 2021 tax return to claim any additional amount of ACTC they may be entitled to or reconcile the advance amount they received.
2.	The taxpayer has filed a 2021 tax return that resulted in a math error set during original processing:	Include an open or floating paragraph to tell the taxpayer tell the taxpayer of any corrections made to their account.
3.	The taxpayer requested to be unenrolled from AdvCTC payments but you are unable to take the action on their behalf:	Include an open or floating paragraph to tell the taxpayer we could not complete this action, as requested.
4.	The taxpayer requested to have their information updated for AdvCTC (i.e., AGI, dependents, etc.):	Include an open or floating paragraph to tell the taxpayer we could not complete this action, as requested.

25.24.2.5.1.2.3  
(10-01-2022)

**ARPA – Excess Advance  
Premium Tax Credit  
(APTC) Repayment  
Relief**

- (1) Section 9662 of the American Rescue Plan Act (ARPA) provides economic relief to taxpayers who would otherwise be required to increase their tax liability by the amount of excess Advance Premium Tax Credit (APTC) received.
- (2) The rule requiring the repayment of excess APTC has been suspended for tax year 2020 only.
- (3) Form 8962, Premium Tax Credit (PTC), is used to determine the correct amount of credit and compute any excess APTC the taxpayer received. Taxpayers are being instructed not to file this form when filing the tax year 2020 return unless the taxpayer is due a refund of the PTC (net PTC).
- (4) A systemic relief process is used to correct certain accounts for taxpayers who filed their tax year 2020 return prior to the enactment of ARPA. Certain cases in IDTVA inventory were excluded from this process, therefore there is a possibility that this impacts an allowed RPM claim:
  - Accounts with a -A Freeze on the tax year 2020 module
  - Accounts excluded from the unemployment income tax systemic relief process
- (5) Taxpayers who file their tax year 2020 return prior to the enactment of ARPA are not required to file an amended return to receive this relief.

**Exception:** If the reversal makes the taxpayer eligible for a credit not claimed on their original return, they must file an amended return to claim the credit.

- (6) Accounts that have been corrected reflect an adjustment with the following characteristics:

**Note:** Excess APTC adjustments may include the recalculation of total tax and credits included on the original return. Taxpayers receive a notice if the adjustment results in a tax or credit change.

- **IRN 867- (negative):** The amount is equal to the amount of the APTC REPMT (IRN 868) located on IDRS CC IMFOLR.
- **SC:** 3
- **RC:** 152

(7) When you have determined the taxpayer is a victim of RPM and there is an excess APTC issue to address, resolve all impacted years (other than 2020) following normal procedures. For the tax year 2020, any excess APTC assessed must be reversed if the module was not included in the systemic relief process. Math verify the taxpayer's return. Recalculate tax and credits claimed, if necessary. Input an adjustment to reverse the excess APTC using the following:

- BS 05
- SC 0
- TC 290/291
- IRN 867 - (negative) for the amount posted with IRN 868 (located on IDRS CC IMFOLR)
- RC 152 and RC 131
- HC 3

(8) Advise the taxpayer of any changes made related to excess APTC.

## 25.24.2.5.2 (08-24-2017) Referral Criteria

(1) In certain instances it is necessary to refer the complaint information to a specific function as notification of an existing RPM complaint and to confirm with that function that there are no implications when resolving the complaint in IDTVA. If the RPM complaint or account condition involves any of the following, the employee must follow the guidance in the specific subsection for referral.

- a. Collection Activity
- b. Criminal Investigation (CI)
- c. International Issues
- d. Return Preparation Programs (e.g., Volunteer Income Tax Assistance (VITA))

## 25.24.2.5.2.1 (12-10-2018) Collection Activity - Form 14394/13794 Referrals

(1) While the taxpayer's complaint is under RPM review, balance due collection activity must be suspended. If after resolution the account still reflects a tax liability balance due, ACS must be notified to resume collection activity.

**Note:** Collection activity is suspended for the entire account and not specific tax modules. Therefore, if any module remains in balance due, regardless if there were RPM issues on that module, ACS must be notified to resume collection activity. For example, RPM issue on tax year 2015; however, tax years 2014 and 2015 are in collection status. RPM is allowed for 2015 and no longer reflects a tax liability. ACS must still be notified to resume collection activity for 2014.

(2) Form 14394, Identity Theft/RPM Case Collection Alert Instructions, is faxed or emailed to the applicable liaison per the instructions on the form. Form 13794, Request for Release or Partial Release of Federal Tax Lien, is faxed or e-mailed to the applicable Collection Advisory contact.

- (3) Follow procedures in IRM 25.23.4.12, Collection Activity - Form 14394/13794.

**Note:** If the account is in status 60 and adjustments are input affecting the balance due a Form 14394 is required to reinstate the installment agreement.

25.24.2.5.2.2  
(10-01-2023)

**Criminal Investigation  
(CI) Involvement**

- (1) RPM complaints indicating CI involvement may be worked by IDTVA *after* contact is made with CI for guidance prior to taking any action on the account.

- (2) Indications of CI involvement may include (but are not limited to) the following:

- Z freeze or -T freeze present on the taxpayer's or the preparer's individual account.
- TC 91X on the taxpayer's or the preparer's individual account.
- Taxpayer indicates they were contacted by CI.
- CI Agent's business card included in documentation.
- Restitution indicators, refer to IRM 25.24.2.5.5.1, Criminal Restitution involving Department of Justice (DOJ).

- (3) The following steps are taken when a referral is required:

1. Complete RPM CI Referral form <http://serp.enterprise.irs.gov/databases/irm-sup.dr/return-preparer-misconduct/rpm-ci-referral-form.pdf> (located on Servicewide Electronic Research Program (SERP) Return Preparer Misconduct resource page under IRM Supplements tab). Ensure the most current referral form is being used from SERP.
  - Insert a response due date (7 business days from the referral date).
  - Include taxpayer and preparer information and information signifying CI involvement.
  - Complete employee contact information and date on bottom of the form.
  - Attach form to CII case.
2. Send secure email with referral attached to the CI mail box indicated on the referral form.
  - Subject line: **ACTION: RPM CI Referral - Please respond by (date).**
  - Include in email any other information or question not addressed on referral form.
3. Suspend CII case awaiting CI response.
4. If no response is received from CI by the requested date, forward the original email as follow up and request response in 3 business days.

**Note:** If no response is received after 3 business days forward email to ITVA HQ and copy IDTVA P&A POC.

5. Upon receipt of the response from CI:
  - Attach completed referral with CI response to CII case.
  - Take appropriate actions based on CI guidance for the disposition or resolution of RPM case.
  - If CI requests the case be suspended for 40 days, CI must also recommend whether contact can be made with the taxpayer during the suspense time-frame. If the RPM complaint is considered incomplete and CI does not include this guidance then resubmit referral requesting clarification. Upon CI guidance, issue appropriate correspondence, if applicable and approved. Suspend case and resubmit the referral after the 40 day suspense time-frame. Update subject line: **ACTION: Resubmit Suspended - RPM CI Referral - Please respond by (date).**

**Exception:** If CI requests case be suspended for an additional 40 days after the resubmitting of the referral, elevate case information to ITVA HQ and copy IDTVA P&A POC.

• If CI requests case to be transferred to CI, the agent's name and preferred method of delivery (e.g., address or eFax mailbox) must be provided. If it is missing, re-send referral to CI requesting the information. Input TC 290.00 RC 131 HC 4, and take no other actions on the account. Route the case as requested to CI.

**Note:** If AUR/Exam/Field Exam is still open, tell the function that CI has requested the transfer of the case to CI and do not take any further actions.

25.24.2.5.2.3  
(10-01-2023)  
**RPM Complaints with  
International Issues**

- (1) RPM complaints that involve international issues may be worked by IDTVA *after* contact via referral is made with IDTVA International point of contact for guidance prior to taking any action on the account.
- (2) A referral is required when the taxpayer's return as intended to be filed contains an international issue and guidance from IDTVA International is needed in order to verify the tax return. Refer to IRM 21.8.1.2.14, International Forms Processing, and IRM 21.6.3.4.1.6(4), Form 1116, Foreign Tax Credit, for additional guidance.
- (3) The following steps are taken when a referral is required:
  1. Complete the Return Preparer Misconduct International Referral form <http://serp.enterprise.irs.gov/databases/irm-sup.dr/return-preparer-misconduct/rpm-intl-referral-form.pdf>, (located on SERP Return Preparer Misconduct resource page under IRM Supplements tab).
    - Insert a response due date (10 business days from the referral date).
    - Include taxpayer information, including tax years involved and CII ID's. Please indicate which page in the document images the taxpayer's return as intended to be filed is located.
    - Indicate whether the complaint is complete and RPM correspondence is required.

**Note:** If IDTVA International needs additional information from the taxpayer also, the RPM employee will include this information in their correspondence along with the request for the missing information for the RPM complaint.
  2. Complete employee contact information and date on the form.
  2. Send a secure email (subject line: RPM International Case) with the referral attached to the IDTVA International point of contacts (POCs).
  3. Suspend the CII case and allow 10 business days for IDTVA International to respond.

**Note:** If the RPM complaint is complete, but the IDTVA International requests additional time to secure needed forms or information, negotiate a new response date and suspend accordingly.
  4. If no response is received by the requested date, forward the original email as a follow-up and request response in 3 business days. If no

response is received after the follow-up request, forward the email to ITVA HQ and copy IDTVA P&A POC.

(4) IDTVA International response and required actions:

1. If the referral response indicates that the taxpayer's tax return as intended to be filed can be accepted as submitted or to set a math error, then proceed following normal RPM procedures, and incorporate the guidance if adjusting the account to reflect the taxpayer's return as intended to be filed is required. Be sure to include any codes required as specified on the referral response. CC CMODE to PH is required when inputting the adjustments containing international codes (FLC).

**Note:** If referral response is not clear or does not include the required information (e.g., international codes required with the adjustment), then re-send the referral requesting that information be provided.

2. If the referral indicates that additional information is needed from the taxpayer, include the specifics in the RPM correspondence along with the request for the missing information for the RPM complaint. Resubmit referral back to IDTVA International when the taxpayer responds with the requested information or after the suspense time frame and the taxpayer has not responded. IDTVA International reviews and determines whether the return can be accepted with or without the additional information if no response was received from the taxpayer. They provide adjustment guidelines and recommend to accept the return as filed or recommend to set a math error, if applicable. RPM employees follow normal RPM procedures for case resolution incorporating the guidance provided in the referral.
3. Upon receipt of the response from IDTVA International, attach the completed referral with the response to the CII case.

**Note:** If IDTVA International advises there are any BMF International issues that need addressing, elevate to ITVA HQ (copy IDTVA P&A POC) for coordination with BMF.

25.24.2.5.2.4  
(10-01-2023)  
**RPM Complaints  
Involving Return  
Preparation Programs**

- (1) RPM complaints indicating return preparation at Volunteer Income Tax Assistance (VITA) or Tax Counseling for the Elderly (TCE) sites may be worked by IDTVA *after* contact via referral is made with Stakeholder Partnerships, Education & Communication (SPEC) Headquarters.

**Note:** Return preparation by AARP is a part of TCE.

- (2) The taxpayer usually indicates that their tax return was prepared at a VITA or TCE site and provides the location in the complaint. CC TRDBV and/or MeF usually show the preparer as "VITA or TCE" and contain the location of the site along with the site identification number (SIDN). It appears on CC TRDBV and MeF as "Preparer STIN". The SIDN can be verified using CC RVPUE for the year in question.
- (3) The referral is a means to notify SPEC in regard to the allegations, verify the site ID number and to request confirmation that the VITA/TCE partner has not provided relief to the taxpayer, prior to the IRS considering the RPM complaint.

- (4) If the RPM allegation involves a VITA/TCE site and the original return is a balance due return then email a referral to SPEC notifying them of the allegation, however, no response from SPEC is required. Attach the SPEC referral and any documents that contain the taxpayer's allegations (e.g., Form 14157-A or correspondence) to the secure email and tell SPEC, this is a courtesy referral - no response is required. Continue with case resolution.
- (5) The following steps are taken when a referral is required and a response is needed from SPEC:
  1. Complete the Return Preparer Misconduct SPEC Referral form <http://serp.enterprise.irs.gov/databases/irm-sup.dr/return-preparer-misconduct/rpm-spec-referral-form.pdf>, (located on SERP Return Preparer Misconduct resource page under IRM Supplements tab).
    - Insert a response due date (10 business days from the referral date).
    - Include taxpayer and VITA/TCE site information.
    - Complete employee contact information and date on the bottom of form.
  2. Send a secure email to the SPEC point of contacts (POCs) - Chief of Oversight, Products & Quality and Senior Tax Analyst, named on the referral form. Attach the SPEC referral form and any documents that contain the taxpayer's allegations (e.g., Form 14157-A or correspondence).
  3. Suspend the CII case and allow 10 business days for SPEC to respond.

**Note:** If SPEC requests additional time to secure information, negotiate a new response date and suspend accordingly.
  4. If no response is received by the requested date, forward the original email as a follow-up and request response in 3 business days. If no response is received after the follow-up request, forward the email to ITVA HQ and copy IDTVA P&A POC.
  5. Upon receipt of the response from SPEC, attach the completed referral with the SPEC response to the CII case.

**Note:** If the referral response indicates that the taxpayer was reimbursed, ensure that the refund amount is present. If not, send back to SPEC for the specific amount reimbursed to the taxpayer. The employee must take into account the amount the VITA/TCE site reimbursed to the taxpayer when determining the category of the case and the preparer portion of the refund, if any, in order to follow normal RPM procedures toward resolution.
- (6) Categorizing the RPM case depends on the taxpayer's complaint and whether the VITA/TCE partner has or will be reimbursing the taxpayer. Account adjustments may still be necessary and guidance should be followed for the applicable category of the case.
  - a. If the VITA/TCE partner determines the discrepancy in bank information is due to an unintentional act (e.g. mistake due to transposition error), and the referral response indicates the partner reimbursed the taxpayer, this is not considered RPM. Send 5956C letter to taxpayer advising that the error was not due to preparer misconduct and our records show the VITA/TCE partner reimbursed them their refund. Input TC 290.00 with the appropriate blocking series (00 or 05) and include reason code 131.

- b. If the VITA/TCE partner determines the discrepancy is due to an intentional act (without the taxpayer's knowledge or consent), and the referral response indicates the partner is or is not reimbursing the taxpayer, then follow the applicable category 3 or category 4 chart for the treatment stream procedures to resolve the case.

25.24.2.5.3  
(10-01-2019)  
**Evaluating RPM  
Complaints**

- (1) Complete research must be performed to determine the appropriate actions to take on a case. The employee must review the documentation provided by the taxpayer along with the account information from CII, Account Management Services (AMS), and IDRS etc. to assist with a determination. Compare the tax return as taxpayer intended it to be filed with the posted information to determine if the taxpayer complaint is supported. Perform complete IDRS research to confirm a tax return was filed or the taxpayer does not have a filing requirement. Research should include but is not limited to the use of command codes TXMOD to review posted information; RTVUE, TRDBV and/or access of EUP to review MeF original tax return information; IRPTR to review income information, etc.
- (2) Employees reviewing RPM claims involving compliance issues must also (when applicable):
- Review CEAS (Campus or Field Exam as appropriate) to determine the audit issues on open or closed Exam cases. This will assist with determining whether the audit should continue or assessments abated. Input a CII case note providing a concise summary of the CEAS information.
  - Review the AUR system to determine the issues on open or closed AUR cases. This will assist with determining whether the AUR inquiry should continue or assessments abated. Input a CII case note providing a concise summary of the AUR information.
- (3) CII case notes are used to clearly identify research completed, analysis of documentation, determination and action completed. Case documentation must include sufficient information to support the determination and information used to justify the determination.

**Example:** CAT 3 altered - no refund received. RAC - no refund trace required. Ghost preparer not verifiable. 5955C sent for 3rd party documentation and law enforcement report.

Refer to IRM 25.23.2.3.4, Required Case and History Notes, for additional requirements.

- (4) If in telephone contact with the taxpayer, leave a CII case note with the pertinent information to the case. For example, if taxpayer clarifies what was stated in the documentation or confirms the receipt of a refund, this should be included in the case notes.
- (5) Case notes should include any pertinent information from the Exam/AUR case information available from AIMS, CEAS, and/or AUR. Refer to IRM 25.23.2.3.4, Required Case and History Notes, and IRM 4.19.13.6, Workpapers for All Cases additional guidelines.
- Pertinent Exam information may include the AIMS disposal code, technique code, project code, and summary of any Exam action or response to Exam, including cross-reference TINs.

- Pertinent AUR information may include the process code and AUR issues.

<b>For example, at a minimum CII case notes must include:</b>
1. Compliance issues being reviewed, e.g., project code with the issues identified.
2. Whether the RPM issues include/address the compliance issues.
3. If closed compliance issue, indicate the basis of the assessment, if applicable, e.g., disposal code, technique code, process code.
4. Specialized system research information. i.e., Include information from CEAS/AUR used to make a determination such as taxpayer statements that may be used to support or contradict the RPM claim. <b>Note:</b> Attaching the CEAS work papers and/or report is an option.

25.24.2.5.3.1  
(10-01-2022)  
**Identifying RPM  
Category**

- (1) When reviewing RPM complaints, it is important to review all documentation to determine the correct category, as the category determines the appropriate procedures and relief. In some instances, the taxpayer’s statements may indicate they fall into one category but research findings determine the complaint falls into another.

**Note:** If a determination cannot be made based on the documentation received refer to IRM 25.24.2.5.3.2, Documentation Requirements, for additional information.

- (2) Four (4) primary fact patterns have been identified in the RPM cases.

a. **Category 1: Unauthorized filing.**

authorize the filing of a return, but a return was filed with their name/TIN.

**Example:** The taxpayer visited or was in contact with a preparer and provided personal information including income documentation for a quote, rapid refund eligibility etc., and subsequently a return is filed without the tax-

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Based upon documentation submitted and research findings, a determination may be made that the taxpayer did have knowledge of the return filing. Judgment should be used taking into account all information (for example timing and dates). If this determination is made, follow the treatment stream for the appropriate category.

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**Note:** For this category, it is possible that the taxpayer is not a victim of preparer misconduct but a victim of identity theft. In some cases, judgment must be used to distinguish between the two.

**Example:** The taxpayer provided personal information, including income documentation to a 3rd party for other purposes, such as a loan, and subsequently a return is filed without the taxpayer's knowledge. This scenario is considered identity theft not RPM.

- Taxpayer provides proof that they received a loan (car or home loan) or loan rejection letter which could support a finding of identity theft and not RPM.

b. **Category 2: Authorized filing: Altered return information and no additional refund due to the taxpayer.**

The taxpayer was in contact with a preparer and authorized a return filing, but states tax data (exemptions, income, expenses, deductions, credits, etc.) on their return were altered before the return was filed or the return otherwise includes items which they did not authorize.

The taxpayer may have received a refund for the amount they expected and it matches their return as intended to be filed, or taxpayer received a refund in excess of the amount to which they are entitled. In addition, the taxpayer may not have received a refund, but did not expect a refund and the return as intended to be filed is a balance due.

**Example:**

- The taxpayer visits or is in contact with a preparer and provides personal information including income documentation with the intent to have a return filed. Subsequently, the preparer alters the return to increase the expected refund (if any). The taxpayer received at least the amount of the refund expected and the preparer receives all or part of the increased refund amount.

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c. **Category 3: Authorized filing: Altered return information and taxpayer requesting additional refund.**

The taxpayer was in contact with the preparer and authorized a return filing, but states tax data (exemptions, income, expenses, deductions, credits, etc.) on their return were altered before it was filed or the return otherwise includes items which they did not authorize.

The taxpayer states they only received a portion of the refund they expected or they received no refund. The taxpayer may have received a portion of the inflated refund but they have not received the refund they expected per the return submitted as intended to be filed.

**Example:**

- The taxpayer visits or is in contact with a preparer and provides personal information including income documentation with the intent to have a return filed. Subsequently, the preparer alters the return to increase the expected refund. Similar to Category 2, but the taxpayer received only a portion or none of the refund expected.

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d. **Category 4: Misdirected refund only and taxpayer requesting additional refund.**

The taxpayer was in contact with a preparer and did authorize a return filing, but states although no tax data were altered, the direct deposit information or mailing address for the refund check was altered diverting all or a portion of the refund to the preparer without the taxpayer's knowledge.

The taxpayer states that they only received a portion of the refund or they received no refund and the taxpayer was not aware that the preparer was going to misdirect all or a portion of the refund.

**Example:**

- Taxpayer visits or is in contact with a preparer and provides personal information including income documentation with the intent to have a return filed. Subsequently, and without the taxpayer's knowledge, the preparer alters the return to change the deposit information, but the return is otherwise as intended to be filed.

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25.24.2.5.3.2  
(08-12-2021)  
**Documentation  
Requirements**

- (1) The taxpayer is required to submit documentation to support their complaint of preparer misconduct.
- (2) Documentation requirements may vary depending upon the category, requested relief, and whether the original return was signed by a preparer or is considered a ghost preparer. Refer to IRM 25.24.2.9, Treatment Stream for

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**Note:** If the specific category could not be determined based on the information the taxpayer provided, then reference Category 2 for requirements when the taxpayer is not seeking an additional refund. However, if there is indication the taxpayer is seeking an additional refund or this determination cannot be made, then reference Category 3 requirements.



25.24.2.5.3.3  
(07-15-2021)

## Verification of the Preparer

- (1) In all categories, research IRS records to verify the identity of the preparer and validate the complaint.
- (2) Advise taxpayers their claim has been disallowed when the preparer or documentation regarding the preparer cannot be verified.
- (3) Account research must be performed to determine whether original return was signed by a preparer or not signed by a preparer (ghost preparer).
  - a. If electronically filed, research CC TRDBV and/or access Employee User Portal (EUP) to review Modernized e-File (MeF) original tax return information.
  - b. If a paper return was processed, the original return may have to be requested from Files to determine if there is a signing preparer or ghost preparer scenario. Refer to Exhibit in IRM 3.24.3-7, Section 05 - Form 1040, Page 2, for transcription information.

**Note:** Research CC TRDBV for preparer information. If PTIN/TIN/EIN is present and IDRS research shows the name of the preparer matches the name of the preparer on the complaint, then no document request is needed. If PTIN/TIN/EIN present and the name does not match or there is no preparer information at all, then request document from Files. Suspend case per normal procedures while waiting for the document.

- (4) If the case involves a non-signing preparer (ghost preparer), ensure the taxpayer provided sufficient documentation showing the preparer named on the Form 14157 is in the business of preparing tax returns or held themselves out as in the business of preparing tax returns AND the person named on the Form 14157 interacted with the taxpayer and submitted the return filed with the IRS unless this requirement was satisfied through internal research or CI confirmation. Refer to IRM 25.24.2.5.3.2, Documentation Requirements, for additional information regarding internal research findings. The evidence must show the preparer name, tax year in question or applicable corresponding dates that indicate an exchange between the taxpayer and the preparer regarding the filing of a tax return. For acceptable documentation refer to IRM 25.24.1.2, RPM General Documentation Requirements.

**Reminder:** A signing preparer is considered to have held themselves out as in the business of preparing tax returns and to have interacted with the taxpayer therefore, no additional documentation is required.

**Note:** In some cases, the evidence used to corroborate that the preparer was in the business or held themselves out as being in the business of preparing tax returns may also be used to show the taxpayer interacted with the preparer.

- (5) If a Department of Justice (DOJ) victim notification letter is included then the 3rd party documentation requirement can be considered satisfied. Refer to IRM 25.24.2.5.5.1, Criminal Restitution involving Department of Justice (DOJ), for additional information regarding internal research.
- (6) Verify the identity of the preparer from the following IRS records.

## 25.24 Return Preparer Misconduct Program

- CC INOLE to verify the TIN or EIN provided
- CC RPVUE to verify PTIN
- CC NAMEI or CC NAMEB to locate TIN or EIN

(7) Refer to chart below for scenarios on whether to consider the preparer verified or not verified.

	If ...	And ...	Then ...
1.	Signing preparer and preparer name matches the name on the associated TIN, EIN or PTIN		Consider verified
2.	Signing preparer is a Volunteer Income Tax Assistance (VITA) or Tax Counseling for the Elderly (TCE) site and the site identification number (SIDN) is valid for the VITA/TCE location  <b>Reminder:</b> A referral to SPEC is required. Use SIDN information provided by SPEC, if applicable.		Consider verified
3.	Signing preparer is a VITA/TCE site and the SIDN is not valid  <b>Reminder:</b> A referral to SPEC is required. Use SIDN information provided by SPEC, if applicable.	Through research a valid SIDN can be located	Consider verified

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	If ...	And ...	Then ...	
4.	Signing preparer is a VITA/ TCE site and the SIDN is not valid  <b>Reminder:</b> A referral to SPEC is required. Use SIDN information provided by SPEC, if applicable.	Through research a valid SIDN cannot be located and SPEC cannot verify the partner site or provide a valid SIDN	Consider not verified • Disallow the claim for RPM (Certified letter 5956C). • Refer to IRM 25.24.2.11.1, Disallowance, for additional guidance.  <b>Exception:</b> For Category 4, refer to IRM 25.24.2.11.3, No Consideration of Claims, for guidance.	
5.	Signing preparer and PTIN provided is not valid or belongs to another person	the preparer	Consider verified	# #
6.	Signing preparer and PTIN provided is not valid or belongs to another person	located for the preparer	Consider not verified • Disallow the claim for RPM (Certified letter 5956C). • Refer to IRM 25.24.2.11.1, Disallowance, for additional guidance.  <b>Exception:</b> For Category 4, refer to IRM 25.24.2.11.3, No Consideration of Claims, for guidance.	# #

	If ...	And ...	Then ...
7.	<p>Signing preparer, and</p> <p>the information provided by the taxpayer</p> <p><b>Note:</b> Depending upon the facts and circumstances of the case, clarification may be requested from the taxpayer.</p>	<p>Through research no connection/association can be established between the named preparer with the signing preparer information.</p> <p><b>Note:</b> If a connection can be made then follow normal verification procedures.</p>	<p>Consider ID Theft</p> <p>Refer to IRM 25.24.2.4, RPM Criteria Not Met, for additional information.</p> <p><b>Exception:</b> If a compliance case and there is an indication that the taxpayer provided a response to AUR or Exam to address the compliance issue with no mention of RPM or IDT, then disallow RPM rather than treat as IDT.</p>
8.	<p>Signing preparer and</p>	<p>the preparer</p>	<p>Consider verified</p>
9.	<p>Signing preparer and</p>	<p>located for the preparer</p>	<p>Consider not verified</p> <ul style="list-style-type: none"> <li>• Disallow the claim for RPM (Certified letter 5956C).</li> <li>• Refer to IRM 25.24.2.11.1, Disallowance, for additional guidance.</li> </ul> <p><b>Exception:</b> For Category 4, refer to IRM 25.24.2.11.3, No Consideration of Claims, for guidance.</p>
10.	<p>Non-Signing preparer and no preparer information on tax return, "self-prepared" and documentation <b>is</b> provided showing that the 3rd party held themselves out to be a return preparer and 3rd party interaction</p>	<p>the preparer</p>	<p>Consider verified</p>

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	If ...	And ...	Then ...
11.	Non-Signing preparer and no preparer information on tax return, "self-prepared" and documentation <b>is</b> provided showing that the 3rd party held themselves out to be a return preparer and 3rd party interaction	located for the preparer	Consider not verified <ul style="list-style-type: none"> <li>Disallow the claim for RPM (Certified letter 5956C).</li> <li>Refer to IRM 25.24.2.11.1, Disallowance, for additional guidance.</li> </ul> <b>Exception:</b> For Category 4, refer to IRM 25.24.2.11.3, No Consideration of Claims, for guidance.
12.	Non-Signing preparer and it can be clearly determined  <b>Note:</b> If not clearly indicated, then follow normal procedures and correspond with taxpayer.		Consider not verified <ul style="list-style-type: none"> <li>Disallow the claim for RPM (Certified letter 5956C).</li> <li>Refer to IRM 25.24.2.11.1, Disallowance, for additional guidance.</li> </ul> <b>Exception:</b> For Category 4, refer to IRM 25.24.2.11.3, No Consideration of Claims, for guidance.

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25.24.2.5.3.4  
(10-01-2023)  
**Refund Trace  
Requirements**

- (1) In addition to the required documentation to support the RPM complaint, a
- validate the taxpayer's statement regarding whether a refund was issued or deposited into an account in the taxpayer's name.

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- (2) Refund trace information is used for:
- a. Accepted complaints:
- Category 1 and 2 complaints, (**only** if a refund trace was previously performed) - use the information to determine the amount of refund the

## 25.24 Return Preparer Misconduct Program

taxpayer received, compute the preparer portion of the refund moved to the General Ledger (GL) 1547 account and for Category 1, the amount of the additional refund, if any.

- Category 3 and 4 complaints - use the refund trace information to determine whether the refund was deposited into an account in the taxpayer's name, compute the preparer portion of the refund to be moved to the GL1547 account and/or if an additional refund is issued to the taxpayer.

b. Disallowed complaints:

- For Categories 1, 2 or 3, the refund trace information is required to determine how the tax return submitted with the complaint is treated.

(3) A refund trace can only be performed within 7 years from the date of a refund check or 6 years from the date of the direct deposit. Refund trace information is stored on TCIS for the same time frames. Follow the chart below when the complaint is received outside of the time frame allowable for a refund trace.

	<b>If the complaint is received outside of the refund trace time frame:</b>	<b>And</b>	<b>Then</b>
1.	Category 1 or Category 2	The complaint is incomplete. <b>Note:</b> For complete complaint, no refund trace is required.	Correspond for missing information per normal procedures. If no response, refer to IRM 25.24.2.11.1, Disallowance, for guidance.
2.	Category 3 or Category 4	The complaint is incomplete or complete.	Issue a No consideration 5956C letter. Refer to IRM 25.24.2.11.3, No Consideration of Claims, for guidance.

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<b>RPM Category:</b>	<b>Refund Trace Required:</b>
Category 1 and Category 2	When a claim for RPM is disallowed and a return is submitted with the complaint. <b>Note:</b> In this instance the refund trace is required to determine the appropriate handling of the tax return submitted with the complaint.

RPM Category:	Refund Trace Required:
Category 3 and Category 4	On all cases regardless of whether the Category 3 RPM complaint is allowed or disallowed, or whether the Category 4 RPM complaint is complete or incomplete.

**Exception:** A refund trace would not be required on any case, if it is clearly known who received the refund. The examples below are not all inclusive:

- If the taxpayer states they received all or a portion of the refund and it matches the TC 846 issued.
- If the taxpayer states they received a portion of the refund and the remainder of the refund is equal to stated preparer fees. The taxpayer received benefit of entire refund.
- If the taxpayer was reimbursed the entire refund by the preparer company or the VITA/TCE site.
- If the entire refund is frozen on the account.
- If internal research links the bank account to the preparer.

- (5) Be aware of split refunds. It is possible that the taxpayer received a portion of the refund or more than one refund was issued to an account that does not match the taxpayer's name. If a trace is required, a trace would have to be performed on all refunds.

**Note:** If the RPM allegation involves the preparer filing two separate returns instead of a joint return, refund traces must be completed on all refunds when applicable.

- (6) If the complaint is considered incomplete, at the same time that correspondence with the taxpayer begins, initiate the refund trace, regardless of category.
- For Category 1 and 2 cases, if additional information was requested from the taxpayer and it is received before the refund trace information becomes available, do not wait for the refund trace information, resume working case.
  - For Category 3 cases, if the return as intended to be filed was requested from the taxpayer and the suspense time frame has expired with no response from the taxpayer, then it is not necessary to wait for the refund trace information if it is still not available. Resume working case.
  - For Category 4 cases, if the complaint is incomplete and the suspense timeframe has expired, it is not necessary to wait for the refund trace information if it is still not available. Resume working the case and no consider the claim as no response following normal procedures.
- (7) Refund information should be researched through Command Code (CC) IMFOL, CC TXMOD, CC TRDBV and MeF Return Request Display (RRD) through EUP.
- Indicator DD: 0 (paper check)

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- Indicator DD: 9 (direct deposit)
- Refund Anticipation Loan (RAL) Indicator of "1"
- Refund Anticipation Check (RAC) indicator of "2"

(8) Research the account to determine if a refund trace was previously performed.

If IDRS shows:	And:	Then:	To Determine:
No open Refund Inquiry (RI) control	TC 971 AC 011	<ul style="list-style-type: none"> <li>• Research Treasury Check Information System (TCIS)/ Payments Claims and Enhanced Rec- onciliation (Pacer) for Financial Man- agement Service (FMS) 150.1 or paper check.</li> <li>• If no FMS 150.1 in TCIS, do not initiate another trace. Refer to IRM 21.4.2.4 (3), Refund Trace Actions, for ad- ditional guidance and time frames.</li> <li>• Contact local Refund Inquiry unit for addi- tional research/ assistance.</li> <li>• Suspend case, if necessary.</li> </ul>	Whether the refund was deposited into an account in the name of the taxpayer.
Open RI control	TC 971 AC 011	<ul style="list-style-type: none"> <li>• Research IDRS controls for status of trace.</li> <li>• Contact local Refund Inquiry unit, if necessary, for assistance.</li> <li>• Suspend case, if necessary.</li> </ul>	Status of trace and if any dis- position information available.

- (9) If Refund Inquiry function has input another refund trace after 90 days and a Form 150.1 is still not present on TCIS, elevate case information to HQ and CC IDTVA P&A. HQ will contact BFS for assistance.
- (10) Depending upon the RPM category, this information is used in conjunction with other requirements to determine the correct account adjustment. Review available refund trace information for all cases, regardless of category for information on the amount of the refund, if any received by the taxpayer.
- (11) Refund trace information reflects a negotiated check or a completed FMS 150.1 that provides information as to the name on the account where the refund was deposited. Attach a copy of the check or the completed FMS 150.1 from TCIS to the CII case.

**Reminder:** If the refund trace FMS 150.1 shows that the refund was deposited into an account in the name of the taxpayer and the taxpayer specifically states that they do not own that account, then the taxpayer must provide documentation from the Financial Institution supporting that claim.

- (12) If a refund trace is required on a complaint received within the time frame allowable for a trace and no previous refund trace was performed then:
  1. Input CC CHKCL using the IAT Missing Refund (CHKCL) Tool. For CC CHKCL instructions, refer to Exhibit in IRM 21.4.2-1, Command Code (CC) CHKCL Input.
  2. Use Non-receipt code N = Non-receipt of refund (no P freeze set).
  3. Suspend case and monitor weekly for completion of trace.
  4. Refer to IRM 21.4.2-2, Disposition Code Chart - Refund Inquiry Employee Actions, and IRM 21.4.2-5, Disposition and Status Codes – Additional Action Time Frames, for disposition and status code descriptions.

#### 25.24.2.5.3.5 (07-15-2021) **Law Enforcement Agency Report Requirements**

- (1) An official report from a law enforcement agency is generally required in RPM Category 3 and 4 cases, to be eligible for an additional refund to be issued. See below for exceptions.

**Example:** (not all inclusive)

- Police Department
- State Attorney General
- Criminal Investigation
- Treasury Inspector General for Tax Administration (TIGTA) (If an open investigation)

**Exception:**

- If the original refund is frozen for the full amount in question, the law enforcement agency report is not required. However, on cases where a partial refund was released to the preparer, a law enforcement agency report is required.
- If Category 4 case and a refund trace shows the taxpayer received the entire refund, the law enforcement agency report is not required since the claim is not being considered. Refer to IRM 25.24.2.11, Disallowance and No Consideration of Claims, for additional guidance.

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- If the original posted return reflects a balance due and no refund was issued, the law enforcement agency report is not required.

- (2) The taxpayer is required to report the preparer misconduct incident to a law enforcement agency and provide an official report from the agency. If the preparer is being investigated by Criminal Investigation (CI) Division, this fact alone if contained in the taxpayer's complaint, does not satisfy this requirement UNLESS the taxpayer reported the specific incident to CI or was interviewed by CI during the investigation of the named preparer. The taxpayer would need to provide a report from CI to support this or if confirmation is received from CI (e.g., RPM CI Referral form shows that the taxpayer reported the incident to CI or was interviewed by CI during the investigation of the named preparer) it can be accepted in lieu of the law enforcement agency report.
- (3) If there is indication of an open TIGTA investigation, a report should be obtained from the taxpayer. However, if written confirmation directly from TIGTA (i.e. internal email from TIGTA agent) is provided that shows the taxpayer reported the incident naming the taxpayer, the preparer and a summary of the incident, this can be used in lieu of the law enforcement agency report. Attach to CII case if necessary.
- (4) If Department of Justice (DOJ) victim notification letter is included then the law enforcement report requirement can be considered satisfied. Refer to IRM 25.24.2.5.5.1, Criminal Restitution involving Department of Justice (DOJ), for additional information regarding internal research.
- (5) For RPM purposes, a report to the Federal Trade Commission (FTC) on its own does not satisfy the law enforcement report requirement.
- (6) The law enforcement agency report must be signed by a police officer or equivalent, depending on the report received (or otherwise demonstrably show it was accepted by the law enforcement agency) and must contain:
  - The tax year(s) involved
  - Preparer's first and last name
  - A statement describing preparer misconduct and theft of refund

The following list (not all inclusive) provides examples that otherwise demonstrably show the report was accepted by the agency:

- Claim number included on the report
- Email acknowledgement from the agency
- Electronic receipt
- Date stamped by the agency

**Exception:** If the law enforcement agency report does not include all of the specific required information shown above, however, it names the preparer or the company of the preparer in the description of the incident and a clear connection can be made between what is on the report and the taxpayer's RPM complaint indicating that it is in fact a description of the same incident then the report can be accepted.

**Example:** The RPM complaint names an individual preparer at ABC Tax Company and the police report describes taxpayer going to ABC Tax Company but does not include the named preparer. Since we can identify a connection, we would accept the report. However, if the taxpayer names a

preparer with no company name on the complaint (anywhere in documentation or on TRDBV) and the report describes taxpayer going to ABC Tax Company, we cannot identify a clear connection and would not consider the law enforcement agency report acceptable.

- (7) If an unredacted police report is unable to be secured, the taxpayer must provide a report from a different law enforcement agency containing the required information. Redacted police reports are not acceptable unless the required information can be viewed.
- (8) Verification of the information provided on the law enforcement agency report provided by the taxpayer must be reviewed for consistency. Review the report to ensure all required elements are present or is considered acceptable and the information is consistent with the information provided on the complaint/ affidavit.
  - In a signing preparer situation, the individual named on the report must match the preparer named in the complaint and on the original return.
  - In a non-signing preparer/ghost preparer situation, the preparer name must match the preparer named in the complaint.
- (9) If the preparer name does not match, then the taxpayer is not entitled to an additional refund; however, the taxpayer may still be eligible for an adjustment to their account and removal of the preparer portion of the refund depending upon the refund verification results.

25.24.2.5.4  
(10-01-2023)  
**RPM Complaints  
Involving Unauthorized  
Form 1040-X**

- (1) RPM complaints alleging the unauthorized filing of a Form 1040-X, Amended U.S. Individual Income Tax Return, must be reviewed to ensure the complaint involves a 1040-X and not another scenario. Complete research should be performed to ensure the taxpayer statements are supported by the account conditions.
- (2) If information is consistent with the taxpayer allegations then follow chart below for resolution.

	<b>If the ...</b>	<b>And ...</b>	<b>Then ...</b>
1.	Taxpayer contacted a preparer regarding the filing of an amended return; however, ultimately did not authorize the filing	The preparer subsequently filed an amended return without the taxpayer's knowledge or consent.	Follow normal RPM procedures for resolution. Refer to (3) below for additional information.
2.	Taxpayer contacted a preparer and authorized the filing of an amended return	The preparer subsequently altered the 1040-X and/or misdirected the refund, without the taxpayer's knowledge or consent.	Follow normal RPM procedures for resolution. Refer to (3) below for additional information.

	If the ...	And ...	Then ...
3.		A Form 1040-X was received and processed to the taxpayer's account.	<p>Consider ID theft and not return preparer misconduct.</p> <ol style="list-style-type: none"> <li>1. Tell the taxpayer they are a victim of identity theft and not a victim of preparer misconduct. We are forwarding their complaint to the appropriate function for resolution.</li> <li>2. X out <b>Form 14157-A</b> and write in <b>Form 14039 Identity Theft</b>.</li> <li>3. Leave a CII case note: Taxpayer is victim of identity theft not victim of preparer misconduct.</li> <li>4. Update the CII data to the appropriate Doc type, category code IDT1 or IDI1 with all other applicable codes.</li> <li>5. Ensure that a TC 971 AC 522 with a correct MISC code has been input or history item is entered, if necessary. See IRM 25.23.2.4.4, Initial Allegation or Suspicion of Tax-Related Identity Theft - IMF Identity Theft Indicators and subsequent applicable subsections, for information on the specific requirements.</li> <li>6. Reassign the CII case to the designated IDTVA contact for ID theft resolution.</li> <li>7. Include the case on the RPO notification spreadsheet per guidelines in IRM 25.24.2.3.5, Return Preparer Office Notification Requirements.</li> </ol> <p><b>Note:</b> If adjustment involves a tax increase or credit decrease and the ASED is expired, elevate case information to ITVA HQ (copy IDTVA P&amp;A POC) for review.</p>

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**Reminder:** Open AUR or Exam cases should be referred back to the originating function in accordance with IRM 25.24.2.10.1.1, Open AUR Issues or IRM 25.24.2.10.2.1, Open Exam Issues. If the case is an AUR or Exam reconsideration or an Exam case closed as disposal code (DC) 12 or

are required.

- (3) The resolution of RPM complaints with allegations regarding the unauthorized filing of an amended return or an authorized filing of an amended return that was altered, follows the same path as the resolution of normal RPM procedures involving the original return. However, the category determination and required documentation would be applied to the amended return information. For example:
- Return as intended to be filed would be an amended return as intended to be filed.
  - Ghost preparer vs. signing preparer information would be determined from the amended return filed. A document request of the 1040-X adjustment might be required, if not available on CII.
  - Refund trace if applicable, would be performed on the refund generated from the amended return adjustment.
  - Law enforcement report should include information regarding the allegations pertaining to the amended return.

25.24.2.5.5  
(05-11-2017)  
**RPM Complaints  
Involving Restitution**

- (1) When restitution is ordered by a Court, it must be determined whether the order reflects restitution payments be paid to the IRS (Criminal restitution) or to the taxpayer (civil restitution) directly. The following subsections provide guidance.

25.24.2.5.5.1  
(10-01-2019)  
**Criminal Restitution  
Involving Department of  
Justice (DOJ)**

- (1) Criminal restitution cases involving DOJ can generally be worked without regard to the restitution. A restitution based assessment (RBA) is made on an established MFT 31 account under the preparer's TIN.

**Note:** IDTVA does not make any adjustments to the MFT 31 account.

- (2) Restitution involvement can be identified by any of the following:
- DOJ documentation provided by taxpayer included with RPM complaint.
  - TC 971 AC 18X on module. - Please note, these codes are not always present on the taxpayer's account.
  - TC 766 with reference number 337.

- (3) The RPM case is evaluated and resolved following normal RPM procedures.

**Note:** When adjusting RPM accounts, IDTVA does not adjust any RBA codes (TC 971 AC 18X) or transaction codes (TC 766 with reference number 337).

- (4) The information from the DOJ documentation may be used to establish that the preparer presented themselves as being in the business of preparing returns and interaction with the taxpayer. In some instances, it can also be used in lieu of a law enforcement agency report.

	If ...	Then ...
1.	Documentation includes a client listing and it names the taxpayer as a victim.	3rd party documentation and law enforcement report requirements satisfied.
2.	Victim notification letter stating they have been identified as a victim.	3rd party documentation and law enforcement report requirements satisfied.
3.	Victim notification letter stating they <b>may</b> have been a victim.	3rd party documentation satisfied. Send CI referral to determine if the taxpayer was interviewed or if taxpayer reported incident to CI. <ul style="list-style-type: none"> <li>• If so, law enforcement report requirement satisfied.</li> <li>• If not, law enforcement report is required from taxpayer.</li> </ul>

- (5) If a TC 971 AC 185, AC 188, or AC 189 is on the RPM taxpayer's account, a CI referral is required. These codes indicate the taxpayer was indicted for wrongdoing. Before taking steps toward account resolution, CI review is necessary to determine if the case had anything to do with the taxpayer's individual account for the RPM tax year. Upon receipt of the CI response, elevate to ITVA HQ (copy IDTVA P&A POC) for review.

25.24.2.5.5.2  
(10-01-2019)  
**Civil Restitution**

- (1) Civil cases involve the taxpayer bringing the preparer to court.
- (2) If court papers or documentation shows that the preparer was ordered to pay restitution directly to the taxpayer, elevate the case information to ITVA HQ and copy IDTVA P&A POC. Do not complete any adjustments to the account.

25.24.2.5.6  
(02-04-2022)  
**RPM Complaints  
Involving RICS/RIVO  
Account Conditions**

- (1) RPM complaints involving accounts that contain RIVO indicators may be worked by IDTVA in certain circumstances. Complete research must be performed.
- (2) If the RICS/RIVO reroute conditions are not met, IDTVA follows the procedures below for the resolution of the RPM complaint. Refer to IRM 25.24.2.3.6, Reroute/Reassignment Criteria, for routing conditions.
- (3) Follow No Consideration procedures (5956C) in IRM 25.24.2.4, RPM Criteria Not Met, **only** when:
- a. Return was unpostable (TC 971 AC 121/124 or UPC 126) and there is clear indication the TPP letter was issued to the address of the taxpayer and,

**Note:** Review the address on the posted return with the address on the taxpayer's complaint or taxpayer's account history (AMS history shows taxpayer went to a TAC to respond to the TPP issues, IRPTR addresses, or prior returns with no issues). If an association

can be made with the taxpayer then consider it an indication that the letter was issued to the taxpayer.

- b. Return is currently posted with the refund issued and,

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**Example:** There is an indication that the taxpayer received the TPP letter and was required to authenticate themselves and verify the tax return. TPP assistors verify the information on the return received including exact refund amount and method of issuance. The return is posted if all items verify. Therefore, if the return is posted and the refund issued, the RPM claim does not meet the guidelines for RPM relief per IRM 25.24.2.4, RPM Criteria Not Met, chart Row 6 if the taxpayer received the refund. The RPM claim is “no considered” since our records show that the taxpayer was aware of the items on the original return. Tell the taxpayer that our records indicate that they verified their identity and confirmed the filing of the original return and validated the information. Since they were aware of the original filing their claim does not meet the guidelines for RPM relief. Provide refund information also. If the taxpayer claims that no refund was received then Row 7 procedures would be followed.

- (4) Follow normal RPM procedures when:

- a. Reversed RIVO indicators are present on the account, return is posted not receive the refund.
- b. Reversed RIVO indicators are present on the account, the return is posted on MFT 32 and the taxpayer claims preparer misconduct regarding that return. During the TPP process, if the taxpayer stated the return was altered the return was treated as ID theft and the taxpayer advised to file a paper return allowing the return as intended to be filed to post as the TC 150.

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**Note:** If the return on MFT 32 is the taxpayer’s return as intended to be filed and it is determined the MFT 32 should be reversed, please elevate case information to ITVA HQ (copy IDTVA P&A POC) prior to making any account adjustments.

- c. Return was unpostable and there is indication the TPP letter was not issued to the address of the taxpayer. For example, the address on the return matches that of the preparer.
- d. Unreversed RIVO Indicator (e.g., TC 971 AC 052) on account; however, the return is posted and refund has been issued.
- e. The module has a P- freeze and either of the following is present on the account:
- TC 841 DLN Blocking Series 77711, 77712, 77713 or 77714 which indicates a direct deposit was rejected by the bank or
  - TC 841 and TC 971 AC 123 MISC>TPP RECOVERY and TC 971 AC 805 MISC>REFCANCL18

Only RIVO can release the overpayment with these account conditions. If allowing the RPM claim, perform any required adjustments and send e-4442 to RICS/RIVO. Use Referral type IRM and select category RIVO – CP53X (TC841 DLN 77711/77712/77713/77714) from drop down. Include remarks stating that the RPM issue has been resolved and request the release of credit, if applicable.

25.24.2.6  
(06-05-2023)

### Taxpayer Contacts

- (1) This section addresses procedures for taxpayer contacts and how to handle taxpayer responses.
- (2) All normal outgoing correspondence guidelines should be followed per IRM 21.3.3.4.17, Outgoing Correspondence. Be sure any necessary letters are being sent to the correct address. The Correspondex letter system defaults to the address of record (CC ENMOD) which may or may not be the correct address. Override the address of record when appropriate. The following list is not all inclusive:
  - A closing letter is required if an interim letter was issued.
  - If penalties (for example FTP or FTF) were manually assessed, provide the amounts and computation from and to dates in the letter.
  - All issues must be addressed.

**Example:** If the taxpayer provides state tax return information and there is indication that the taxpayer is requesting information regarding the state tax return, then this must be addressed in the correspondence to the taxpayer (such as telling the taxpayer to send state information to their state taxation agency) along with any other explanation provided concerning their federal account.

**Example:** If the taxpayer mentions EIP, Stimulus, Rebate Recovery Credit (RRC) and/or Advanced Child Tax Credit payments, as part of the explanation in the RPM complaint, then this must be addressed in the correspondence to the taxpayer (such as telling the taxpayer that refunds were issued or you took the applicable actions as per the guidance in the EIP, RRC and/or AdvCTC applicable IRM sections.)

  - Indicate any action(s) taken, including if a refund will be issued.
  - If a math error is set, provide an explanation of changes made.
  - If applicable, provide an explanation why complaint does not meet IRS guidelines under RPM.
  - Confirm RPO was notified when the claim did not originate from RPO.
- (3) Taxpayers may respond in writing or by calling the assigned employee using the IDTVA toll free number (855-343-0057). Refer to IRM 25.24.2.6.2, Incomplete Complaints, and IRM 25.24.2.6.3, Taxpayer Responses, for appropriate actions.
- (4) When in telephone contact with a taxpayer, a CII case note must be left to document the interaction. The case note must contain the following information:
  - Date of call
  - With whom the employee spoke
  - Summary of the discussion, or
  - Documentation of call back attempt, including summary of message left for the taxpayer and date/time.

**Reminder:** Do not leave confidential tax information on a voice mail message.

25.24.2.6.1  
(06-05-2023)  
**RPM Specific Letters  
5955C and 5956C**

- (1) RPM specific letters have been implemented for use when working RPM complaints/claims.
- (2) Letter 5955C, Return Preparer Misconduct – Case Incomplete for Processing Request, is used when requesting information from the taxpayer.
- (3) Letter 5956C, Return Preparer Misconduct (RPM) –Resolution Closing Letter, is used as the closing letter based on the applicable treatment stream. The letter is broken down into sections based on allowable claims, no consideration, partial disallowance and full disallowance.

**Note:** Letter 5956C also contains selective paragraphs addressing erroneous refunds. This one letter is used when closing the RPM claim using the applicable paragraphs pertaining to the treatment stream. Refer to IRM 25.24.2.12.3, Category D Erroneous Refund, for additional information.

- (4) Multiple years can be included on one letter **unless** separate and distinct determinations are made. For example, 2 years involved and one case is a no consideration and one is disallowed.
- (5) If Spanish language RPM complaints/claims are received, a reply must be issued using the Spanish version of the appropriate C letter. Refer to IRM 25.23.4.19, Requesting Translations of Certain Languages into English, for translation services guidance.

**Note:** If the Limited-English Proficient (LEP) indicator located on CC ENMOD is blank and the Mail Filing Requirement (MFR) code located on CC INOLES is 07, correspondence must be sent in Spanish. If the MFR code is other than 07 and the taxpayer did not correspond in Spanish, send the correspondence in English.

25.24.2.6.2  
(10-01-2023)  
**Incomplete Complaints**

- (1) For all categories, when a complaint is determined incomplete, issue correspondence requesting the missing documentation. Tell the taxpayer to provide the requested information within 30 days. Suspend the case for 40 days awaiting the taxpayer response (70 days for overseas taxpayers). If no response is received or insufficient information is provided then disallow or partially disallow the claim.

**Reminder:** Be sure to perform system related research that may satisfy the requirement for the documentation.

- (2) For all categories, if case is considered incomplete, initiate a refund trace if no trace has been previously performed. Refer to IRM 25.24.2.5.3.4, Refund Trace Requirements, for additional information.
  - For Category 1 and Category 2 cases specifically, if the additional information was requested from the taxpayer and the taxpayer responds before the refund trace information becomes available, **do not** wait for the refund trace information, resume working the case per IRM 25.24.2.9, Treatment Streams for RPM Claims.

**Note:** If Category 1 and Category 2 case are received outside of the refund trace allowable time frame, request the required docu-

mentation, following normal procedures. On a complete complaint, no refund trace is required.

- For Category 3 cases, if the return as intended to be filed was requested from the taxpayer and the suspense time frame has expired with no response from the taxpayer, then it is not necessary to wait for the refund trace information if it is still not available. Resume working case.
  - For Category 3 and Category 4 cases received outside of the refund trace allowable time frame issue a No consideration 5956C letter. Refer to IRM 25.24.2.11.3, No Consideration of Claims, for guidance.
- (3) If the Assessment Statute Expiration Date (ASED) is imminent (90 days) and the taxpayer's actual return is included with the complaint but there are other missing elements, take into consideration certain factors and time-frames in order to ensure the ASED is protected. Timely follow-up is required on these suspense cases.

**Note:** How we treat the taxpayer's actual return submitted with the complaint depends upon whether we allow or disallow a claim. However, in an incomplete complaint scenario, that determination cannot be made immediately. Even if the ASED is considered imminent, certain factors may affect the correct ASED determination.

Scenario	If	Then
ASED imminent Scenario 1	A determination can be made that no refund, or only a portion of the refund, was deposited into an account in the taxpayer's name	There are no statute implications. Follow normal procedures for resolution.

Scenario	If	Then
<p>ASED imminent Scenario 2</p>	<ul style="list-style-type: none"> <li>• A determination can be made that the entire refund was deposited into an account in the taxpayer's name or,</li> <li>• A determination cannot be made at the time of suspense regarding receipt or non-receipt of refund</li> </ul>	<p>A prompt assessment may be necessary to protect the ASED. If required to request a prompt assessment for a tax increase or credit decrease:</p> <ul style="list-style-type: none"> <li>• Do <b>not</b> input any other aspects of the adjustment (tax decrease, credit increase, AGI etc.) until the actual treatment stream is determined after the suspense period.</li> <li>• Indicate on Form 3210 to <b>Hold the Billing Notice</b></li> </ul> <p><b>Note:</b> Employee judgment may be used whether to input this initial prompt assessment. If there is sufficient time for the suspense time frame (40/70 days) and then sufficient time for prompt assessment if applicable (e.g., determination after suspense is a disallowance), then the case can be suspended without the initial prompt. However, timely follow-up actions <b>MUST</b> be taken to protect the ASED.</p> <p><b>Reminder:</b> If initial prompt assessment is input and determination after suspense time frame is a disallowance, the <b>PROMPT</b> assessment <b>MAY</b> have to be reversed. Refer to IRM 25.24.2.11.1, Disallowance, for additional information.</p>

- (4) Correspond using Letter 5955C, Return Preparer Misconduct – Case Incomplete for Processing Request.

- a. Request all information needed for a complete complaint, including preparer information, if applicable.
- b. Include contact information providing the IDTVA toll free number 855-343-0057 with the name and six-digit extension of the employee assigned to the case.

- (5) Capture letter on CII per IRM 21.5.1.5.1, CII General Guidelines.
- (6) Leave a case note on CII indicating the letter that was sent and the list of the information requested.

**Reminder:** If in telephone contact with the taxpayer, leave a case note containing the pertinent information to the case.

- (7) Update CII data to turn off Auto Interim Letter since correspondence has been sent to taxpayer requesting information.

**Note:** It is the employee's responsibility to restart the auto interim letter if the taxpayer responds (timely or late) to a request for information and the RPM case cannot be closed within 30 days.

- (8) Suspend case on CII for 40 days (70 days for overseas taxpayers).
- (9) Monitor for response. Refer to IRM 25.24.2.6.3, Taxpayer Responses, if a reply is received or the suspense period expires.

25.24.2.6.3  
(10-01-2022)

#### Taxpayer Responses

- (1) Follow the table below when taxpayer responses are received.

**Note:** For pre-existing cases, the chart below can be utilized for the next steps; however, the employee should also take into consideration if they are contacted by TAS. For example, if the taxpayer responds to the letter and does not provide all of the information; however, TAS advises that they are continuing to work with the taxpayer, the employee should allow additional time for the required information. If there was no contact by TAS, then the employee could proceed to disallowance.

	If the ...	Then ...
1.	Taxpayer responds to request for missing information AND does provide all required documentation	Resume working RPM case. Refer to IRM 25.24.2.5.3.1, Identifying RPM Category, or applicable section.

	If the ...	Then ...
2.	Taxpayer responds to request for missing information AND does not provide all of the required documentation	Disallow the claim for RPM (Certified Letter 5956C) Refer to IRM 25.24.2.11.1, Disallowance, for additional information. <b>Exception:</b> For Category 4, refer to IRM 25.24.2.11.3, No Consideration of Claims, for guidance.
3.	Taxpayer responds to request for missing information AND law enforcement agency report or (for pre-existing cases) alternative statement in lieu of report is the only missing element	Proceed to the applicable Category 3 or Category 4 treatment stream chart in IRM 25.24.2.9, Treatment Streams for RPM Claims.
4.	Taxpayer does not respond	Disallow the claim for RPM (Certified letter 5956C) Refer to IRM 25.24.2.11.1, Disallowance, for additional information. <b>Exception:</b> For Category 4, refer to IRM 25.24.2.11.3, No Consideration of Claims, for guidance.

	If the ...	Then ...
5.	Taxpayer responds to Letter 105C/106C/5956C or correspondence is received after the 105C/106C/5956C is issued AND the disallowance or partial disallowance was not due to expired RSED	<p>Do not route to Appeals</p> <ul style="list-style-type: none"> <li>• Take into account any additional information the taxpayer provides and determine if claim can be allowed following normal procedures. Assign and work as new complaint. Refer to IRM 25.24.2.7.1, Assessment Statute Expiration Date (ASED) Consideration, for additional information regarding new claims and ASED.</li> <li>• If no additional information or insufficient information is received, issue a no consideration 5956C letter advising taxpayer to follow the instructions in the disallowance letter.</li> </ul> <p><b>Note:</b> If the taxpayer responds more than 2 years after the issuance of the 105C/5956C letter and the extended ASED and RSED have expired then send 5956C letter advising taxpayer no actions can be taken due to the statute of limitations.</p> <p>Include RPM RC 131 with the TC 290 BS 05. Do not use BS 98 or 99.</p>
6.	Taxpayer responds to Letter 105C/106C/5956C AND the disallowance or partial disallowance was due to expired RSED only	Follow IRM 21.5.3.4.6.2, Appeals and Responses to Letter 105C and 106C.

	If the ...	Then ...
7.	Taxpayer responds by calling the IDTVVA toll free number or a secure email is received regarding the RPM case	<p>Assist the taxpayer by responding to their questions and concerns as it relates to the open RPM case. Clarify, if necessary, what documentation is still needed.</p> <ul style="list-style-type: none"> <li>• Provide fax number, whenever possible.</li> <li>• Leave CII case note per IRM 25.24.2.6, Taxpayer Contacts, (4).</li> </ul> <p>Refer to IRM 25.23.4.18.5, Responding to Taxpayer Calls on Identity Theft (IDT) Cases (IDTVVA Paper Employees Only), for procedures and time frames.</p>

- (2) Responses received on suspended cases should retain the original IRS received date.
- (3) Responses received on previously closed cases should use the IRS received date of the new information and treated as a new complaint.

**Note:** When a new complaint is received, but a processible return as intended to be filed was included in a previously submitted complaint, the ASER is set by the IRS received date of that original complaint. The ASER is not set by the IRS received date of the subsequent RPM complaint, even if allowing the claim based on the new information. The IRS received date of the previously submitted return as intended to be filed is also used to determine whether the RSED is still open under section 6511(a) and the amount of refund the taxpayer is eligible for under the 3-year look-back period under section 6511(b)(2).

For example: An incomplete complaint is received for tax year 2018 on 03/15/2021 that contains a valid return as intended to be filed. No response is received to the request for missing information and the claim is disallowed on 04/20/2021. If the taxpayer responds on 05/01/2022, after the RSED has expired with the required information, the RPM claim can be allowed. The received date of 03/15/2021 of the previously submitted return as intended to be filed is used to determine the updated ASER and is used to determine whether the taxpayer is eligible for a refund. Since the return was received prior to the RSED 04/15/2022, the refund can be issued to the taxpayer.

25.24.2.7  
(08-24-2017)

**Statute Considerations**

- (1) Care must be taken when evaluating statute year complaints. If the assessment statute expiration date (ASED) and/or refund statute expiration date (RSED) is imminent or expired, the complaint must still be evaluated. Actions should be taken to protect these dates, when appropriate.
- (2) Incomplete complaints on statute year accounts: If additional information is necessary for consideration of the complaint, refer to IRM 25.24.2.6.2, Incomplete Complaints, for guidance.
- (3) When a claim (Categories 1-3) is allowed, the original return is treated as a nullity. The taxpayer's signed return as intended to be filed, received with the complaint, is considered the return of record. For Category 4 cases the original return is considered valid and the taxpayer's return of record.
- (4) When following erroneous refund procedures, complete the required actions within the applicable statute of limitations. When following Category D erroneous refund procedures, the Erroneous Refund Statute Expiration Date (ERSED) must be considered. Refer to IRM 21.4.5.15.1.1, Statute of Limitations Category D Erroneous Refunds IRC 6532 (b) ERSED.

**Note: For IDTVA Specialty Function** - Refer to IRM 25.24.2.10, IDTVA- C RPM Complaint Considerations, for specific guidance.

- (5) Review the following IRM sections to determine what procedures to follow based upon the applicable statute of limitations. This list is not all inclusive:
  - IRM 25.6.1, Statute of Limitations Processes and Procedures
  - IRM 25.6.1.5, Basic Guide for Processing Cases with Statute of Limitation Issues
  - IRM 25.6.1.6, General Information and Procedures
  - IRM 25.6.1.7, Credits and Payments
  - IRM 25.6.1.7.3, Excess Collection File (XSF) and Unidentified Remittance File (URF)
  - IRM 25.6.1.8, Original Delinquent Returns
  - IRM 21.4.5.15.1.1, Statute of Limitations Category D Erroneous Refunds IRC 6532 (b) ERSED

25.24.2.7.1  
(03-19-2019)

**Assessment Statute Expiration Date (ASED) Consideration**

- (1) For allowable or partially allowable Category 1-3 claims, the original return is considered a nullity and the return as intended to be filed presented by the taxpayer with the RPM complaint is the taxpayer's return of record. If the RPM complaint is received **after** the ASED based on the originally filed return has expired, the complaint must still be considered. If the claim is allowable or partially allowable the ASED must be updated to reflect the receipt of the taxpayer's return as intended to be filed. If the ASED based on the taxpayer's return as intended to be filed has expired, refer to IRM 25.24.2.7.1.1, Extended ASED Expired on Allowable RPM Claims, for additional guidance.

**Note:** If the IRS does not allow a taxpayer's claim based on an RPM complaint submitted with a processible return as intended to be filed but later allows the claim based on a newly submitted RPM complaint, the ASED is set by the IRS received date of the first complaint containing the processible return. It is not set by the IRS received date of the second RPM complaint, even if the IRS may allow the claim based on the new information.

- a. Use the following instructions when using TC 560 to correct the ASED:
  - TC 560 on CC REQ77 must be input on IDRS to correct the ASED to show the posting of the correct return.
  - Input with a DLN-CD of 70 when correcting the ASED to a later date than the posted ASED.
  - Input with DLN-CD of 99 when correcting the ASED to an earlier date than the posted ASED.
- b. Use the received date of the taxpayer's signed return as intended to be filed to reflect the date of the return of record.

- (2) For disallowed claims, if adjustment action is required (for example: the actual return is treated as an amended return) and the ASED is imminent, input prompt assessment following normal procedures. Refer to IRM 25.6.1.5, Basic Guide for Processing Cases with Statute of Limitations Issues, for additional information. If the complaint is received after the ASED has expired, no tax assessment or credit decrease can be input. Refer to IRM 25.24.2.11.1, Disallowance, for additional information.

25.24.2.7.1.1  
(07-31-2017)  
**Extended ASED Expired  
on Allowable RPM  
Claims**

- (1) The RPM case inventory contains cases where the extended ASED has expired and the RPM claim is allowable. For these cases, the taxpayer filed a claim within the statutory period of assessment and is entitled to relief. Even if the taxpayer is not due a refund, an adjustment must be made in response to the allowed RPM claim. In these situations, if an adjustment was input without the tax increase (TC 290 tax amount), but correctly reflected all other credits on the taxpayer's actual return, the adjustment would result in a credit balance that would exceed the amount of the taxpayer's expected refund by the barred tax amount. In a balance due situation, the adjustment would not result in a correct debit balance. Therefore, a unique approach must be taken when adjusting the account in order to accommodate the barred tax increase and have the account reflect the appropriate credit or debit balance as shown on the taxpayer's actual return. The following procedures should only be used for those cases meeting these criteria.
- (2) The employee has to determine the amount of refund to which the taxpayer is entitled, taking into consideration tax offsets, TOP offsets, payments etc., and the preparer portion of the refund. The employee must be aware of the expected account status (refund or balance due amount) after actions are taken to ensure the account balance is accurate.
- (3) If the taxpayer's actual return reports a tax amount and the TC 150 shows a tax amount, **DO NOT** back out the original posted return information. The TC 150 tax amount must remain on the account to protect that portion of the otherwise barred tax. The original return information will **NOT** be backed out due to the statute implications and will be taken into account when figuring the adjustment needed (netted).

**Note:** If the TC 150 shows **no tax** amount or the taxpayer's actual return **does not report any tax**, then the original return can be nullified, even if the ASED has expired since credit decreases are allowable after the ASED.

- (4) In order to correctly balance the account, the employee must first determine the amount of tax that is barred. Compare the posted return TC 150 amount

and the amount of tax reported on the taxpayer's actual return. If the TC 150 tax amount is less than the tax reported, the difference is the barred amount.

**Note:** If the TC 150 tax amount (or total tax on the module including any subsequent adjustments) exceeds the amount of tax reported on the taxpayer's actual return then this would not be considered a barred assessment. A tax decrease can be input to the taxpayer's tax amount and no tax would be lost. Netting against the original posted information is required and back-out procedures would be bypassed per IRM 25.24.2.13.2, Standard Account Adjustments, since this case would have statute implications pertaining to the ASED.

- (5) Once it has been determined that there is a barred tax amount, the employee must then determine how to account for the barred tax amount when adjusting the account.
- a. **Scenario 1:** If there is a sufficient amount of credit (withholding and/or any refundable credits) claimed on the taxpayer's actual return to offset the barred amount, then the credit claimed will be reduced by the barred tax amount resulting in a recalculated allowable credit amount. The adjustment to this credit is the net between what is posted on the module and this recalculated credit amount.

**Example:** The taxpayer's actual return shows a tax of \$1,500.00 and withholding credit of \$2,500.00 resulting in a refund of \$1,000.00. Taxpayer did not receive any of the original refund. Account shows original return processed with a TC 150 \$1,000.00, TC 806 \$3,000.00, and TC 846 \$2,000.00.

- The barred tax amount is the difference between what is posted TC 150 \$1,000.00 and the tax on the return of \$1,500.00 = \$500.00.
- The taxpayer claims a withholding credit of \$2,500.00 which exceeds the barred amount of \$500.00. Therefore, the allowable withholding amount will be recalculated to \$2,000.00 (\$2,500.00 as claimed on the taxpayer's return less the \$500.00 barred tax amount). The adjustment to the withholding is the difference between the posted TC 806 for \$3,000.00 and the recalculated withholding credit of \$2,000.00.
- The adjustment input to reflect the taxpayer's actual return would include TC 290.00, TC 807 \$1,000.00- (IRN 888, 886 etc. HC 3).
- The adjustment will create a debit balance of \$1,000.00. The posting of the TC 841 from the GL 1547 for \$2,000.00 will result in the appropriate account credit balance of \$1,000.00.

- b. **Scenario 2:** If there is no credit claimed on the actual return, the amount credited from the GL 1547 will be reduced by the barred amount resulting in a recalculated preparer portion of the refund amount. The adjustment will be made to remove any credits posted on the module to zero and a TC 700 input with the recalculated amount.

**Example:** The taxpayer's actual return shows a tax of \$1,000.00 with no credits resulting in a balance due of \$1,000.00. Taxpayer did not receive any of the original refund. Account shows original return processed with a TC 150 \$200.00, TC 806 \$1,500.00, TC 768 \$3,000.00, TC 846 \$4,300.00.

- The barred tax amount is the difference between what is posted TC 150 \$200.00 and the tax on the return of \$1,000.00 = \$800.00.
  - Since \$800.00 tax is considered barred and there are no allowable credits claimed on the taxpayer's actual return, the amount credited from the GL1547 must take this into consideration, otherwise the account will not reflect the balance due reflected on the taxpayer's actual return. Therefore, the preparer portion of the refund would be reduced to \$3,500.00 (\$4,300.00 preparer portion of the refund less the \$800.00 barred tax amount).
  - The adjustment input to reflect the taxpayer's actual return would include TC 290.00, TC 807 \$1,500.00-, TC 765 \$3,000.00-, (IRN 888, 886 etc. HC 3).
  - The adjustment will create a debit balance of \$4,500.00. The posting of the TC 700 from the GL 1547 for \$3,500.00 will result in the appropriate account debit balance of \$1,000.00.
- c. **Scenario 3:** If the credit claimed on the actual return only covers a portion of the barred amount, a combination of scenario 1 and scenario 2 procedures will be used. The credit claimed will be reduced by an equal amount of the barred tax amount resulting in a recalculated allowable credit amount to zero. The remaining barred amount will be taken into consideration when adjusting the GL 1547 credit. The adjustment to this credit will bring the allowable credit to zero and a TC 700 input with the recalculated amount.

**Example:** The taxpayer's actual return shows a tax of \$2,500.00 with education credit of \$1,000.00 resulting in a balance due of \$1,500.00. Taxpayer did not receive any of the original refund. Account shows original return processed with a TC 150.00, TC 806 \$1,000.00, TC 766 \$2,000.00 CRN 260, TC 846 \$3,000.00.

- The barred tax amount is the difference between what is posted TC 150.00 and the tax on the return of \$2,500.00 = \$2,500.00.
- Since \$2,500.00 tax is considered barred and the only credit claimed on the taxpayer's actual return is \$1,000.00 education credit, the allowable credit would be reduced to zero. The GL1547 amount would be reduced by the remaining \$1,500.00 of the barred amount of \$2,500.00. Therefore, the preparer portion of the refund would be reduced to \$1,500.00 (\$3,000.00 preparer portion of the refund less the remaining \$1,500.00 barred tax amount).
- Since the TC 150 is zero, the original posted return information can be nullified with a TC 290.00, TC 807 \$1,000.00-, CRN 260 \$2,000.00-, (IRN 888, 886 etc.).
- The adjustment input to reflect the taxpayer's actual return would include TC 290.00, (IRN 888, 886 etc. HC 3).
- The adjustments will create a debit balance of \$3,000.00. The posting of the TC 700 from the GL1547 for \$1,500.00 will result in the appropriate debit balance of \$1,500.00.

- (6) Send a closing letter since the adjustment notice will be held in most cases due to the netting of the account.
- (7) Prepare Form 9355, Barred Statute Report, or equivalent containing summary of account to notify the Statutes function.
- (8) Select the specific verbiage from one of the three scenarios below and enter it as a CII Case Note, to describe the adjustment input on the account.
  - a. Scenario 1: The taxpayer filed a timely claim. Because the tax is barred, the amount of the credit adjusted reflects the total amount of the refund to which the taxpayer is entitled rather than the credit amount that was actually reported on the return as intended to be filed.
  - b. Scenario 2: The taxpayer filed a timely claim. Because the tax is barred, the amount applied from the GL1547 account reflects the applicable amount to ensure the account is in the proper balance shown on the taxpayer's return as intended to be filed.
  - c. Scenario 3: The taxpayer filed a timely claim. Because the tax is barred, the amount of the credit adjusted reflects the total amount of the refund to which the taxpayer is entitled rather than the credit amount that was actually reported on the return as intended to be filed and the amount applied from the GL1547 account reflects the applicable amount to ensure the account is in the proper balance shown on the taxpayer's return as intended to be filed.

25.24.2.7.2  
(03-19-2019)

**Refund Statute**

**Expiration Date (RSED)**

- (1) Normal RSED procedures or aspects of RSED procedures are to be followed whenever possible.

**Reminder:** The return as intended to be filed is considered the claim for refund. The received date of the return as intended to be filed should be used to determine whether the claim was filed timely, on or prior to the RSED, and is open for refund issuance.

- (2) Category 1 and 3 cases are not solely considered a claim for refund. Since these complaints also involve an allegation that the original return was not authorized (Cat 1) or tax data was altered (Cat 3), the adjustment aspect still needs to be considered.
  - a. The return as intended to be filed included with the RPM complaint is considered the claim for refund. The IRS received date of the valid signed return should be used to determine whether the claim was filed timely and to determine the amount of any refund the taxpayer may be eligible to receive.
  - b. If the complaint is complete and the taxpayer did not file their complaint timely, on or prior to the RSED, the claimed overpayment may not be refunded to the taxpayer, but instead must be moved to Excess Collections. Refer to IRM 25.6.1.7.3, Excess Collection File (XSF) and Unidentified Remittance File (URF). Partial disallowance procedures would then be followed. Refer to IRM 25.24.2.11.2, Partial Disallowance, for additional guidance.
  - c. If the taxpayer provides no response so that the complaint remains incomplete, then normal disallowance procedures apply.

**Note:** If a response to the disallowance letter is received providing the requested information, the IRS received date of the previously submitted return as intended to be filed is used to determine whether the RSED is still open, if applicable. Refer to IRM 25.24.2.6.3, Taxpayer Responses, for additional information.

- (3) In Category 4 cases the original return is valid and is considered the claim for refund. There are no adjustments to be made. The taxpayer is asking the IRS to replace the refund alleged to have been stolen by the preparer. The refund claim on the original return is required to be filed on or prior to the RSED before a Category 4 complaint may be allowed. If a Category 4 complaint is received within the time frame allowable to perform a refund trace and the original return was filed timely, continue resolution of the RPM claim and allow the refund based on the completeness of the RPM claim and the timeliness of the original return. If the original return was filed after the RSED expired, the account would show that statutes applied the overpayment to Excess collections and issued a 105C letter. In this scenario, send a no consideration 5956C letter advising taxpayer there is no evidence of preparer misconduct and explain why the original refund was not issued.

25.24.2.8  
(01-04-2017)  
**Balance Due Cases -  
Penalty Considerations**

- (1) Depending upon the facts and circumstances of the complaint and account actions, there may be instances resulting in a balance due. Possible scenarios are:
- The taxpayer received or it is determined the taxpayer received a refund in excess of the amount to which they are entitled resulting in a balance due situation. For these types of cases, depending upon the category and circumstances, the taxpayers will be asked to repay the excess amount using erroneous refund procedures. Refer to IRM 25.24.2.9, Treatment Streams for RPM Claims, and IRM 25.24.2.12.3, Category D Erroneous Refunds, for additional information.
  - The taxpayer submits a return as intended to be filed reflecting a balance due. (This scenario should only occur with Category 1 and Category 2 cases.) Circumstances of the account and return received dates will have to be considered to determine if any penalty and interest implications apply.
- (2) Penalties and interest may apply when the taxpayer's actual return reflects a tax liability and the tax return is late and/or if any of the tax due on the correct return was paid after the original return due date of the return (without regard to extensions).
- (3) Programming changes carried out in 2016 allow the failure to pay (FTP) penalty to systemically compute. A determination needs to be made whether any failure to file (FTF) penalty, estimated tax (ES) penalty, or any other applicable penalty needs to be manually computed and assessed.

**Note:** Interest is allowed to systemically generate.

- (4) The following Internal Revenue Manuals (IRMs) should be referenced. This list is not all inclusive:
- IRM 20.1.2, Failure to File/Failure to Pay Penalties

- IRM 20.1.3.2.3, Return Posted to Wrong TIN or Period

25.24.2.8.1  
 (08-24-2017)  
**Failure to Pay (FTP)  
 Penalty Consideration**

- (1) The FTP penalty should be considered when:
- The taxpayer’s actual return provided with the RPM complaint reflects a tax liability owed and,
  - Tax has not been paid by the due date of the original return.

**Note:** If the taxpayer received a refund in excess of what they should have received and the actual tax return shows a tax liability owed, then the FTP penalty applies only to the tax shown on the actual return.

- (2) When Category 1 and Category 2 claims are allowed, the original return is considered a nullity and the taxpayer’s return submitted with the complaint is

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- (3) The January 2016 programming changes allow the computer to recognize the need to charge the FTP penalty from the RDD on a subsequent adjustment with the use of new Item Reference Number (IRN) 871 and priority code (PC) 2. The IRN 871 and PC 2 allows systemic calculation/re-calculation of the FTP penalty, if applicable. Two adjustments (complete back-out of the nullified return and subsequent adjustment to reflect the taxpayer’s return as intended to be filed) are required if the correction to the taxpayer’s return as intended to be filed result in a balance due, or if any of the tax due on the correct return was paid after the original return due date without regard to extensions.

**Note:** Manual computation is required if account adjustment requires netting.

- (4) Compute the IRN 871 amount (tax shown) on the return as intended to be filed, which is the amount of tax the taxpayer figured they owe, minus any taxpayer computed refundable and prepaid credits. The IRN 871 amount is included on the adjustment to reflect the taxpayer’s actual return and tells the computer the tax the taxpayer expected to owe on their return and the amount of tax that is assessed the FTP penalty from the due date of the return. The computer systemically recognizes any payments, credit elects, withholding and cancellations of any refunds (TC 841/TC700) when computing the FTP penalty. Follow the guidance in IRM 20.1.2.2.6.2, Incorrect Tax Shown Recorded, for computing the IRN 871 and IRM 20.1.2.2.6.3, Wrong Return Posted First, for additional information.

**Note:** If after math verifying the return as intended to be filed, it is determined that a math error must be set, the IRN 871 is still the amount the taxpayer figured as their total tax minus certain credits claimed on their return.

- (5) The PC 2 allows the computer to recognize the need to compute the FTP penalty back to the RDD for the lesser of the IRN 871 amount or the “tax

assessed” on the return and tells the computer to ignore any prior tax or credit in the module, and to treat the TC 29X/30X as if it were the TC 150 original return transaction when computing the FTP penalty. This is the reason the original return considered a nullity needs to be completely backed out.

**Example:** Allowed Category 2 and the taxpayer’s actual return shows a balance owed of \$1,000. However, after the return as intended to be filed was math verified the true balance owed is \$1,500. The IRN 871 computation is the taxpayer’s figure of \$1,000. The adjustment input to reflect the taxpayer’s actual return would include a TC 290 for \$1,500 (tax assessed) and the IRN 871 for \$1,000 (tax shown) with PC 2. The computer will compute the FTP penalty from the RDD on the \$1,000 (the lesser of the tax assessed or the IRN amount). Since the taxpayer was unaware of the \$500 tax increase, they have the 21 days from the 23C date to pay the \$500 without the FTP penalty being charged.

25.24.2.8.2  
(01-04-2017)  
**Failure to File (FTF)  
Penalty Consideration**

- (1) The FTF penalty should be considered when:
  - a. The taxpayer’s actual return reflects a tax liability and,  
**Note:** If the taxpayer received a refund in excess of what they should have received and the actual tax return does not show a tax liability owed, then FTF penalty does not apply. The FTF penalty is based on unpaid tax only.
  - b. The taxpayer’s actual return provided with the RPM complaint is received after the due date of the return.

**Reminder:** If applicable, to determine the timeliness of the taxpayer’s paper return filed after a e-file attempt was rejected, refer to (6) in IRM 3.30.123.12.2, Electronic Postmark and Tax Return Due Date.

- (2) The FTF penalty needs to be computed manually and included with the adjustment to the account. The computer cannot systemically generate the penalty if the altered return (TC 150) is timely.
- (3) The chart below illustrates when FTF penalty *may* be applied:

	<b>If the ...</b>	<b>And ...</b>	<b>Then ...</b>
1.	Taxpayer <b>did not</b> authorize filing of a return	Through IDRS/ AMS/CII research, along with the facts of the case, there is an indication the taxpayer made efforts to file a tax return within reasonable time frames or we received the actual return within reasonable time frames (such as research shows the taxpayer attempted to e-file and/or made contact with the IRS advising of issues on account)	FTF penalty does not need to be computed since it can be considered that the taxpayer demonstrated the failure to file is due to reasonable cause and not due to willful neglect. <b>Note:</b> A TC 160.00 is required if the altered return TC 150 was <b>not</b> timely to prevent a systemic generation of the penalty. <b>Note:</b> Leave a CII case note stating reasonable cause established.

	<b>If the ...</b>	<b>And ...</b>	<b>Then ...</b>
2.	Taxpayer <b>did not</b> authorize filing of a return	Through IDRS/ AMS/CII research, along with the facts of the case, there is NO indication the taxpayer made efforts to file a tax return and/or the time frame was not reasonable	FTF penalty should be considered and included on the adjustment unless the taxpayer has established reasonable cause. <b>Note:</b> If there is a posted TC 16X on the module, remember to take that amount into account when inputting your adjustment. <b>Note:</b> If applicable, leave a CII case note stating reasonable cause established.

	If the ...	And ...	Then ...
3.	Taxpayer <b>did</b> authorize the filing of a return	Through IDRS/ AMS/CII research, along with the facts of the case, there is an indication the taxpayer authorized the filing of a false return and the return was further altered without the taxpayer's knowledge (such as the taxpayer had knowledge of and accepted a refund to which they knew they were not entitled)	<p>FTF penalty should be considered and included on the adjustment unless the taxpayer has established reasonable cause.</p> <p><b>Note:</b> If there is a posted TC 16X on the module, remember to take that amount into account when inputting your adjustment.</p> <p><b>Note:</b> If applicable, leave a CII case note stating reasonable cause established.</p>

	If the ...	And ...	Then ...
4.	Taxpayer <b>did</b> authorize the filing of a return	Through IDRS/AMS/CII research, along with the facts of the case, there is an indication the taxpayer received expected amount of refund and/or was unaware of any issues with their original return. (Such as the taxpayer became aware of issues with original return upon subsequent contact made by IRS.)	FTF penalty does not need to be computed since it can be considered the taxpayer demonstrated the failure to file is due to reasonable cause and not due to willful neglect. <b>Note:</b> A TC 160.00 is required if the original altered TC 150 was not timely to prevent a systemic generation of the penalty. <b>Note:</b> Leave a CII case note stating reasonable cause established.

25.24.2.9  
(10-01-2023)  
**Treatment Streams for  
RPM Claims**

- (1) These sections provide guidance for the resolution of an RPM complaint after the preliminary review has been performed. They outline the required steps for each category, the treatment stream for each category, account adjustment considerations and issuance of correspondence.
- (2) Refer to IRM 25.24.2.5.3.1, Identifying RPM Category, if additional information is needed for categorization.
- (3) **IDTVA Specialty Function** examiners utilize the information for the applicable category to determine the treatment stream and also refer to IRM 25.24.2.10, IDTVA Specialty Function RPM Complaint Consideration, to determine how to address the compliance activity.
- (4) In reference to the return as intended to be filed, signed by the taxpayer, in the subsequent sections, consider the return newly signed if the return is signed and dated AFTER the date the original return was filed.

25.24.2.9.1  
(12-05-2022)

**Category 1 -  
Unauthorized Filing**

(1) Determine if the complaint is complete.

	Posted Return Reflects:	
1.	Signing preparer	<ul style="list-style-type: none"> <li>• Tax return as intended to be filed, signed by the taxpayer</li> <li>• Form 14157-A, signed under penalties of perjury (at least one taxpayer, if married filing joint)</li> </ul>
2.	Ghost preparer/ Non-Signing preparer	<ul style="list-style-type: none"> <li>• Tax return as intended to be filed, signed by the taxpayer</li> <li>• Form 14157-A, signed under penalties of perjury (at least one taxpayer, if married filing joint)</li> <li>• Documentation showing 3rd party presented him/herself as preparer</li> <li>• Documentation showing interaction between the taxpayer and the preparer</li> </ul>

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documents above are included, consider the documentation requirement complete. **In some circumstances all the required documentation is not required as outlined below:**

- Tax return is not included because the taxpayer states they are not required to file and research supports that claim (e.g., CC IRPTR or IAT Compliance Suite tool results support no filing requirement).
- Form 14157-A is not included; however, other documentation included contains the required information and the taxpayer provides a statement/explanation signed under penalties of perjury.

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last name and address are included on other documentation.

**Note:** If the address is not provided, however, the preparer can be verified without this information, then it is not required.

- 3rd party documentation is not included; however, internal research or CI referral response satisfies the 3rd party documentation requirement.

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documents above are not included or are included, however, the information provided within the documentation is incomplete.

**Example:** The taxpayer indicates a refund was received and does not include the amount of the refund received on Form 14157-A or other documentation.

**Reminder:** For this category, it is possible the taxpayer is not a victim of preparer misconduct but a victim of identity theft. In some cases, judgment must be used to distinguish between the two. Refer to IRM 25.24.2.5.3.1, Identifying RPM Category, for additional information.

- (2) If a complaint is considered incomplete refer to IRM 25.24.2.6.2, Incomplete Complaints, for additional information. Suspend the case for 40 days (70 days for overseas taxpayers). If a reply is received or the suspense period ends, refer to IRM 25.24.2.6.3, Taxpayer Responses.
- (3) Verify the preparer information. Refer to IRM 25.24.2.5.3.3, Verification of the Preparer, for additional information.

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claim is disallowed. This is necessary to determine the appropriate handling of the actual return provided with the complaint.

**Reminder:** If the complaint is incomplete, a refund trace should be initiated at the same time correspondence is sent to the taxpayer requesting additional information. If response is received prior to the completion of the refund trace, resume working case.

**Exception:** If the complaint was received outside of the time frame for a refund trace, continue with the RPM resolution. Refer to IRM 25.24.2.5.3.4, Refund Trace Requirements, for additional information.

- (5) However, if a refund trace was previously performed and the trace information

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the receipt or non-receipt of a refund and to determine the amount, if any, of an additional refund that may be issued.

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Refer to IRM 25.24.2.5.3.4, Refund Trace Requirements, for additional information.

- c. Verify the taxpayer's statement regarding whether a refund was issued or deposited into an account in the taxpayer's name using the available refund trace information.

**Example:** The taxpayer states no refund was received and available refund trace information shows the refund was NOT deposited into an account in the

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**Example:** The taxpayer states no refund or portion of the refund was received; however, available refund trace shows the entire refund was deposited into an account in the taxpayer's name. The refund amount from the refund trace information would be utilized to determine any additional refund amount. (The taxpayer states they received \$500.00 and trace shows the taxpayer received \$1,000.00. When computing the applicable refund amount allowable, employee would use the \$1,000.00.)

- d. If trace information is not available or available trace information cannot

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**Example:** The taxpayer states portion of the refund received and available refund trace information shows the refund was NOT deposited into an account in the taxpayer’s name. We cannot

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- (6) If the complaint is considered complete and all required documentation, including 3rd party documentation (if applicable) is present and the preparer information is considered verified, then the complaint is accepted.
- (7) The IRS determines the type of relief to which the taxpayer is entitled, and for an allowed claim, considers the original return a nullity and the actual return presented by the taxpayer (unaltered by the preparer) as the taxpayer’s return of record.

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to the preparer, this amount would be considered part of the preparer portion of the refund. If the taxpayer did not authorize the filing of the tax return, the taxpayer would not be held responsible.

- (9) Follow the CAT 1 treatment stream for accepted complaints scenarios and charts below to determine the next actions required.

**Note: IDTVA Specialty Function** examiners utilize the chart below to determine the treatment stream and also refer to IRM 25.24.2.10, IDTVA Specialty Function RPM Complaint Consideration, to determine how to address the compliance activity.

**Reminder:** Ensure any statute issues are taken into account and that the taxpayer is eligible for an additional refund under IRC 6511 (3 year look-back period). Refer to IRM 25.24.2.7.2, Refund Statute Expiration Date (RSED), for additional information.

**CAT 1 Scenario 1: Research and/or available refund trace information shows that the taxpayer did not receive a refund.**

	Return as intended to be filed reflects:	Then:
1.	A refund due	Allow Claim - Taxpayer is eligible for: <ul style="list-style-type: none"> <li>a. Account adjustment to remove the unauthorized return.</li> <li>b. Account adjustment to reflect return as intended to be filed.</li> <li>c. Removal of the preparer portion of the refund, if applicable.</li> <li>d. Applicable additional refund.</li> </ul> Refer to IRM 25.24.2.12, Required Account Considerations, for additional information.

	Return as intended to be filed reflects:	Then:
2.	A balance due	<p>Allow Claim - Taxpayer is eligible for:</p> <ul style="list-style-type: none"> <li>a. Account adjustment to remove the unauthorized return.</li> <li>b. Account adjustment to reflect return as intended to be filed.</li> <li>c. Removal of the preparer portion of the refund, if applicable.</li> </ul> <p><b>Note:</b> Normal collection notices are issued for balance due amount shown on the taxpayer's return as intended to be filed.</p> <p>Refer to IRM 25.24.2.8, Balance Due Cases - Penalty Considerations, and IRM 25.24.2.12, Required Account Considerations, for additional information.</p>
3.	Neither a refund or balance due - taxpayer has no filing requirement	<p>Allow Claim - Taxpayer is eligible for:</p> <ul style="list-style-type: none"> <li>a. Account adjustment to remove the unauthorized return.</li> <li>b. Removal of the preparer portion of the refund, if applicable.</li> </ul> <p>Refer to IRM 25.24.2.12, Required Account Considerations, for additional information.</p>

**CAT 1 Scenario 2: Research and/or available refund trace information shows a portion of the refund was received by the taxpayer.**

	Return as intended to be filed reflects:	Then:
1.	<p>A refund amount that is equal to or exceeds the amount that the taxpayer has received.</p> <p><b>Example:</b> The taxpayer received a refund equal to or less than what they were entitled to on the actual return.</p>	<p>Allow Claim - Taxpayer is eligible for:</p> <ul style="list-style-type: none"> <li>a. Account adjustment to remove the unauthorized return.</li> <li>b. Account adjustment to reflect return as intended to be filed.</li> <li>c. Removal of the preparer portion of the refund, if applicable.</li> <li>d. Remaining balance of refund due per actual return, if applicable.</li> </ul> <p>Refer to IRM 25.24.2.12, Required Account Considerations, for additional information.</p> <p><b>Exception:</b> Follow partial disallowance procedures if issuing a refund less than what the taxpayer expects. Refer to IRM 25.24.2.11.2, Partial Disallowance, for additional information.</p>

	<b>Return as intended to be filed reflects:</b>	<b>Then:</b>
2.	<p>Refund amount that is less than the amount that the taxpayer has received.</p> <p><b>Example:</b> The taxpayer received a refund more than what they were entitled to on the actual return.</p>	<p>Allow Claim - Taxpayer will be asked to repay the erroneous portion of the refund using Category D erroneous refund procedures and is eligible for:</p> <ol style="list-style-type: none"> <li>Account adjustment to remove the unauthorized return.</li> <li>Account adjustment to reflect return as intended to be filed.</li> <li>Removal of the preparer portion of the refund, if applicable.</li> </ol> <p>Refer to IRM 25.24.2.12.3, Category D Erroneous Refunds, for additional information.</p>
3.	Balance due	<p>Allow Claim - Taxpayer will be asked to repay the erroneous portion of the refund using Category D erroneous refund procedures and is eligible for:</p> <ol style="list-style-type: none"> <li>Account adjustment to remove the unauthorized return.</li> <li>Account adjustment to reflect return as intended to be filed.</li> <li>Removal of the preparer portion of the refund, if applicable.</li> </ol> <p><b>Note:</b> Normal collection notices are issued for balance due amount on the taxpayer's return as intended to be filed.</p> <p>Refer to IRM 25.24.2.12.3, Category D Erroneous Refunds, for additional information.</p>
4.	Neither a refund or balance due - taxpayer has no filing requirement	<p>Allow Claim - Taxpayer will be asked to repay the erroneous portion of the refund using Category D erroneous refund procedures and is eligible for:</p> <ol style="list-style-type: none"> <li>Account adjustment to remove the unauthorized return.</li> <li>Removal of the preparer portion of the refund, if applicable.</li> </ol> <p>Refer to IRM 25.24.2.12.3, Category D Erroneous Refunds, for additional information.</p>

25.24.2.9.2  
(12-05-2022)

(1) Determine if the complaint is complete.

**Category 2 - Authorized Filing, Altered Return Information and No Additional Refund is Due to the Taxpayer.**

	Posted Return Reflects:	
1.	Signing preparer	<ul style="list-style-type: none"> <li>• Tax return as intended to be filed signed by the taxpayer</li> <li>• Form 14157, First and Last name of preparer and address</li> <li>• Form 14157-A, signed under penalties of perjury (at least one taxpayer, if married filing joint)</li> </ul>
2.	Ghost preparer/ Non-Signing preparer	<ul style="list-style-type: none"> <li>• Tax return as intended to be filed signed by the taxpayer</li> <li>• Form 14157, First and Last name of preparer and address</li> <li>• Form 14157-A, signed under penalties of perjury (at least one taxpayer, if married filing joint)</li> <li>• Documentation showing 3rd party presented him/herself as preparer</li> <li>• Documentation showing interaction between the taxpayer and the preparer</li> </ul>

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documents above are included, consider the documentation requirement complete. **In some circumstances all the required documentation is not required as outlined below:**

- Tax return is not included because the taxpayer states they are not required to file and research (CC IRPTR) supports that claim.
- Form 14157-A is not included; however, other documentation included contains the required information and the taxpayer provides a statement/explanation signed under penalties of perjury.
- Form 14157 is not included; however, the preparer's first and last name and address are included on other documentation.

**Note:** If the address is not provided, however, the preparer can be verified without this information, then it is not required.

- 3rd party documentation is not included however, internal research or CI referral response satisfies the 3rd party documentation requirement.

documents above are not included or are included, however, the information provided within the documentation is incomplete.

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**Example:** The taxpayer indicates a refund was received and does not include the amount of the refund received on Form 14157-A or other documentation.

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(2) If the complaint is considered incomplete, refer to IRM 25.24.2.6.2, Incomplete Complaints, for additional information. Suspend the case for 40 days (70 days for overseas taxpayers). If a reply is received or the suspense period ends, refer to IRM 25.24.2.6.3, Taxpayer Responses.

(3) Verify the preparer information. Refer to IRM 25.24.2.5.3.3, Verification of the Preparer, for additional information.

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claim is disallowed. This is necessary to determine the appropriate handling of the actual return provided with the complaint.

**Reminder:** If the complaint is incomplete, a refund trace should be initiated at the same time correspondence is sent to the taxpayer requesting additional information. If response is received prior to the completion of the refund trace, resume working case.

**Exception:** If the complaint was received outside of the time frame for a refund trace, continue with the RPM resolution. Refer to IRM 25.24.2.5.3.4, Refund Trace Requirements, for additional information.

(5) However, if a refund trace was previously performed and the trace information

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the receipt or non-receipt of a refund and to determine the amount, if any, of an erroneous refund received by the taxpayer.

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Refer to IRM 25.24.2.5.3.4, Refund Trace Requirements, for additional information.

c. Verify the taxpayer’s statement regarding whether a refund was issued or deposited into an account in the taxpayer’s name using the available refund trace information.

**Example:** The taxpayer states they received the correct or expected portion of the refund amount; however, available refund trace differs showing the entire refund was deposited into an account

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information to determine the amount of the erroneous refund to the taxpayer.

d. If the trace information is not available or available trace information

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**Example:** The taxpayer states portion of the refund received and available refund trace information shows the refund was NOT deposited into an account in the taxpayer’s name. We cannot

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- (6) If the complaint is considered complete and all required documentation, including 3rd party documentation (if applicable) is present and the preparer information is considered verified, then the complaint is accepted.
- (7) The IRS determines the type of relief to which the taxpayer is entitled, and for an allowed claim, considers the original return a nullity and the actual return presented by the taxpayer (unaltered by the preparer) as the taxpayer’s return of record.

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were deducted from the original refund, it must be taken into account when determining preparer portion of refund and any additional refund amounts. The fee amount would not be considered a part of the preparer portion of the refund due to misconduct. However, when the fee is paid by other methods of payment (cash, personal check, unknown), do not take it into account.

- (9) Follow the CAT 2 treatment stream for accepted complaints scenarios and charts below to determine the next actions required.

**Note: IDTVA Specialty Function** examiners utilize the chart below to determine the treatment stream and also refer to IRM 25.24.2.10, IDTVA Specialty Function RPM Complaint Consideration, to determine how to address the compliance activity.

**CAT 2 Scenario 1: Research and/or available refund trace information shows that the taxpayer did not receive a refund.**

	Return as intended to be filed reflects:	Then:
1.	A balance due	<p>Allow Claim - Taxpayer is eligible for:</p> <ul style="list-style-type: none"> <li>a. Account adjustment to remove the nullified return.</li> <li>b. Account adjustment to reflect return as intended to be filed.</li> <li>c. Removal of the preparer portion of the refund, if applicable.</li> </ul> <p><b>Note:</b> Normal collection notices are issued for a balance due amount on the taxpayer’s return of record.</p> <p>Refer to IRM 25.24.2.8, Balance Due Cases - Penalty Considerations, and IRM 25.24.2.12, Required Account Considerations, for additional information.</p>

**CAT 2 Scenario 2: Research and/or available refund trace information shows a portion of the refund was received by the taxpayer.**

	<b>Return as intended to be filed reflects:</b>	<b>Then:</b>
1.	A refund amount that is equal to the amount the taxpayer has received	<p>Allow Claim - Taxpayer is eligible for:</p> <ul style="list-style-type: none"> <li>a. Account adjustment to remove the nullified return.</li> <li>b. Account adjustment to reflect return as intended to be filed.</li> <li>c. Removal of the preparer portion of the refund, if applicable.</li> </ul> <p>Refer to IRM 25.24.2.12, Required Account Considerations, for additional information.</p>
2.	<p>A refund amount that is less than the amount the taxpayer has received.</p> <p><b>Example:</b> The taxpayer received a refund more than what they were entitled to on the actual return.</p>	<p>Allow Claim - The taxpayer will be asked to repay the erroneous portion of the refund using Category D erroneous refund procedures and is eligible for:</p> <ul style="list-style-type: none"> <li>a. Account adjustment to remove the nullified return.</li> <li>b. Account adjustment to reflect return as intended to be filed.</li> <li>c. Removal of the preparer portion of the refund, if applicable.</li> </ul> <p><b>Note:</b> If the taxpayer's return as intended to be filed shows a balance due, normal collection notices are issued.</p> <p>Refer to IRM 25.24.2.12.3, Category D Erroneous Refunds, for additional information.</p>
3.	A balance due	<p>Allow Claim - The taxpayer will be asked to repay the erroneous portion of the refund using Category D erroneous refund procedures and is eligible for:</p> <ul style="list-style-type: none"> <li>a. Account adjustment to remove the nullified return.</li> <li>b. Account adjustment to reflect return as intended to be filed.</li> <li>c. Removal of the preparer portion of the refund, if applicable.</li> </ul> <p><b>Note:</b> Normal collection notices are issued for a balance due amount on the taxpayer's return as intended to be filed.</p> <p>Refer to IRM 25.24.2.12.3, Category D Erroneous Refunds, for additional information.</p>

25.24.2.9.3  
(12-05-2022)

(1) Determine if the complaint is complete.

**Category 3 - Authorized Filing, Altered Return Information and the Taxpayer is Requesting an Additional Refund**

	<b>Posted Return Reflects:</b>	
1.	Signing preparer	<ul style="list-style-type: none"> <li>• Tax return as intended to be filed signed by the taxpayer</li> <li>• Form 14157, First and Last name of preparer and address</li> <li>• Form 14157-A, signed under penalties of perjury (at least one taxpayer, if married filing joint)</li> <li>• Official law enforcement agency report (e.g. police department, State Attorney General, CI, TIGTA), signed or otherwise demonstrably shown to be accepted by that agency and must contain:                             <ul style="list-style-type: none"> <li>• Tax year(s) involved</li> <li>• Preparer's first and last name</li> <li>• Statement describing preparer misconduct and theft of refund</li> </ul> </li> </ul>

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	Posted Return Reflects:	
2.	Ghost preparer/ Non-Signing preparer	<ul style="list-style-type: none"> <li>• Tax return as intended to be filed signed by the taxpayer</li> <li>• Form 14157, First and Last name of preparer and address</li> <li>• Form 14157-A, signed under penalties of perjury (at least one taxpayer, if married filing joint)</li> <li>• Documentation showing 3rd party presented him/herself as preparer</li> <li>• Documentation showing interaction between the taxpayer and the preparer</li> <li>• Official law enforcement agency report (e.g. police department, State Attorney General, CI, TIGTA), signed or otherwise demonstrably shown to be accepted by that agency and must contain:                             <ul style="list-style-type: none"> <li>• Tax year(s) involved</li> <li>• Preparer's first and last name</li> <li>• Statement describing preparer misconduct and theft of refund</li> </ul> </li> </ul>

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**Note:** In cases that meet Category 3 where the original refund is frozen for the full amount in question, the law enforcement agency report is not required. However, on cases where a partial refund was released to the preparer, a law enforcement agency report is required.

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documents above are included, consider the documentation requirement complete. In some circumstances all the required documentation is not required as outlined below:

- Form 14157-A is not included; however, other documentation included contains the required information and the taxpayer provides a statement/explanation signed under penalties of perjury.
- Form 14157 is not included; however, the preparer's first and last name and address are included on other documentation.

**Note:** If the address is not provided, however, the preparer can be verified without this information, then it is not required.

- For pre-existing cases, official law enforcement agency report is not included; however, the taxpayer provides an alternative statement documenting the taxpayer's attempt to secure a police report signed under penalties of perjury along with a statement from TAS documenting their

assistance/attempts in obtaining a police report. The taxpayer statement should contain the return preparer's first and last name and description of the preparer misconduct and theft of refund.

- 3rd party documentation is not included; however, internal research or CI referral response satisfies the 3rd party documentation requirement.

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documents above are not included or are included, however, the information provided within the documentation is incomplete.

**Example:** The taxpayer indicates a refund was received and does not include the amount of the refund received on Form 14157-A or other documentation.

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- (2) If the complaint is considered incomplete refer to IRM 25.24.2.6.2, Incomplete Complaints, for additional information. Suspend the case for 40 days (70 days for overseas taxpayers). If a reply is received or the suspense period ends, refer to IRM 25.24.2.6.3, Taxpayer Responses.

- (3) Verify the preparer information. Refer to IRM 25.24.2.5.3.3, Verification of the Preparer, for additional information.

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verify whether a refund was issued in the taxpayer's name. Utilize the trace information to verify the receipt or non-receipt of a refund and to determine the refund amount, if any, that may be issued.

**Note:** If the taxpayer was reimbursed by the preparer's company acknowledging RPM or the SPEC referral indicates RPM (intentional act) and the taxpayer was reimbursed by the VITA/TCE partner, follow the applicable guidance in the chart below.

**Exception:** If the complaint was received outside of the time frame for a refund trace refer to IRM 25.24.2.5.3.4, Refund Trace Requirements, and IRM 25.24.2.11.3, No Consideration of Claims, for additional information.

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- c. no trace information is available, initiate a refund trace. Refer to IRM 25.24.2.5.3.4, Refund Trace Requirements for additional information.  
Verify the taxpayer's statement regarding whether a refund was issued or deposited into an account in the taxpayer's name using the refund trace information.

**Example:** The taxpayer states no refund was received and refund trace information shows the refund was NOT deposited into an

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**Example:** The taxpayer states no refund or portion of the refund was received; however, refund trace shows the entire refund was

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mation to determine refund amount, if applicable.

- d. If trace information cannot verify the receipt or non-receipt of the refund,

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**Example:** The taxpayer states portion of the refund received and available refund trace information shows the refund was NOT deposited into an account in the taxpayer's name. We cannot

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- (5) If the complaint is considered complete and all required documentation, including 3rd party documentation (if applicable) is present and the preparer information is considered verified then the complaint is accepted.
- (6) The IRS determines the type of relief to which the taxpayer is entitled, and for an allowed claim, considers the original return a nullity and the actual return presented by the taxpayer (unaltered by the preparer) as the taxpayer's return of record.

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were deducted from the original refund, it must be taken into account when determining preparer portion of refund and any additional refund amounts. The fee amount would not be considered a part of the preparer portion of the refund due to misconduct. However, when the fee is paid by other methods of payment (cash, personal check, unknown), do not take it into account.

- (8) Follow the CAT 3 treatment stream for accepted complaints scenarios and charts below to determine the next actions required.

**Note: IDTVA Specialty Function** examiners utilize the charts below to determine the treatment stream and also refer to IRM 25.24.2.10, IDTVA Specialty Function RPM Complaint Consideration, to determine how to address the compliance activity.

**Reminder:** Ensure any statute issues are taken into account and that the taxpayer is eligible for an additional refund under IRC 6511 (3 year look-back period). Refer to IRM 25.24.2.7.2, Refund Statute Expiration Date (RSED), for additional information.

**CAT 3 Scenario 1: Research and/or refund trace shows that the taxpayer did not receive a refund.**

	<b>The law enforcement agency report requirement (or alternative statement requirement, if applicable) is:</b>	<b>Then:</b>
1.	<p>Satisfied</p> <ul style="list-style-type: none"> <li>• Preparer named is consistent with complaint and tax return, if applicable.</li> </ul>	<p>Allow Claim - Taxpayer is eligible for:</p> <ol style="list-style-type: none"> <li>a. Account adjustment to remove the nullified return.</li> <li>b. Account adjustment to reflect return as intended to be filed.</li> <li>c. Removal of the preparer portion of the refund, if applicable.</li> <li>d. Applicable additional refund.</li> </ol> <p>Refer to IRM 25.24.2.12, Required Account Considerations, for additional information.</p>
2.	<p>Not satisfied</p> <ul style="list-style-type: none"> <li>• Preparer named is not consistent with complaint and tax return, if applicable or</li> <li>• No law enforcement agency report or</li> <li>• No alternative statement in lieu of report is submitted with the complaint (if pre-existing case)</li> </ul>	<p>Partial Disallowance (Certified letter 5956C) - Taxpayer is eligible for:</p> <ol style="list-style-type: none"> <li>a. Account adjustment to remove the nullified return.</li> <li>b. Account adjustment to reflect return as intended to be filed.</li> <li>c. Removal of the preparer portion of the refund, if applicable.</li> <li>d. NO additional refund since law enforcement agency report requirements not satisfied.</li> </ol> <p>Refer to IRM 25.24.2.11.2, Partial Disallowance, for additional information.</p>

**CAT 3 Scenario 2: Research and/or refund trace shows a portion of the refund was received by the taxpayer or the refund was reimbursed to the taxpayer by the company or VITA/TCE site, acknowledging RPM AND the refund amount received by the taxpayer is EQUAL to the refund on the actual return:**

	The law enforcement agency report requirement (or alternative statement requirement, if applicable) is:	Then:
1.	Satisfied/Not Satisfied	Partial Disallowance (Certified letter 5956C) - Taxpayer is eligible for: <ul style="list-style-type: none"> <li>a. Account adjustment to remove the nullified return.</li> <li>b. Account adjustment to reflect return as intended to be filed.</li> <li>c. NO additional refund is due since our records show taxpayer previously received the applicable amount.</li> </ul> Refer to IRM 25.24.2.11.2, Partial Disallowance, for additional information. <b>Note:</b> If law enforcement agency report information does not match, also include explanation regarding the inconsistent information in the 5956C letter.

**CAT 3 Scenario 3: Research and/or refund trace shows a portion of the refund was received by the taxpayer or the refund was reimbursed to the taxpayer by the company or VITA/TCE site, acknowledging RPM AND the refund amount received by the taxpayer is LESS than what the taxpayer is entitled to on the actual return:**

	<b>The law enforcement agency report requirement (or alternative statement requirement, if applicable) is:</b>	<b>Then:</b>
1.	<p>Satisfied</p> <ul style="list-style-type: none"> <li>• Preparer named is consistent with complaint and tax return, if applicable.</li> </ul>	<p>Allow Claim - Taxpayer is eligible for:</p> <ol style="list-style-type: none"> <li>a. Account adjustment to remove the nullified return.</li> <li>b. Account adjustment to reflect return as intended to be filed.</li> <li>c. Removal of the preparer portion of the refund, if applicable.</li> <li>d. Applicable additional refund.</li> </ol> <p>Refer to IRM 25.24.2.12, Required Account Considerations, for additional information.</p> <p><b>Exception:</b> Partial Disallowance (Certified letter 5956C):</p> <ul style="list-style-type: none"> <li>• If the difference between the refund received by the taxpayer and the refund on the actual return matches the fee paid to the preparer then no refund will be issued or</li> <li>• If the refund trace confirms the portion received is greater than what the taxpayer states then issue only the remaining balance of refund.</li> </ul> <p>Refer to IRM 25.24.2.11.2, Partial Disallowance, for additional information.</p>
2.	<p>Not satisfied</p> <ul style="list-style-type: none"> <li>• Preparer named is not consistent with complaint and tax return, if applicable.</li> <li>• No law enforcement agency report or (if pre-existing case) No alternative statement in lieu of report is submitted with the complaint</li> </ul>	<p>Partial Disallowance (Certified letter 5956C) - Taxpayer is eligible for:</p> <ol style="list-style-type: none"> <li>a. Account adjustment to remove the nullified return.</li> <li>b. Account adjustment to reflect return as intended to be filed.</li> <li>c. Removal of the preparer portion of the refund.</li> <li>d. NO additional refund since law enforcement agency report requirements not met.</li> </ol> <p>Refer to IRM 25.24.2.11.2, Partial Disallowance, for additional information.</p>

**CAT 3 Scenario 4: Research and/or refund trace shows a portion of the refund was received by the taxpayer or the refund was reimbursed to the taxpayer by the company or VITA/TCE site, acknowledging RPM AND the refund amount received by the taxpayer EXCEEDS what the taxpayer is entitled to on the actual return:**

	The law enforcement agency report requirement (or alternative statement requirement, if applicable) is:	Then:
1.	Satisfied/Not Satisfied	<p>Partial Disallowance (Certified letter 5956C) - The taxpayer will be asked to repay the erroneous portion of the refund using Category D erroneous refund procedures and is eligible for:</p> <ul style="list-style-type: none"> <li>a. Account adjustment to remove the nullified return.</li> <li>b. Account adjustment to reflect return as intended to be filed.</li> <li>c. Removal of the preparer portion of the refund.</li> </ul> <p>Refer to IRM 25.24.2.11.2, Partial Disallowance, and IRM 25.24.2.12.3, Category D Erroneous Refunds, for additional information.</p>

25.24.2.9.4  
(12-05-2022)

(1) Determine if the complaint is complete.

**Category 4 - Misdirected Refund Only and the Taxpayer is Requesting an Additional Refund**

	Posted Return Reflects:	
1.	Signing preparer	<ul style="list-style-type: none"> <li>• Form 14157, First and Last name of preparer and address</li> <li>• Form 14157-A, signed under penalties of perjury (at least one taxpayer, if married filing joint)</li> <li>• Official law enforcement agency report (e.g. police department, State Attorney General, CI, TIGTA), signed or otherwise demonstrably shown to be accepted by that agency and must contain:                             <ul style="list-style-type: none"> <li>• Tax year(s) involved</li> <li>• Preparer's first and last name</li> <li>• Statement describing preparer misconduct and theft of refund</li> </ul> </li> </ul>

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	Posted Return Reflects:	
2.	Ghost preparer/ Non-Signing preparer	<ul style="list-style-type: none"> <li>• Form 14157, First and Last name of preparer and address</li> <li>• Form 14157-A, signed under penalties of perjury (at least one taxpayer, if married filing joint)</li> <li>• Documentation showing 3rd party presented him/herself as preparer</li> <li>• Documentation showing interaction between the taxpayer and the preparer</li> <li>• Official law enforcement agency report (e.g. police department, State Attorney General, CI, TIGTA), signed or otherwise demonstrably shown to be accepted by that agency and must contain:                             <ul style="list-style-type: none"> <li>• Tax year(s) involved</li> <li>• Preparer's first and last name</li> <li>• Statement describing preparer misconduct and theft of refund</li> </ul> </li> </ul>

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**Note:** In cases that meet Category 4 where the original refund is frozen for the full amount in question, the law enforcement agency report is not required. However, on cases where a partial refund was released to the preparer, a law enforcement agency report is required.

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documents above are included, consider the documentation requirement complete. In some circumstances all the required documentation is not required as outlined below:

- Form 14157-A is not included; however, other documentation included contains the required information and the taxpayer provides a statement/explanation signed under penalties of perjury.
- Form 14157 is not included; however, the preparer's first and last name and address are included on other documentation.

**Note:** If the address is not provided, however, the preparer can be verified without this information, then it is not required.

- 3rd party documentation is not included; however, internal research or CI referral response satisfies the 3rd party documentation requirement.
- For pre-existing cases, official law enforcement agency report is not

included; however, the taxpayer provides an alternative statement documenting the taxpayer's attempt to secure a police report signed under penalties of perjury along with a statement from TAS documenting their assistance/attempts in obtaining a police report. The taxpayer statement should contain the return preparer's first and last name and description of the preparer misconduct and theft of refund.

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documents above are not included or are included, however, the information provided within the documentation is incomplete.

**Example:** The taxpayer indicates a refund was received and does not include the amount of the refund received on Form 14157-A or other documentation.

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- (2) If the complaint is considered incomplete, refer to IRM 25.24.2.6.2, Incomplete Complaints, for additional information. Suspend the case for 40 days (70 days for overseas taxpayers). If a reply is received or the suspense period ends, refer to IRM 25.24.2.6.3, Taxpayer Responses.
- (3) Verify the preparer information. Refer to IRM 25.24.2.5.3.3, Verification of the Preparer, for additional information.

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whether a refund was issued in the taxpayer's name. Utilize the trace information to verify the receipt or non-receipt of a refund and to determine the amount, if any, of an additional refund that may be issued.

**Note:** If the taxpayer was reimbursed by the preparer's company acknowledging RPM or the SPEC referral indicates RPM (intentional act) and the taxpayer was reimbursed by the VITA/TCE partner, follow the applicable guidance in the chart below.

**Exception:** If the complaint was received outside of the time frame for a refund trace refer to IRM 25.24.2.5.3.4, Refund Trace Requirements, and IRM 25.24.2.11.3, No Consideration of Claims, for additional information.

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no trace information is available, initiate a refund trace. Refer to IRM 25.24.2.5.3.4, Refund Trace Requirements, for additional information.

- c. Verify the taxpayer's statement regarding whether a refund was issued or deposited into an account in the taxpayer's name using the refund trace information.

**Example:** The taxpayer states no refund was received and refund trace information shows the refund was NOT deposited into an account in the taxpayer's

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**Example:** The taxpayer states no refund or portion of the refund was received; however, refund trace shows the entire refund was deposited into an

- d. If trace information cannot verify the receipt or non-receipt of the refund,

**Example:** The taxpayer states portion of the refund received and available refund trace information shows the refund was NOT deposited into an account in the taxpayer’s name. We cannot

- (5) If the complaint is considered complete and all required documentation, including 3rd party documentation (if applicable) is present and the preparer information is considered verified, then the complaint is accepted.
- (6) The IRS determines the type of relief the taxpayer is entitled. **For Category 4 cases the original return is considered valid and not considered a nullity.**

were deducted from the original refund, it must be taken into account when determining preparer portion of refund and any additional refund amounts. The fee amount would not be considered a part of the preparer portion of the refund due to misconduct. However, when the fee is paid by other methods of payment (cash, personal check, unknown), do not take it into account.

- (8) Follow the CAT 4 treatment stream for accepted complaints scenarios and charts below to determine the next actions required.

**Note: IDTVA Specialty Function** examiners utilize the chart below to determine the treatment stream and also refer to IRM 25.24.2.10, IDTVA Specialty Function RPM Complaint Consideration, to determine how to address the compliance activity.

**Reminder:** Ensure any statute issues are taken into account and that the taxpayer is eligible for an additional refund under IRC 6511 (3 year look-back period). Refer to IRM 25.24.2.7.2, Refund Statute Expiration Date (RSED), for additional information.

**CAT 4 Scenario 1: Research and/or refund trace confirms that the taxpayer did not receive a refund.**

	The law enforcement agency report requirement (or alternative statement requirement, if applicable) is:	Then:
1.	Satisfied <ul style="list-style-type: none"> <li>Preparer named is consistent with complaint and tax return, if applicable.</li> </ul>	Allow Claim - Taxpayer is eligible for: <ol style="list-style-type: none"> <li>Removal of the preparer portion of the refund, if applicable.</li> <li>Applicable additional refund.</li> </ol> Refer to IRM 25.24.2.12, Required Account Considerations, for additional information.

	<b>The law enforcement agency report requirement (or alternative statement requirement, if applicable) is:</b>	<b>Then:</b>
2.	Not satisfied <ul style="list-style-type: none"> <li>• Preparer named is not consistent with complaint and tax return, if applicable or</li> <li>• No law enforcement agency report or</li> <li>• No alternative statement in lieu of report is submitted with the complaint (if pre-existing case)</li> </ul>	No Consider the claim for RPM (Letter 5956C) <ul style="list-style-type: none"> <li>• NO additional refund since law enforcement agency report requirements not satisfied.</li> </ul> Refer to IRM 25.24.2.11.3, No Consideration of Claims, for additional information.

***CAT 4 Scenario 2: Research and/or refund trace shows ENTIRE refund was received by the taxpayer:***

	<b>The law enforcement agency report requirement (or alternative statement requirement, if applicable) is:</b>	<b>Then:</b>
1.	Satisfied/Not Satisfied	No Consider the claim for RPM (Letter 5956C) <ul style="list-style-type: none"> <li>• NO additional refund is due since our records show taxpayer previously received entire amount.</li> </ul> Refer to IRM 25.24.2.11.3, No Consideration of Claims, for additional information.

***CAT 4 Scenario 3: Refund was reimbursed to the taxpayer by the company or VITA/TCE site, acknowledging RPM:***

	<b>The law enforcement agency report requirement (or alternative statement requirement, if applicable) is:</b>	<b>Then:</b>
1.	Satisfied/Not Satisfied	No Consider the claim for RPM (Letter 5956C) <ul style="list-style-type: none"> <li>• RPM portion of claim is allowed; however, NO additional refund is due since our records show taxpayer was reimbursed the amount of the original refund.</li> </ul> Refer to IRM 25.24.2.11.3, No Consideration of Claims, for additional information.

**CAT 4 Scenario 4: Research and/or refund trace shows only a portion of the refund was received by the taxpayer:**

	<b>The law enforcement agency report requirement (or alternative statement requirement, if applicable) is:</b>	<b>Then:</b>
1.	<p>Satisfied</p> <ul style="list-style-type: none"> <li>Preparer named is consistent with complaint and tax return, if applicable.</li> </ul>	<p>Allow Claim - Taxpayer is eligible for:</p> <ol style="list-style-type: none"> <li>Removal of the preparer portion of the refund, if applicable.</li> <li>Applicable additional refund.</li> </ol> <p><b>Note:</b> If a refund trace confirms that the portion received is greater than what taxpayer states, then issue only the remaining balance of refund. Provide an explanation for the reduced refund amount.</p> <p>Refer to IRM 25.24.2.12, Required Account Considerations, for additional information.</p> <p><b>Exception:</b> No Consider the claim for RPM (Letter 5956C)</p> <ul style="list-style-type: none"> <li>If the amount of the refund the taxpayer did not receive matches the fee paid to the preparer, then there is no preparer portion of the refund and no refund will be issued.</li> </ul> <p>Refer to IRM 25.24.2.11.3, No Consideration of Claims, for additional information.</p>
2.	<p>Not satisfied</p> <ul style="list-style-type: none"> <li>Preparer named is not consistent with complaint and tax return, if applicable or</li> <li>No law enforcement agency report or</li> <li>No alternative statement in lieu of report is submitted with the complaint (if pre-existing case)</li> </ul>	<p>No Consider the claim for RPM (Letter 5956C)</p> <ul style="list-style-type: none"> <li>NO additional refund since law enforcement agency report requirements not satisfied.</li> </ul> <p>Refer to IRM 25.24.2.11.3, No Consideration of Claims, for additional information.</p>

25.24.2.10  
(10-01-2022)  
**IDTVA Specialty  
Function RPM Complaint  
Considerations**

(1) RPM receipts are referred from Identity Protection Specialized Unit (IPSU), AM or any other function and assigned directly to the IDTVA Specialty Function team on CII rather than through the AUR or Exam function. It is important that all newly assigned cases are reviewed on the applicable compliance systems to ensure the case has been suspended or closed.

**Note: Exam Cases Only:** Do not confuse cases under the Return Preparer Program (RPP) with RPM victim assistance. Any cases under the RPP (e.g. Program Action Cases, see IRM 4.1.10, Return Preparer Program Coordinator or IRM 4.19.15.25, Return Preparer Referrals) do not automatically

qualify for victim relief. The taxpayer must state they are a victim of preparer misconduct and provide the necessary documentation to be considered for the relief.

- (2) Open AUR cases must be researched on the AUR system to ensure the case has been suspended in the process code SI until the RPM allegation has been reviewed and a determination made. Open AUR cases can be identified by reviewing TXMOD. If there is a TC 922 without an assessment, the AUR case is open. Another way to identify an open AUR case is by an open TXMOD control with category code URP- or URPS. This can be identified when working the Case Control Activity (CCA) 4244, *IDRS Multiple Case Control Report* listing on a weekly basis. Upon research, if the process code is not SI on the AUR system, contact the appropriate AUR coordinator via email or fax to request the case be suspended and placed in process code SI. A listing of the AUR IDT Coordinators can be found on SERP under the Who/Where tab, *AUR IDT Coordinators*. Contact must be made to ensure that AUR does not continue with their process which may include an unwarranted assessment.
- (3) If a referral is received with an open AIMS (-L freeze on master file), contact the Exam functional coordinator as appropriate per IRM 25.24.2.10.2.1, Open Exam Issues, upon receipt of the case. Contact must be made to ensure Exam does not continue with their process which may include an unwarranted assessment. Review the CCA 4243, *IDRS Overage Report*, to ensure new receipts with open L freezes are addressed.
- (4) Attach a copy of the Form 3210 and/or the email or fax to the CII record(s) whenever contacting the AUR or Exam coordinators.
- (5) When RPM allegations are received and a treatment stream has been determined per IRM 25.24.2.9, Treatment Streams for RPM Claims, the compliance involvement on the account must be taken into consideration when determining the next actions. The following subsections provide guidance for specific compliance issues.

**Note:** All other RPM procedures will be followed, if applicable. For example, issue correspondence, TC 971 requirements, etc.

- (6) When a Statutory Notice of Deficiency (SNOD) was issued, an assessment made and it is determined the taxpayer received a refund for more than entitled, the portion covered by the SNOD is subject to normal collection action rather than an erroneous refund. When this occurs, the portion determined to be covered by erroneous refund procedures and the portion subject to normal collection actions needs to be manually computed.

25.24.2.10.1  
(12-10-2018)

#### **AUR RPM Complaint Actions**

- (1) Open AUR cases are considered a priority and must be worked within 120 days of receipt in IDTVA. If a case cannot be closed within 120 days, contact must be made with the appropriate *AUR IDT Coordinators* to request additional time. This is in addition to leaving a case note on the AUR system. If contact is not made within 120 days, AUR will close the case using process code 17.

**Example:** While initially working the RPM complaint and it is determined additional information is needed (correspondence with taxpayer, CI referral etc.), an email must be sent at that time to the AUR coordinator if the suspense time frame expires within 10 days of the 120 day AUR time frame.

- (2) The AUR issues on the account must be reviewed and taken into consideration. The handling of the account may differ depending on whether the case is an open AUR or closed AUR case. Follow the applicable subsection for guidance.

25.24.2.10.1.1  
(12-10-2018)  
**Open AUR Issues**

- (1) For open AUR issues, follow the chart below to determine the correct case disposition.

	<b>If ...</b>	<b>And ...</b>	<b>Then ...</b>
1.	Open AUR with all under reported (UR) income included on return as intended to be filed	Allowed RPM claim	Follow the steps in the applicable treatment stream chart based upon the category in IRM 25.24.2.9, Treatment Streams for RPM Claims, and: <ol style="list-style-type: none"> <li>1. Enter AUR case notes.</li> <li>2. Return case to AUR and tell that the RPM was allowed and there are no outstanding issues. Note: If a portion of the UR income is included on the return as intended to be filed, notify AUR of the portion of the UR income that was included as part of the RPM complaint.</li> <li>3. Close CII case.</li> </ol>

	If ...	And ...	Then ...
2.	Open AUR with UR income not included on return as intended to be filed	Allowed RPM claim	Follow the steps in the applicable treatment stream chart based upon the category in IRM 25.24.2.9, Treatment Streams for RPM Claims, and: <ol style="list-style-type: none"> <li>1. Enter AUR case notes.</li> <li>2. Return case to AUR and tell that the RPM claim was allowed and there are outstanding issues.</li> <li>3. Close CII case.</li> </ol>
3.	Open AUR and the RPM issues are the same as the AUR issues. <b>Example:</b> The taxpayer alleges the preparer added in AOTC.	Disallowed RPM claim - Regardless of dollar amount	<ol style="list-style-type: none"> <li>1. Issue certified 5956C as applicable.</li> <li>2. Input TC 290.00 and RC 131 with the applicable blocking series.</li> <li>3. Enter AUR case notes.</li> <li>4. Return case to AUR and tell that the RPM claim was disallowed and continue with the UR income.</li> <li>5. Close CII case.</li> </ol>

	If ...	And ...	Then ...
4.	Open AUR and the RPM issues are not the same as the AUR issues.	Disallowed RPM	<ol style="list-style-type: none"> <li>1. Issue certified 5956C as applicable.</li> <li>2. Input TC 290.00 and RC 131 with the applicable blocking series.</li> <li>3. Enter AUR case notes.</li> <li>4. Return case to AUR and tell that the RPM claim was disallowed and continue with the UR income.</li> <li>5. Close CII case.</li> </ol>

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	If ...	And ...	Then ...
5.	Open AUR and the RPM issues are not the same as the AUR issues.	Disallowed RPM	<ol style="list-style-type: none"> <li>1. Issue certified 5956C as applicable.</li> <li>2. Input TC 290.00 and RC 131 with the applicable blocking series.</li> <li>3. Enter AUR case notes.</li> <li>4. Return case to AUR and tell that the RPM claim was disallowed and to close AUR case as a referral to Exam.</li> <li>5. When referring to Cat A, include a statement that identifies the UR income that must be included as part of the exam assessment.</li> <li>6. Once a response is received from CAT A, close CII case.</li> </ol>

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as intended to be filed and not the AUR changes.

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(2) When all final account actions have been finalized, open AUR cases need to be referred back to AUR. Information regarding the determination must be communicated to the AUR function via Case Notes on the AUR system. Case notes include:

- Information regarding which Information Returns to delete, if any.
- Follow up actions required (e.g., Recomputed Notice, Default, or Case Closure).
- CII case ID number containing the taxpayer responses for AUR to consider.

**Note:** Provide AUR with general guidance on how to process the RPM issue. AUR's instructions are subject to change; therefore, avoid using specific AUR directions, such as specific process codes to use.

- (3) Standard Case notes were developed to assist with notifying AUR of the case disposition. The standard case notes are as follows:
- 26 IDTVA – RPM – Case was determined to not meet RPM criteria. Case requires referral to Exam. PC needs to be input that closes the case to Campus Exam.
  - 29 IDTVA – RPM – Case was determined not to be RPM. Continue processing.
  - 30 IDTVA – RPM – Letter was issued to the taxpayer requesting additional information and date has expired with no response. Continue processing.
- (4) AUR must be sent a list of taxpayer identification numbers (TINs) for AUR cases completed by IDTVA. This indicates to AUR that a next action is needed. The cases need to be sent back to the AUR site where the case originated. The DLN of the TC 922 reflects the AUR site that worked the case. This list can be sent via email or fax to the AUR IDT coordinator. A listing of the AUR IDT Coordinators can be found on the SERP under the Who/Where tab *AUR IDT Coordinators*. Leave a CII case note indicating that the TIN was sent.

25.24.2.10.1.2  
(10-01-2019)

**Closed AUR Issues**

- (1) For closed AUR cases, follow the chart to determine the correct case disposition.

	<b>If ...</b>	<b>And ...</b>	<b>Then ...</b>
1.	Closed AUR with UR assessment and the taxpayer includes the UR income on the return as intended to be filed	Allowed RPM claim	Follow the steps in the applicable treatment stream chart based upon the category in IRM 25.24.2.9, Treatment Streams for RPM Claims, and: If all UR issues addressed, the account should already reflect the return as intended to be filed. Back out procedures to nullify will be bypassed. 1. Input 290.00, BL 00 with RC 131. 2. Move the preparer portion of the refund to the 1547 account, if applicable.

	If ...	And ...	Then ...
2.	Closed AUR with UR assessment and the taxpayer does not include all of the UR income on the return as intended to be filed	Allowed RPM Claim	See paragraph 2 below chart.
3.	Closed AUR with UR assessment regardless whether the UR income is included on the return as intended to be filed		<ol style="list-style-type: none"> <li>1. Issue certified 5956C as applicable.</li> <li>2. Input TC 290.00 and RC 131 with the applicable blocking series.</li> <li>3. Do not route to Exam.</li> <li>4. Do not reverse the AUR assessment.</li> </ol>
4.	<p>Closed AUR with UR assessment and the AUR assessment is the same as the RPM issue.</p> <p><b>Example:</b> AUR assessment was the Education credit. The RPM allegation is the preparer added the Education credit after the return was signed. Since the AUR issue is the same as the RPM issue, do not route to Exam. The issue was already assessed through deficiency procedures.</p>	Disallowed RPM claim -	<p>Do not reverse the AUR assessment.</p> <ol style="list-style-type: none"> <li>1. Issue certified 5956C as applicable.</li> <li>2. Input TC 290.00 and RC 131 with the applicable blocking series.</li> <li>3. Do not route to Exam.</li> <li>4. Close the case.</li> </ol>

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	If ...	And ...	Then ...
5.	Closed AUR with UR assessment and the AUR assessment is not the same as the RPM issue.	Disallowed RPM claim -	Do not reverse the AUR assessment. 1. Issue certified 5956C as applicable. 2. Input TC 290.00 and RC 131 with the applicable blocking series. 3. Send to CATA using the primary reason RPM Refundable Credits or RPM Other. Refer to IRM 25.24.2.11.1, Disallowance, for additional information. 4. Upon return from CAT A, close case.

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as intended to be filed and not the AUR changes.

- (2) In closed AUR cases with an assessment in which the AUR issues are not the same as the RPM issues, the AUR assessment may be valid and remain on the account if the SNOD was properly issued. A SNOD is properly issued when mailed to the taxpayer's address of record.

**Note:** If a determination is made that the SNOD was not properly issued, elevate case to ITVA HQ (copy IDTVA P&A POC) prior to making any account adjustments.

- a. Determine what was included in the AUR assessment. This can be determined by reviewing the CP2000. Determine whether the SNOD was issued to the taxpayer's address of record. If the SNOD was issued to the taxpayer's address of the record, the assessment is valid and should not be reversed.
- b. If the taxpayer did not address some of the AUR issues then that portion of the assessment is still considered valid. Recalculate the tax and/or credits, if applicable, depending on the RPM issues, the return as intended to be filed and the AUR assessment.
- c. Full back-out nullity procedures are bypassed since the AUR assessment is considered valid. A netting adjustment is input to the recalculated amounts, if necessary.

**Example:** A taxpayer alleges RPM and no receipt of refund. The AUR issues were wages, withholding, Education Credit and the American Opportunity Tax Credit (AOTC). The RPM issue is the AOTC. The taxpayer provides all of the necessary information to show that the preparer altered the return by adding the AOTC and received the additional refund; however, the return as intended to be filed fails to include the underreported wages and additional withholding. The SNOD was issued to the tax-

payer's address of record and an assessment made. To correct the account the following adjustments are required:

- Input 290.00, BL 00, RC 131.
- Move the preparer portion of the refund to the 1547 account (AOTC amount).
- Since the taxpayer did not include the underreported income, the AUR assessment would not need to be recalculated as the underreported assessment removed the education credit and the AOTC. Since the SNOD was issued to the taxpayer's address of record, the AUR assessment is valid and would remain on the account.

- (3) If the RPM issues are not the same as the AUR issues and the taxpayer includes documents in the RPM claim to address the AUR issues, provide the CII case ID number to AUR for reconsideration.

25.24.2.10.1.3  
(08-24-2017)

**AUR Accuracy-Related Penalties**

- (1) AUR may have included an accuracy-related penalty when an assessment was made. The accuracy-related penalty needs to be considered depending upon the RPM determination and the necessary account adjustments.
- (2) When a determination is made that the taxpayer is a victim of RPM and the AUR assessment is being reversed in full, abate the accuracy-related penalty along with the AUR assessment.
- (3) When the AUR assessment is being partially abated, consider whether the accuracy-related penalty should be abated in part or in full.

25.24.2.10.2  
(10-01-2023)

**Exam RPM Complaint Actions**

- (1) The Exam issues on the account must be reviewed and taken into consideration when addressing the RPM issue. The handling of the account may differ depending on whether the case is an open Exam or closed Exam. Per current Exam policy AIMS will be closed disposal code (DC) 12 or 37 prior to routing RPM complaints to IDTVA Specialty Function; however, there may be exceptions and open AIMS cases will be received. Follow the applicable subsection for guidance.
- (2) Upon receipt of new inventory, cases must be researched to determine whether AIMS is open (L freeze). If AIMS is open, Exam must be contacted to request AIMS be closed unless the case will be resolved within 5 days of assignment. A listing of functional coordinators can be found on SERP under Job Aids Compliance *SBSE campus point of contact (POC)* or for W&I campus Exam contact the AIMS coordinator found on SERP under Who/Where tab Exam Contact List, *AIMS/ERCS Staff by User Location*.
- (3) A case open in Field Exam is referred to Field Exam in accordance with IRM 25.24.1.4.1, Routing Information - Paper.
- (4) If the RPM claim is disallowed and the case was closed by Exam as a DC 12 or 37, prior to the routing of the RPM allegation to IDTVA Specialty Function,

- WI Exam - closed DC 12 after December 31, 2015.
- SBSE Exam - closed DC 37 after March 2016.

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# Return Preparer Misconduct Victim Assistance Specialized Accounts Management Processing 25.24.2

25.24.2.10.2.1  
(10-01-2023)

(1) An Open Exam is considered any cases closed DC 12 or DC 37 or any open AIMS case. Follow the chart to determine the correct case disposition.

**Open Exam Issues**

	If ...	And ...	Then ...
1.	<p>Open Exam: RPM complaint resolved all audit issues</p> <p><b>Example:</b> The audit issue was the AOTC. The RPM complaint states the preparer added the AOTC and the return as intended to be filed removes the credit, addressing the audit issue.</p>	Allowed RPM claim	<p>Follow the steps in the applicable treatment stream chart based upon the category in IRM 25.24.2.9, Treatment Streams for RPM Claims, and then close CII case.</p> <p><b>Note:</b> Inform Exam that the RPM claim was allowed and their case can be closed only if case remains open on AIMS.</p>
2.	<p>Open Exam: RPM complaint does not resolve all audit issues</p> <p><b>Example:</b> The audit issues were 3 exemptions, CTC and EITC. The RPM complaint alleges the preparer added 2 exemptions. The return as intended to be filed, however, claims one dependent that is the same as the audit issue. The complaint does not resolve all audit issues and the taxpayer is still required to prove eligibility for that exemption.</p>	Allowed RPM claim	<p>Follow the steps in the applicable treatment stream chart based upon the category in IRM 25.24.2.9, Treatment Streams for RPM Claims, and:</p> <ol style="list-style-type: none"> <li>1. Return to referring</li> </ol> <p>measured from the taxpayer's actual return.</p> <ol style="list-style-type: none"> <li>2. Inform Exam that the RPM claim was allowed and clearly state the outstanding audit issues and provide the ASED.</li> </ol> <p>close case. Do not refer to Exam.</p>

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	If ...	And ...	Then ...	
3.	Open Exam		1. Issue certified 5956C as applicable. 2. Input TC 290.00 and RC 131 with the applicable blocking series. 3. Return to referring  measured from the taxpayer's actual return. 4. Inform Exam to continue with the audit and identify the issues that the taxpayer is claiming were inflated, and any new return items to be considered.  close case. Do not refer to Exam.	# # #  # # #  # #

**Reminder:** If the refund is frozen on the account and the case is being returned to Exam, use a HC 4 so the refund is not released. Exam will address the frozen refund.

(2) When returning cases to Exam, **clearly** identify the RPM issues and the reason the RPM allegation was disallowed. If the taxpayer includes documents in the RPM claim to address the Exam issues, provide the CII case ID number to Exam for consideration.

**Note:** Issue a certified 5956C letter as appropriate when a refund is frozen by Exam and the RPM claim is disallowed or partially disallowed. A 5956C is needed since the outcome of the audit is unknown at the time of closure. If Exam makes an assessment and a refund is not issued, the taxpayer would be required to substantiate the audit issues or file suit.

- (3) Return cases to the Exam site where the audit originated, as follows:
- WI Exam - prepare a Form 3210, Document Transmittal, include the SSN, tax year, and reason for the disallowance. Include instructions that the return as intended to be filed or any documents pertinent to the exam issues are located on CII. Send to the applicable site's AIMS Coordinator found on SERP under Who/Where tab Exam Contact List, *AIMS/ERCS Staff by User Location*.
  - SBSE Exam - send a secured email to the *Campus Exam IDT Coordinators*; include the SSN, tax year, and the reason for the disallowance. Include instructions that the return as intended to be filed is located on CII.

**Reminder:** Attach a copy of the Form 3210 and any email or fax to Exam to the CII case.

25.24.2.10.2.2  
(10-01-2019)  
**Closed Exam Issues**

- (1) On closed Exam cases with an assessment and the Exam issues are not the same as the RPM issues, the Exam assessment may be valid and remain on the account if the SNOD was properly issued.
- (2) Cases closed out of Appeals (PBC 6XX) are worked in accordance with IRM 4.13.2.2, Function Responsible & Routing Instructions.
- (3) Determine what was included in the Exam assessment. This can be determined by reviewing CEAS. In some cases, it may be necessary to request (CC ESTAB) the Exam closure package to review documents and returns submitted by the taxpayer.
- (4) Determine whether the SNOD was issued to the taxpayer’s address of record. If the SNOD was issued to the taxpayer’s address of the record, the assessment is valid and should not be reversed.

**Note:** If a determination is made that the SNOD was not properly issued, elevate case to ITVA HQ (copy IDTVA P&A POC) prior to making any account adjustments.

- (5) For cases closed with an assessment, follow the chart to determine the correct case disposition. (This chart should not be used on cases closed off AIMS with a DC 12/37. Refer to Open Exam Issues chart).

	<b>If ...</b>	<b>And ...</b>	<b>Then ...</b>
1.	<p>Closed Exam and RPM complaint includes the audit issues.</p> <p><b>Example:</b> The audit issue was the AOTC. The RPM complaint states the preparer added the AOTC and the return as intended to be filed removes the credit, addressing the audit issue.</p>	<p>Allowed RPM claim</p>	<p>Follow the steps in the applicable treatment stream chart based upon the category in IRM 25.24.2.9, Treatment Streams for RPM Claims.</p> <p>If all audit issues addressed, the account should already reflect the return as intended to be filed. Back-out procedures to nullify the original return will be bypassed.</p> <ol style="list-style-type: none"> <li>1. Input 290.00, BL 00 with RC 131.</li> <li>2. Move the preparer portion of the refund to the 1547 account, if applicable.</li> </ol> <p><b>Example:</b> The audit issues are the disallowance of an exemption, EITC, CTC. The RPM claim alleges that the preparer added the exemption, EITC and CTC. Since the Exam assessment had already reversed these items, the only issue is to move the preparer portion to the 1547 account.</p>

	<b>If ...</b>	<b>And ...</b>	<b>Then ...</b>
2.	Closed Exam and RPM complaint does not include all of the audit issues.	Allowed RPM Claim	<p>Follow the steps in the applicable treatment stream chart based upon the category in IRM 25.24.2.9, Treatment Streams for RPM Claims, and:</p> <ol style="list-style-type: none"> <li>1. Recalculations of the tax and/or credits may be required depending on the RPM issues, return as intended to be filed and the Exam assessment.</li> <li>2. Determine what issues are covered in the Exam assessment and should be adjusted based on the RPM complaint per the return as intended to be filed.</li> <li>3. Back out procedures can be bypassed. Input a net adjustment to the recalculated figures.</li> <li>4. Determine the amount to be moved to the 1547 account.</li> <li>5. Include an explanation to the taxpayer that the issues disallowed by Exam would only be allowed once documentation was received to support the audit issue. As part of the explanation to the taxpayer include suggested verbiage as follows: <i>In order to allow certain items on your return as intended to be filed, you must contact the examination department and request a reconsideration of the exam issues that you do not agree with. See Publication 3598, What You Should Know about the Audit Reconsideration Process, for additional information.</i></li> </ol>

	If ...	And ...	Then ...
			<p><b>Example:</b> The audit disallowed 3 exemptions, EITC, and CTC for the three exemptions. The taxpayer is claiming the preparer added 2 exemptions. The taxpayer provides all of the necessary information to prove the RPM claim but does not provide documentation addressing the exam issues. In this scenario, do not back out the Exam assessment or the TC150, since it is an allowed claim and the Exam assessment removed the exemptions, EITC and CTC, otherwise the reversal will go unpostable. The return as intended to be filed includes one of the exemptions that was disallowed by Exam. Since Exam disallowed the exemption the taxpayer is claiming on the return as intended, we cannot allow the exemption or the EITC or the CTC associated with that dependent. The taxpayer has to prove they are entitled to the exemption and the associated credits. The account adjustment would reflect a TC 290.00 with RC 131.</p> <p><b>Example:</b> The audit shows the TC 150 contained a Schedule A, Itemized Deductions, reporting miscellaneous deductions totaling \$15,540. The audit disallowed the miscellaneous deductions of \$15,540 in full. The taxpayer provided sufficient information to show that the preparer inflated the Schedule A miscellaneous deductions by \$6,340.00. However, the return as intended to be filed still reflects Schedule A miscellaneous deductions of \$9,200. Recalculate the exam assessment to remove the portion the preparer added, in this case \$6,340 of the total \$15,540 was inflated by the preparer. The \$9,200 portion of the Exam assessment would remain. Net the account and input adjustment (BL 00) to the recalculated amounts.</p>

	If ...	And ...	Then ...
3.	<p>Closed Exam and RPM claim includes the audit issues.</p> <p><b>Example:</b> Exam assessment was the Education credit. The RPM allegation is the preparer added the Education credit after the return was signed. The issue was already assessed through the Notice of Deficiency.</p>	Disallowed RPM	<ol style="list-style-type: none"> <li>1. Issue certified 5956C as applicable.</li> <li>2. Input TC 290.00 and RC 131 with the applicable blocking series. Do not abate the Exam assessment.</li> <li>3. Close CII case.</li> </ol>
4.	<p>Closed Exam and RPM claim includes the audit issues but also contains additional income and/or credits.</p>	Disallowed RPM	<ol style="list-style-type: none"> <li>1. Issue certified 5956C as applicable.</li> <li>2. Input TC 290.00 and RC 131 with the applicable blocking series. Do not abate the Exam assessment.</li> <li>3. Refer to Exam as an audit reconsideration per IRM 4.13.2.2, Function Responsible &amp; Routing Instructions.</li> <li>4. Close CII case.</li> </ol>
5.	<p>Closed Exam and RPM claim does not include the audit issues.</p>	Disallowed RPM	<ol style="list-style-type: none"> <li>1. Issue certified 5956C as applicable.</li> <li>2. Input TC 290.00 and RC 131 with the applicable blocking series. Do not abate the Exam assessment.</li> <li>3. Close CII case</li> </ol>
6.	<p>Closed Exam and RPM claim does not include the audit issues.</p>	Disallowed RPM	<ol style="list-style-type: none"> <li>1. Issue certified 5956C as applicable.</li> <li>2. Input TC 290.00 and RC 131 with the applicable blocking series. Do not abate the Exam assessment.</li> <li>3. Suspend to CATA using the appropriate primary reason below: <ul style="list-style-type: none"> <li>• “RPM Refundable Credits”: Use if claim issues involve refundable credits.</li> <li>• “RPM - Other”: Use if claim issues do not involve refundable credits.</li> </ul> </li> <li>4. Close CII case</li> </ol>

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**Reminder:** If a recertification indicator was set by the Exam disallowance of CTC/ACTC, AOTC, or EITC, the indicator will be reversed if addressed by the taxpayer's return as intended to be filed. See IRM 25.24.2.12.4, Recertification Indicators.

(6) If the RPM issues are not the same as the Exam issues and the taxpayer includes documents in the RPM claim to address the Exam issues, provide the CII case ID number to Exam for reconsideration.

25.24.2.10.2.3  
(12-05-2022)  
**Field Exam Cases**

- (1) If AIMS is open in a Field Exam PBC, refer the RPM claim to the assigned office via Form 4442. Do not contact the taxpayer for missing information. Contact with the taxpayer regarding the claim will be made by Field Exam. Close the CII record and do not input TC 290 \$0.00 RC 131 on the account. See IRM 25.24.1.4.1, Routing Information - Paper, for additional guidance.
- (2) Closed Field Exam cases where the taxpayer is claiming RPM are worked by IDTVA Specialty Function.
- (3) Follow all normal RPM research paths to determine whether the taxpayer is a victim of RPM.
- (4) Field Exam CEAS documents must be reviewed to determine whether the RPM allegation was addressed during the original audit. Once reviewed, determine whether the case should be retained or returned to the appropriate Field Exam. If the CEAS record is not available or does not contain all information needed, the Exam administrative file DLN needs to be requested.
- (5) Cases that were no shows/no response in Field Exam are to be retained and worked in IDTVA Specialty Function.

**Exception:** If the RA/TCO had any response, call or correspondence, it is considered contact with the taxpayer and the case will normally be sent to the Field to work once the RPM claim is complete. If cases closed as default with technique code 6 indicating no response from the taxpayer but the CEAS information indicates a call or correspondence from the taxpayer/representative to set up an appointment but no one shows, then elevate Field cases with complete RPM claims to ITVA HQ (copy IDTVA P&A POC) before requesting AIMS be re-opened.

- (6) Cases are transferred back to Field Exam if:
  - a. Prior RPM consideration cannot be determined from the work papers/case notes,
  - b. The issue is outside the scope of the examiner, or
  - c. The taxpayer responded to the RPM evaluation with documentation to prove the audit issues.
- (7) In cases where the RPM issues were addressed, do not return the case to Field Exam. Follow normal procedures to resolve the taxpayer's correspondence.

- (8) In cases where there is taxpayer contact and the RPM was addressed but the account was not corrected properly, e.g., the refund issued due to the RPM issues were not moved to the GL 1547 account, do not return to Field Exam, resolve the account.
- (9) Document CII with the reason the case is/is not being transferred back to Field Exam (e.g., CEAS notes input by Field Exam indicate the revenue agent (RA) or tax compliance officer (TCO) had contact with the taxpayer or the taxpayer submitted documentation during the audit).
- (10) Notify ITVA HQ (copy IDTVA P&A POC) when a case meets the criteria for referring to Field Exam for review prior to returning case to Field Exam.
- (11) Returning Cases to Field Exam - When it is determined a case will be referred to Field Exam due to an RPM allegation, the following information must be included as part of the case file:
  - a. Form 3210, Document Transmittal, completed with the name and address of the appropriate PSP Contact found on SERP>WHO/WHERE Exam Contacts - AIMS/ERCS Contacts - Area and Campus Program Contacts. Include the taxpayer's full SSN, tax year(s), and the reason for the referral.
  - b. Form 14157 and 14157A, and all other documents submitted by the taxpayer.
  - c. The TC 30X administrative file. Two (2) attempts must be made to obtain the administrative file. The first attempt should be an CC ESTABS so the admin file will be sent directly to ICT scanning and the CII record linked to the RPM CII case. The CC ESTABS request must be saved to the CII record. The second attempt will be requested using Form 2275, Records Request, Charge and Request. If the administrative file cannot be obtained, include copies of the Form 2275 showing the results of the search.
- (12) Contact the appropriate PSP Contact found on SERP>WHO/WHERE AIMS/ERCS Contacts-Area and Campus Program Contacts to request permission to re-open or re-establish AIMS. The Field Exam coordinator provides the PBC, SBC, EGC, and status for the AIMS transfer.
- (13) Once permission from the Field Exam coordinator is received, forward an email with the Form 3210 , Document Transmittal, to the co-located Campus Exam AIMS coordinator who will re-open AIMS and transfer the AIMS base. Attach the email and the Form 3210 to the CII record.
- (14) Once AIMS is re-opened and transferred, mail the RPM package to the RPM coordinator at the applicable Area PSP Office.

25.24.2.10.2.4  
(10-01-2019)

**Exam Accuracy Related  
and Fraud Penalties**

- (1) Exam may have included an Accuracy related penalty or a Fraud penalty when an assessment was made. These penalties need to be considered depending upon the RPM determination and the necessary account adjustments.
- (2) When a determination is made that the taxpayer is a victim of RPM and the claim is being allowed and the exam assessment is reversed in full, abate the accuracy related penalty.
- (3) When the exam assessment is being partially reversed, consider whether the accuracy related penalty should be abated in part or in full.

- (4) When a fraud penalty, including the EITC 10 Year Ban, was assessed, refer the case information to ITVA HQ and copy IDTVA P&A POC.
- 25.24.2.10.3  
(08-24-2017)  
**Appeals Cases**
- (1) See IRM 25.23.4.13, Requests for an Appeal, for handling cases with Appeals involvement.
- 25.24.2.10.4  
(10-01-2019)  
**Cases Assigned to DITA**
- (1) DITA performs all account adjustments for Field and Specialty Collection, Field Exam and Large Business & International (LB&I). Any RPM complaints worked in the Field that require account adjustments are referred to DITA.
- (2) Field and Specialty Collection, Field Exam, and LB&I will not control cases on IDRS or refer through CII. RPM claims received from the Field will be scanned to CII document type DITA RPM and category code IDII. The IRS received date will be the date the referral was received in DITA.
- (3) If DITA finds the information provided is insufficient or determines to reject a case, DITA should send an email to the referring employee listed on the Form 4442, Inquiry Referral, or Form 3870, Request for Adjustment. DITA should include an explanation outlining the reason for the reject. DITA should not change the determination and account adjustments without approval from the referring employee.
- (4) DITA performs refund traces on all Field RPM cases. Requests are made using Form 4844, Request for Terminal Action.
- (5) DITA only issues claim disallowance letters (5956C) on RPM cases for Field and Specialty Collection. For claim disallowance for Field and Specialty Collection, enter TC 290.00 with RC 131 and use NSD (No Source Document) when working through CII. In order to complete the C letter, necessary information must be included on the Form 4442 /Form 3870 referral, otherwise reject the referral.
- (6) Upon completing all account adjustments, close the case through CII. DITA notifies Field and Specialty Collection, Field Exam, and LB&I examiners of the completed actions via email or fax.
- (7) When account adjustments are complete and the adjustments are being monitored for posting, open up a new control with the IDRS category code MISC.
- 25.24.2.11  
(03-19-2019)  
**Disallowance and No Consideration of Claims**
- (1) These sections provide additional specific guidance when the treatment stream chart for accepted complaints in the applicable category instructs to disallow, partially disallow, or no consider a claim where RPM criteria has been met.
- 25.24.2.11.1  
(10-01-2023)  
**Disallowance**
- (1) There are circumstances when the taxpayer's claim is disallowed.
- Note:** For Category 4 cases, refer to IRM 25.24.2.11.3, No Consideration of Claims, for treatment.

- a. In Categories 1, 2, and 3, incomplete complaints are not accepted and the claim disallowed if no response is received or a response is received without the requested information within the specified time frame.

**Exception:** For Category 3 - If the only missing element is law enforcement agency report or (for pre-existing cases) alternative statement in lieu of report, then refer to IRM 25.24.2.11.2, Partial Disallowance, section.

- b. In Categories 1, 2, and 3, the complaint is not accepted and the claim disallowed when the preparer and/or documentation cannot be verified.

- (2) For Categories 1, 2, and 3, if the claim is disallowed, a refund trace is required return if included in the documentation. Refer to IRM 25.24.2.5.3.4, Refund Trace Requirements, for additional information.

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applies. The net change to tax and credits does not include withholding.

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- (3) Follow the Disallowance scenarios and chart below to determine the next actions required.

**Disallowance Scenario 1: Research and/or refund trace shows that the ENTIRE refund was deposited into an account in the taxpayer’s name, the entire refund is frozen on the account or the original return reflected a balance due.**

	<b>Then:</b>
1.	<ul style="list-style-type: none"> <li>• Issue certified 5956C letter and</li> <li>• Treat the taxpayer’s actual return, if present, as an amended return following normal procedures, if applicable.</li> </ul>

**Note: For IDTVA Specialty Function:** When a refund was frozen by Exam, follow guidance in IRM 25.24.2.10.2.1, Open Exam Issues.



	And the net change to tax and credits is:	Then:
2.	<p><b>Note:</b> For cases where multiple years are involved, only refer the years that have no ASED issues. If any of the years have ASED issues, follow Row 1 guidance.</p>	<ul style="list-style-type: none"> <li>• Issue certified 5956C and input 290.00 BL98/99.</li> <li>• <b>Do not input any other adjustments.</b></li> <li>• Refer to Exam for deficiency procedures. Suspend to CATA using the appropriate primary reason below:                             <ul style="list-style-type: none"> <li>• “RPM Refundable Credits”: Use if claim issues involve refundable credits.</li> <li>• “RPM - Other”: Use if claim issues do not involve refundable credits.</li> </ul> </li> <li>• <b>Note:</b> When multiple years are involved and both primary reasons above apply, elevate case information to ITVA HQ and copy IDTVA P&amp;A POC.</li> <li>• Notate in remarks field: RPM Disallowance</li> </ul> <p>Exam will return case to employee with determination to select or non-select (e.g., not worthy of pursuit) the case. No further action is required, (5956C previously sent). Close CII case.</p> <p><b>Note:</b> If Exam returns the case as “accepted as filed”, suspend back to CATA advising that this is an RPM disallowance and that deficiency procedures are required.</p>

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**Disallowance Scenario 3: Category 1 or Category 2 - Research and/or refund trace cannot be performed since the claim was received outside of the time frame.**

	Then:
1.	<ul style="list-style-type: none"> <li>• Issue certified 5956C letter. Provide applicable reason for disallowance, for example no response for missing information.</li> <li>• No adjustments are made to the account due to the expired ASED.</li> </ul>

- (4) Issue certified 5956C letter when disallowing the RPM claim following the guidelines below.
- a. Letter must be sent by certified mail.
  - b. Letter must contain the specific reason for the claim disallowance.
  - c. Letter must contain claim amount. This is generally the amount of the refund the taxpayer expected.
  - d. Letter must contain explanation for other actions taken or not taken. For example, the taxpayer must also be advised when:
    - Treating the taxpayer’s return as an amended return.
    - Statute issues apply and no actions can be taken.
  - e. For categories 1-3, provide the taxpayer the right to file suit **only**.

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- f. If using CII, save the 5956C letter to PDF 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.

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

- Input TC 290.00 with RC 131.
- 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 utilize the 'capture' feature to attach an IMFOLR print. Do not use blocking series 98.

**Reminder:** When disallowing a claim in cases where the taxpayer received the entire refund (or the benefit of the entire refund, e.g., offset), an account adjustment is needed (the taxpayer's return is treated as an amended return). Therefore, a separate TC 290.00 blocking series (BL) 98 or 99 for the disallowance must also be input. (The same applies if statute issues apply.) Include RPM reason code 131 with the adjustment.

25.24.2.11.2  
(03-19-2019)  
**Partial Disallowance**

- (1) Partial disallowance procedures may apply in certain Category 1 and Category 3 cases and also may apply if there are RSED implications.

**Note:** For Category 4 cases, refer to IRM 25.24.2.11.3, No Consideration of Claims, for treatment.

- (2) Depending upon the facts and circumstances including the refund trace results, partial disallowance procedures would apply if issuing less of a refund than the taxpayer expects.

- a. The taxpayer may have received more than they stated in the RPM complaint and therefore this would impact the amount of any refund issued.

**Example:** Category 3: The taxpayer states they received a portion of the refund in the amount of \$500.00. Their actual return shows refund of \$1,500.00. The complaint is reviewed and considered complete. The refund trace shows that the taxpayer received a refund but in the amount of \$1,000.00. The treatment chart would show that the taxpayer is eligible for account adjustment, removal of any preparer portion of the refund and the remaining balance of refund. The computation would affect the preparer portion moved to the general ledger account and in turn affect the additional refund amount due to the taxpayer. **Since we are issuing less than the taxpayer expects** (\$500.00) this would be considered a partial disallow.

- b. The taxpayer may have received the benefit of the refund, for example TOP offset or tax offset and is unaware. Tell the taxpayer of any offsets that occurred in correspondence.
- c. The taxpayer was reimbursed by the preparer's company acknowledging RPM or the SPEC referral indicates RPM (intentional act) and the

taxpayer was reimbursed by the VITA/TCE partner. In this scenario, the taxpayer is not due the refund claimed since they were subsequently reimbursed; however, the claim that there was preparer misconduct will be acknowledged.

- d. The law enforcement agency report contained inconsistent information or taxpayer did not provide an acceptable report upon request; however, the complaint was otherwise complete and therefore the taxpayer is not eligible for a refund but is eligible for account adjustment.
  - e. The RSED has expired; however, the taxpayer is eligible for account adjustment including removal of the preparer portion of the refund, and the overpayment must be moved to Excess Collections.
- (3) Issue certified 5956C letter when partially disallowing the RPM claim following the guidelines below.
- a. Letter must be sent by certified mail.
  - b. Letter must contain the specific reason for the claim partial disallowance as well as the claim amount, if applicable.
  - c. For all categories, provide the taxpayer the right to file suit **only**.
- Exception:** If the partial disallowance is being issued for expired RSED then appeal rights and right to file suit will be provided.
- d. If using CII, save the 5956C letter to PDF 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.
- (4) Actions for inputting adjustment on partially disallowed claims:
- Input TC 29X as appropriate for the treatment stream with RC 131.
  - Use blocking series 00 to reflect the taxpayer's actual return of record.
  - Input TC 971 AC 504 with the applicable MISC code when partially allowing a claim.

25.24.2.11.3  
(10-01-2019)

**No Consideration of  
Claims**

- (1) There are instances when the claim is not considered rather than a formal disallowance.
- (2) Category 3 claims, are not considered when:
  - the claim was received more than 6/7 years after the issuance of the (7), and a trace can no longer be performed. #
- (3) Category 4 claims are not considered when:
  - the entire refund was issued to or deposited into an account in the name of the taxpayer, or
  - the law enforcement agency requirement is not satisfied, or
  - the preparer and/or documentation cannot be verified, or
  - the claim was received more than 6/7 years after the issuance of the original refund as a direct deposit (6) or a paper check (7), and a trace can no longer be performed.
- (4) Issue 5956C letter when no considering the RPM claim following the guidelines below.

- a. Letter must contain the specific reason for the no consideration.

**Note:** If the reason for no consideration is the expired refund time frame then until the 5956C letter can be updated, skip (K) and include suggested verbiage: We can't process your return preparer misconduct (RPM) claim since we received it more than (include applicable year 6 or 7) years after the original refund was issued. The records permitting the IRS to determine who actually received the refund have been destroyed and without such records the IRS is unable to consider the claim for reimbursement.

- b. If using CII, save the 5956C letter to PDF 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.

- (5) Actions for inputting adjustment on no considered claims: If the return as intended to be filed is present, no adjustments is input since the ASER and RSED are expired.

- Input TC 290.00 with the appropriate blocking series (00 or 05) and include reason code 131.
- Do not use blocking series 98/99.

## 25.24.2.12 (01-01-2016) **Required Account Considerations**

- (1) The next sections review the necessary considerations and actions to resolve the RPM complaint. At this point, the employee must know what specific relief to which the taxpayer is entitled and will take the applicable actions.

## 25.24.2.12.1 (08-24-2017) **Offset Reversal Consideration**

- (1) Offset Reversals – Care must be taken when determining if offsets (posted in or out of the module) should be reversed. The offset may not have to be reversed in its entirety and depends upon circumstances of the account and the relief to which the taxpayer is entitled.

**Note:** If Category D erroneous refund procedures are applicable, refer to IRM 25.24.2.12.3, Category D Erroneous Refunds, for additional offset reversal consideration information.

- (2) Reverse offsets that may have been applied from other tax years into the tax year module that the RPM complaint involves. Depending upon the account status, include TC 570's on your credit transfer, if necessary. Be sure to release any credits on these associated modules.

**Note:** If the taxpayer has an actual balance due, then only reverse the portion of the offset that exceeds the balance owed including penalties and interest.

- (3) Reverse offsets generated from the original refund applied to other IRS debts, when appropriate. Include TC 570 on your credit transfer screen as needed.
- (4) Treasury Offset Program (TOP) offset reversals - Reverse only the portion that exceeds the taxpayer's actual overpayment amount. Include TC 570 on your credit transfer screen as needed.

- (5) For TOP offsets involving child support, the IRS must limit the time to reverse a child support offset to 5 months from the refund payment date. Refer to IRM 21.4.6.4.2.4, Child Support TOP Offsets, for specific guidance.
- (6) Examples:
- a. The taxpayer did not receive any refund and is entitled to full relief including additional refund. Account shows an adjustment was previously input to reflect a Form 1040-X creating a balance due. An offset (TC 706) was applied from subsequent year to the balance due.

In this scenario, the entire offset can be reversed back to the originating module. When inputting resolution of RPM claim, the subsequent posting of a TC 841 (removal of the preparer portion of the refund using general ledger account) resolves the balance due and the remaining credit should reflect the taxpayer's true refund.

- b. Account shows TC 846 \$5,500.00 with a Bureau of the Fiscal Service (BFS) offset of 5,000.00. The taxpayer states no refund received and is entitled to relief. Research shows the remaining portion of \$500.00 was not deposited into an account in the name of the taxpayer. The taxpayer's return as intended to be filed shows a refund of \$3,000.00.

In this scenario, although the taxpayer may not have actually received a refund, they received benefit of \$5,000.00 offset to a BFS debt. Since the offset exceeds the amount of the taxpayer's actual overpayment, \$2,000.00 of the offset would be reversed and the resolution of the preparer portion of the refund of \$500.00 would be addressed utilizing general ledger procedures.

25.24.2.12.2  
(04-16-2021)  
**Utilizing General Ledger  
Account for Preparer  
Portion of the Refund**

- (1) When the taxpayer is eligible for the removal of the portion of the refund attributable to preparer misconduct, a general ledger account is utilized to credit the account.
- (2) RPM general ledger account 1547 was created for use with CC RPM48 and CC RPM58.

**Note:** Information regarding the input of the CC RPM48 and CC RPM58 is in IRM 2.4.61, Command Code IDT48/IDT58/RPM48/RPM58. The employee is required to input the command code at the appropriate Submission Processing campus using CC CMODE. See IRM 2.4.61.2, Terms/Definitions/Acronyms, for additional information. Due to the ongoing consolidation of Fresno Submission Processing, effective October 1, 2020, Kansas City has taken over some of the Accounting functions. Do not CC CMODE to Fresno when inputting the CC IDT48 or CC IDT58. Kansas City now handles refund reversals for refunds that originated in Andover or Fresno.

- (3) Use CC RPM48 to reverse the entire refund (TC 84X) amount. TC 841 posts with document code 48 and Blocking Series 930-939 identifying it as an RPM transaction. This transaction systemically freezes the account with a P freeze. Use when the taxpayer did not receive any portion of the original refund. TC 841 amount would reflect the entire TC 84X amount.
- (4) Use CC RPM58 to reverse a portion of the refund. TC 700 is used to reverse a partial refund. TC 700 posts with document code 58 and Blocking Series 930-939 identifying it as an RPM transaction. **Input a secondary TC 570 on**

**your credit transfer to freeze the credit.** Use when taxpayer received a portion of the original refund OR when the taxpayer is not eligible for an additional refund. The TC 700 amount would reflect the TC 84X amount minus the portion received by the taxpayer or if the taxpayer is not eligible for additional refund, the TC 84X amount minus the refund amount as shown on the tax return as intended to be filed (considered netting).

**Note:** RPM48/RPM58 does not take into consideration refunds moved from another account using TC 848/849. If two accounts are involved (e.g., separate to joint) and posted TC 848/849 is present, these transactions need to be reversed back to the originating module. Then RPM48/58 would be utilized on each account, if applicable.

- (5) If a split refund was issued and multiple TC 846's are present then each TC 846 should be considered separately when determining which command code to use. If reversing an entire TC 846 amount then CC RPM48 should be used. CC RPM58 should only be used when a partial reversal of one specific TC 846 is necessary.

**Example:** Total overpayment on tax return is \$5,000.00. Split refund on account issued with TC 846 \$3,000.00 and TC 846 \$2,000.00. The taxpayer received the refund for \$2,000.00. The preparer received the refund for \$3,000.00. CC RPM48 would be used to reverse the TC 846 \$3,000.00 reflecting the preparer portion of the refund.

- (6) It is imperative to ensure the proper amount is computed. The employee must be aware of the relief the taxpayer is eligible for and the expected account status after actions are taken including an adjustment, if applicable.

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were deducted from the original refund, it must be taken into account when determining preparer portion of refund and any additional refund amounts. The fee amount would not be considered a part of the preparer portion of the refund due to misconduct. However, when the fee is paid by other methods of payment (cash, personal check, unknown), do not take it into account.

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refund matches that fee amount, the GL account would not be utilized. The taxpayer received benefit of this portion.

**Exception:** For Category 1 cases, if there is a fee involved, then this would be considered part of the preparer portion of the refund. If the taxpayer did not authorize the filing of the tax return, we would not hold the taxpayer responsible for the fee.

- (8) The end result of the posting of the TC 841 or TC 700 and any adjustments (if applicable) input depends upon the scenario.

Examples:

- a. **If the taxpayer is entitled to an additional refund** – account should be in credit balance for the amount of the additional refund. Account shows a TC 846 for \$1,800.00. The taxpayer's return as

intended to be filed shows an overpayment of \$1,000.00.

1. The taxpayer received no portion of the original refund.

Since the taxpayer did not receive any refund, the employee would post a TC 841 for \$1,800.00. Account would be credited for \$1,800.00. Once the adjustments are input, the account will show a credit balance of \$1,000.00.

2. The taxpayer received a portion of the original refund in the amount of \$800.00.

Since the taxpayer received \$800.00 portion of the \$1,800.00 refund, the employee would post a TC 700 for \$1,000.00 (difference between the \$1,800.00 minus \$800.00). Once the adjustments are input, the account will show a credit balance of \$200.00, which is the remaining amount due to the taxpayer.

3. The taxpayer states they received no portion of the refund but paid \$300.00 fee to preparer that was deducted from the original refund.

Since the fee was deducted from the refund, the taxpayer received benefit of \$300.00 and the preparer portion would total \$1,500.00. The employee would post a TC 700 for \$1,500.00. Once the adjustments are input, the account will show a credit balance of \$700.00, which is the remaining amount due to the taxpayer.

**Reminder:** If the taxpayer did not file their claim timely, on or prior to the RSED, the claimed overpayment is not eligible for refund to the taxpayer, but instead must be moved to Excess Collections.

b. **If the taxpayer is not entitled to an additional refund** – The account balance depends on the reason the taxpayer is not entitled to the refund. Account shows a TC 846 for \$1,800.00. Taxpayer's return as intended to be filed shows an overpayment of \$1,000.00.

1. The taxpayer received a portion or no portion of the original refund and taxpayer not entitled to refund since law enforcement report requirement was not satisfied.

In this scenario, it does not make a difference if the taxpayer actually received any portion of the refund, since the determination was made not to allow additional refund. The employee would post a TC 700 for \$800.00 which is the difference between \$1,800.00 and the \$1,000.00 refund shown on the taxpayer's return as intended to be filed. Once the adjustments are input the account will show a balance of \$0.00.

**Note:** If refund on the return as intended to be filed exceeds the original TC 846 amount there is nothing to net so no TC 700 is required. The taxpayer would be entitled to the difference between the 2 refunds without a law enforcement report. For example, the TC 846 amount is \$1,800.00, however, the refund on the return as intended to be filed shows overpayment of \$2,000.00. Once the adjustments are input, the credit balance should be \$200.00 that is secondary to the original refund of \$1,800.00 that is not being released due to the lack of the police report.

2. The taxpayer received no portion of the original refund and taxpayer not entitled to refund since the RSED has expired.

In this scenario, the account balance should reflect the full amount of refund as shown on the taxpayer's return as intended to be filed. Since the taxpayer did not file their claim timely, on or prior to the RSED, the claimed overpayment is not eligible for refund to the taxpayer, but instead

must be moved to Excess Collections. If the taxpayer received a portion of the refund, the employee will take that into account and reverse the determined preparer's portion of the refund. The account balance should reflect the remaining credit amount that would be moved to Excess Collections.

- c. **If the taxpayer is not due a refund and return as intended to be filed is a balance due** – account should be in debit balance for amount owed. Account shows a TC 846 for \$1,800.00. The taxpayer's return as intended to be filed shows a balance due of \$1,000.00.

1. The taxpayer received no portion of the refund. The employee would post a TC 841 for \$1,800.00. Account would be credited for \$1,800.00. Once the adjustments are input, the account will show a debit balance of \$1,000.00.

**Note:** If the taxpayer received a refund from the original return they were not entitled to receive and the return as intended to be filed is a balance due return, refer to IRM 25.24.2.12.3, Category D Erroneous Refunds, for example and procedure.

- (9) In certain circumstances it may be necessary to reverse previous actions taken that debited the GL 1547 account with the posting of a TC 841 or TC 700 to the tax account. For example, taxpayer received original refund after we utilized the GL 1547 account and issued a second refund resulting in an erroneous refund. Follow procedures in IRM 25.23.4.16, Form 3245/3809 Reversals.

25.24.2.12.3  
(06-06-2018)  
**Category D Erroneous  
Refunds**

- (1) Reference IRM 21.4.5.6.1, Account Actions for Category D Erroneous Refunds, (and any other Category D applicable references) for additional required actions.

**Exception:** The 5956C letter contains selective paragraphs for erroneous refund scenarios and is used in lieu of the 510C letter cited in IRM 21.4.5.6.1 guidance. If CAT D erroneous refund applies, include the applicable erroneous refund paragraphs along with the appropriate paragraphs regarding the RPM closing resolution. Indicate on Form 12356, Erroneous Refund Worksheet, Line 7 - "5956C date" and include in explanation Line 14, "Return Preparer Misconduct CAT D erroneous refund; 5956C sent instead of 510C requesting repayment."

- (2) If the ERSED has expired, refer to IRM 21.4.5.15.1.1, Statute of Limitations Category D Erroneous Refunds IRC 6532 (b) ERSED, for guidance. Any offsets or payments that occurred prior to the ERSED expiring can be applied and taken into account when figuring the erroneous refund amount. Use the TC 846 cycle date plus two years and the cycle dates of the offset/payments to determine if they can be applied.
- (3) Category D procedures are generally followed when the claim is allowed and the taxpayer received a refund amount that exceeds the amount on the return as intended to be filed. These cases are usually considered an IRS error.

**Note: For IDTVA Specialty Function** - When returning a case to Exam, if the frozen refund was released in error prior to returning to Exam, do not follow erroneous refund procedures. Exam addresses the refund.

- (4) When guidance states to follow Category D erroneous refund procedures, incorporate the requirements specific to Category D into the adjustment of the account (using the procedures in IRM 25.24.2.13.2, Standard Account Adjustments) and any RPM account actions applicable. (For example, moving preparer portion of refund to the general ledger account etc.)
- (5) After required actions are taken, the account should be in debit balance. Depending upon the scenario, this debit amount may consist of both an erroneous refund portion and a tax liability. It is important to distinguish between the two, since the taxpayer is asked to repay the erroneous refund portion following Category D procedures and is liable for the tax liability following normal collection activity.
  - The erroneous refund portion is the refund amount received by the taxpayer that exceeds the amount on the return as intended to be filed.
  - A tax liability would occur if the taxpayer's return as intended to be filed reflects a balance due.

**Example:** The taxpayer received \$2,000.00 and their return as intended to be filed reflects a balance due of \$1,000.00. After required actions are taken, the account will be in a \$3,000.00 debit. The erroneous refund portion is \$2,000.00 and should be entered on the TC 844. When accounting receives the erroneous refund package, they will post a false credit TC 700 for \$2,000.00 and continue monitoring. The account will now be in balance due for the \$1,000.00 which will be subject to normal collection activity.

- (6) Issue 5956C letter advising the taxpayer of any determinations made or actions taken on the account.

25.24.2.12.4  
(11-24-2021)  
**Recertification  
Indicators**

- (1) Determine whether recertification indicators originated from the RPM tax year and whether they need to be reversed. Recertification indicators are found on CC ENMOD and IMFOLE. Refer to IRM 4.19.14.7, Recertification, for additional guidance.
- (2) If the RPM claim is allowed and the recertification issues were fully addressed by the taxpayer's return as intended to be filed (RIF), reverse recertification indicator 1 or 9.
  - a. Earned Income Tax Credit (EITC) – input TC 971 AC 056.
  - b. Child Tax Credit/Additional Child Tax Credit (CTC/ACTC) – input TC 971 AC 161.
  - c. American Opportunity Tax Credit (AOTC) – input TC 971 AC 160.

**Note:** Recertification indicators (RI) 2, 3, or 4 are only reversed by Exam. Refer 2 year ban cases to Exam for Audit Reconsideration for the recertification reversal. Follow guidance in IRM 25.24.2.10.2.4, Exam Accuracy Related and Fraud Penalties.

- (3) Credits claimed by taxpayers who are required to recertify but do not attach Form 8862 to their next return are denied through math error procedures during the processing of the tax return under IRC 6213(g)(2)(K), (P) and (Q).

**Note:** The indicator reversal is still required if the taxpayer qualifies for the credits based on different dependents/exemptions than those originally disallowed.

25.24.2.12.5  
(10-01-2023)  
**RPM with IDT Issues**

- (4) If the taxpayer claims the same credits for the same dependents/exemptions or themselves on their return as intended to be filed (RIF), do not reverse the re-certification indicators. Follow normal procedures for processing the returns per IRM 25.24.2.9, Treatment Streams for RPM Claims, and IRM 25.24.2.10, IDTVA Specialty Function RPMC Complaint Considerations.

- (1) There are situations where the taxpayer is a victim of return preparer misconduct as well as a victim of identity theft.
- Allowable RPM claims that also involve Employment/income related identity theft
  - Allowable RPM claims that have impacted EIP and/or AdvCTC, however, the payments were deposited into updated bank account information associated with TC 971 AC 199 “EF” with Blocking Series 77777/99999, and the taxpayer states they are unaware of the account information.

**Note:** If the IDT issue involves anything else, elevate the case information to ITVA HQ (copy IDTVA P&A POC) for review and suspend case.

- (2) The RPM resolution must first be completed per normal procedures and then the ID theft issue is referred to the appropriate designated IDTVA contact for IDT resolution.
1. With the RPM resolution response tell the taxpayer they are also a victim of identity theft pertaining to whichever the specific issue is. We are forwarding their identity theft complaint to the appropriate function for resolution.
  2. Create a new CII record to reflect the appropriate Category Code IDXX along with the other applicable codes per Exhibit 25.23.4-12, Tax-Related Identify Theft (IDT) Codes. For compliance cases use the appropriate Doc type, category code IDI1/IDI2, OFP 710 402XX and priority code (if applicable).
  3. X out “Form **14157-A**” and write in “Form **14039** Identity Theft” and attach a copy to the new IDT CII record.
  4. Leave a CII case note: Taxpayer is victim of identity theft and victim of preparer misconduct.
  5. Link the CII record to the RPM CII record(s).
  6. Ensure that a TC 971 AC 522 with a correct MISC code has been input or history item is entered, if necessary. See IRM 25.23.2.4.4, Initial Allegation or Suspicion of Tax-Related Identity Theft - IMF Identity Theft Indicators and subsequent applicable subsections, for information on the specific requirements.
  7. Include the case on the RPO notification spreadsheet per guidelines in IRM 25.24.2.3.5, Return Preparer Office Notification Requirements.
  8. If open compliance case, notify the function that the RPM issue is resolved but IDT issue is pending.
  9. Reassign the new CII case to the designated IDTVA contact for ID theft resolution.

**Exception:** If there is an existing open IDT control in IDTVA, link with the RPM case and do not create a new IDT case.

**Note:** If statute is imminent, send a secure email to the IDTVA contact or existing controlling employee, advising a case was reassigned with statute implications for immediate review. Provide the case information.

25.24.2.13  
(07-15-2021)

**Allowable Claims -  
Account Adjustments**

- (1) Depending upon the facts and circumstances of the complaint and the applicable treatment streams, account adjustments are required for resolution.
- (2) There may be instances where the taxpayer received, or it is determined that the taxpayer received a refund in excess of which they are entitled, resulting in an erroneous refund/balance due situation. The taxpayer is asked to repay the amount using Category D erroneous refund procedures.
- (3) Where the treatment stream chart does not specifically cite an action (for example erroneous refund) and shows the taxpayer eligible for account adjustment etc., standard RPM adjustment actions can be taken per the following section.
- (4) Refer to IRM 25.24.2.5.1.1, Economic Impact Payment (EIP) and Recovery Rebate Credit (RRC) - General Information, and subsequent applicable subsections to determine if any EIP and/or RRC issues need to be addressed.
- (5) Refer to IRM 25.24.2.5.1.2.1, ARPA - Unemployment Income Tax Relief, when you are working with a 2020 allowable RPM claim and the RIF reports unemployment income.
- (6) Refer to IRM 25.24.2.5.1.2.2, ARPA – Advanced Child Tax Credit (AdvCTC) - General and subsequent applicable subsections to determine if any AdvCTC issues need to be addressed.

25.24.2.13.1  
(02-04-2022)

**Preliminary Account  
Inputs and Reminders**

- (1) Update the entity, if necessary (name lines, address, filing status, etc.), based on the information on the taxpayer's return of record.

**Note:** The address cannot be updated based on the Form 14157-A alone.

- (2) Update CC ENMOD to reflect telephone number, if provided by the taxpayer.
- (3) Input TC 971 AC 504 on ENMOD using CC REQ77 if allowing or partially allowing the RPM claim on all involved accounts.
  - TRANS-DT is auto populated with the current date
  - Enter SECONDARY – DT (enter the tax year affected by RPM incident in the format MMDDYYYY)
  - Enter applicable MISC code depending upon the identified category - RPM1, RPM2, RPM3 or RPM4

**Note:** The input is limited to current calendar year and 7 prior years. Refer to IRM 25.23.2.8.1.2, TC 971 AC 504 - Miscellaneous Field Code SPCL1, SPCL2, RPM1, RPM2, RPM3, RPM4, and EAFAIL, for additional guidance.

- (4) Input TC 470 to prevent offsets and any notices from issuing, if applicable. At times during the adjustment process, actions may put the account into a "false" debit that would be resolved with subsequent actions. To safeguard against

balance due notices from generating or offsets being applied, the TC 470 can be used. Do not input if account is currently in status 60.

**Note:** If required to follow erroneous refund procedures, follow the applicable references cited in the Erroneous Refund section regarding specific input.

- (5) Input TC 971 AC 850 if entire credit is frozen on account or if one of the conditions in IRM 21.4.1.5.7.1(4), Direct Deposit of Refunds, is present. The input of the TC 971 AC 850 ensures any subsequent refund will not be direct deposited and will be issued as a paper check.

**Reminder:** If inputting TC 971 AC 850 and an adjustment simultaneously, you MUST post delay your adjustment.

- (6) Update ASED, if applicable. Refer to IRM 25.24.2.7.1, Assessment Statute Expiration Date (ASED) Consideration, for additional information.

**Reminder:** If the complaint involves a statute year, refer to IRM 25.24.2.7, Statute Considerations, prior to taking any final steps.

- (7) Math verify the taxpayer's actual tax return using the procedures in IRM 21.5.3.4.5, Math and Master File Verification of Claims and Amended Returns. Paragraphs 4–6 should be followed. Set a math error, if applicable, per IRM 21.5.4.5.1, Setting the Initial Math Error Action.

- (8) If working current year accounts, use CC DUPED to update the data to reflect the taxpayer's correct information, if applicable. Refer to IRM 21.6.1.7.1, Command Code DUPED.

- (9) If the taxpayer's return as intended to be filed shows a balance owed due to a tax liability, refer to IRM 25.24.2.8, Balance Due Cases - Penalty Considerations, for additional information. If penalties apply, then computation may have to be performed and included with the adjustment.

- (10) Determine if an estimated tax penalty needs to be assessed or recomputed based on the taxpayer's actual return.

**Reminder:** If no penalty needs to be assessed, input a Transaction Code (TC) 170 for zero (.00) when decreasing withholding and/or transferring timely payments from the module and tax is also being adjusted when there is not a Computer Condition Code (CCC) "P" present.

## 25.24.2.13.2 (11-24-2021) Standard Account Adjustments

- (1) The posting sequence of actions taken and adjustments input is important. When the original return is considered a nullity, that return is zeroed out and then a second adjustment is input reflecting the figures on the taxpayer's return as intended to be filed. This second adjustment issues a notice of adjustment (containing any refund amount or balance due amount, if applicable) and releases any freeze conditions, generating a refund, if applicable.
- (2) If the account has previously been adjusted to reflect the taxpayer's return as intended to be filed. (e.g., SP processed an amended return), or there are statute implications pertaining to the ASED (an adjustment may be present due

to a previous prompt assessment), then the back out guidance can be bypassed. Follow any other applicable steps, for example:

- TC 841/TC 700
- Adjustment to reflect the taxpayer's return may not be necessary if account already reflects the taxpayer's return as intended to be filed; however, an adjustment must be input to address penalties, if applicable, or an adjustment needs to be input to include the Return Processible Date (RPD) date. (Follow any other rules (BL, HC etc.) as shown in (4) below).
- Post delay transactions, as necessary.

**Exception:** If the taxpayer's actual return shows a balance due and the balance due remains unpaid or it was paid after the original return due date, it is necessary to follow the back-out procedures that follow. This allows a clear notice of adjustment to be generated with the subsequent adjustment to reflect the taxpayer's actual return.

- (3) In general, when RPM Category 1 – 3 cases are allowed, the original TC 150 is considered a nullity. This account information is removed in full following normal back-out procedures.
- Input an adjustment to back out the TC 150 original return information in full to zero out the account. On REQ54/ADJ54 screen use:
    - Use Blocking Series (BL) 05.
    - Source Code (SC) 0.
    - Reason Code (RC) 099 and 131.
    - Use Hold Code (HC) 4 to hold notices and any credit scenario.
    - Include TC 170.00, if applicable.
- (4) The subsequent adjustment must reflect the figures on the return submitted with the taxpayer's complaint, considered now to be the return of record. If the taxpayer was not liable to file, adjust the account only to remove the posted information.

**Note:** Category 4 cases are misdirected refund only cases and the original posted return is not considered a nullity. Follow any other applicable steps (e.g., CC RPM48/58 etc.).

On REQ54/ADJ54 screen use:

- BL 00 (BL 77 if setting a math error) to reflect adjustment made with original return.
- Note:** If statute issues apply, see IRM 25.24.2.7, Statute Considerations, for additional information.
- SC 2 (SC 6 if setting a math error).
  - RC 131 and any other applicable RCs.
  - Use HC 0 to allow the notice to generate.

**Exception:** Use HC 4 if required to issue a manual refund or if required to transfer the overpayment to Excess Collections.

- Use PDC 1 to allow previous actions taken to post first, if applicable.
- Include Return Processible Date (RPD), the received date of the taxpayer's actual processible return on your ADJ54.

**Note:** The RPD date is the date the taxpayer submits a signed tax return that can be processed. Unsigned returns are not processible. See IRM 20.2.4.5, Unprocessable Returns, for additional information.

- IRN 871 and PC 2 are required inputs with this adjustment if the taxpayer's actual return shows a balance and the balance due remains unpaid or it was paid after the original return due date. Refer to IRM 25.24.2.8, Balance Due Cases - Penalty Considerations.

**Reminder:** If P- freeze is present and the account contains a TC 841 DLN blocking series 77711, 77712 or 77713, or TC 971 AC 123 MISC>TPP RECOVERY and/or 971/805 MISC>REFCANCL18, input any required account adjustments and prepare e-4442 to RIVO to release the refund. Use RIVO – CP53X (TC841 DLN 77711/77712/77713) category. Use Referral type IRM and select category RIVO – CP53X (TC841 DLN 77711/77712/77713) from drop down. Include remarks stating that the RPM issue has been resolved and request the release of credit, if applicable.

- (5) Determine if DIF score is needed per guidance in IRM 21.5.2.4.23.6, DIF SCORE or CLASSIFICATION "Send Return(s) to Examination for Review". If criteria are met, send return to Examination for review.

**Note:** Ensure that the auto interim letter is turned off. The RPM aspect of the case has been resolved and a closing letter is being sent to the taxpayer.

- (6) If the taxpayer is due a refund, issue a manual refund **ONLY** if a refund cannot be systemically released. Refer to IRM 21.4.4.3, Why Would a Manual Refund Be Needed? for additional information. Refer to IRM 21.4.4.5, Preparation of Manual Refund Forms, for additional guidance on issuing a manual refund. Otherwise, release freeze for systemic generation.

**Reminder:** If the taxpayer is eligible for credit interest, they are only entitled to it from the RPD date. Interest from the RPD only applies to timely payments or credits. See IRM 20.2.4.3, Availability Dates for Overpayments, for availability dates for all other sources of overpayment.

- (7) Input TC 472 to reverse TC 470 previously input, if applicable. The TC 472 is not required if the account results in a zero balance.

**Reminder:** This is important since in some instances after all account actions are performed, normal collection notices should be issued for balance due amount shown on the taxpayer's return as intended to be filed.

- (8) If the account is in status 22 and a balance due for tax liability is still present, ACS must be notified again using Form 14394 regardless if the balance due involves the RPM year.

- (9) Notify the taxpayer of adjustment action taken using the 5956C letter. Refer to IRM 25.24.2.6, Taxpayer Contacts, for additional information.

**Reminder:** Refer to IRM 25.24.2.6, Taxpayer Contacts, section for additional infor-

mation that may have to be addressed in the closing letter. For example: If a math error was set, provide the taxpayer a detailed explanation of the math error, or balance due/penalty issues etc.

- (10) Close CII case.
- (11) Ensure the Form 14157 and Form 14157-A information has been e-mailed to RPO, if applicable.