# MANUAL
# TRANSMITTAL

**25.25.12**

Department of the Treasury
**Internal Revenue Service**

**AUGUST 8, 2024**

## EFFECTIVE DATE

(08-30-2024)

## PURPOSE

(1)     This transmits revised IRM 25.25.12, Revenue Protection - Fraud and Referral Evaluation (FRE) Procedures for Return Integrity Verification Operations (RIVO).

## MATERIAL CHANGES

(1)     IRM 25.25.12.3.1 - Added Individual Master File to the subsection title; Added Note that the EFDS note must contain "PATMAT" as the first 6 characters of the note - IPU 24U0332 issued 03-04-2024

(2)     IRM 25.25.12.3.2 - Added Business Master File Pattern Matching - Working Schemes subsection outlining steps for working leads received from the Business Performance Lab Point of Contact - IPU 24U0332 issued 03-04-2024

(3)     IRM 25.25.12.5 - Updated the TE number for manual review cases from 1482700000 to 1485044444 - IPU 24U0332 issued 03-04-2024

(4)     IRM 25.25.12.7 - Added new Process Status (PS) 32 Unverifiable Wages and Withholding subsection for actions to be taken for returns in PS 32 - IPU 24U0332 issued 03-04-2024

(5)     IRM 25.25.12.8.1 - Added step for cases already in BMFIC - IPU 24U0332 issued 03-04-2024

(6)     IRM 25.25.12.8.2 - Removed step for referrals to EXAM; Updated STARS process to push posted SUSIRP returns to STARS as CAT 1, DISP MQ - IPU 24U0332 issued 03-04-2024

(7)     IRM 25.25.12.10.9 - Updated steps for marking NACHA rejects; Updated steps for R17, R18, R19 and R23 - IPU 24U0332 issued 03-04-2024

(8)     IRM 25.25.12.11 - Updated the selection process for FS2 returns where the reported income is only from the Full Year Prisoner - IPU 24U0440 issued 03-21-2024

(9)     IRM 25.25.12.12 - Added procedures for working new Rule 7Z Sub Rule 1 through Sub Rule 6 inventory - IPU 24U0332 issued 03-04-2024

(10)    IRM 25.25.12.15.1 - Added new Document Upload Tool (DUT) subsection for treating AQC and WOW submissions loaded to the DUT - IPU 24U0332 issued 03-04-2024

(11)    IRM 25.25.12.17.1 - Added new Automated Age Listing (AAL) subsection for actions to be taken pulling, sorting and disseminating the AAL listings; added a step for closing control base is the entity is already in BMFIC - IPU 24U0332 issued 03-04-2024

(12)    IRM 25.25.12.17.2 - Added new subsection for working returns where the Control Base Activity is CRTTY - IPU 24U0332 issued 03-04-2024

(13)    IRM 25.25.12.18 - Deleted FRP 1099-MISC/F56 query from the Weekly Queries. These returns are now identified by a filter.; Deleted KDICALL query from the As Needed Reports. This was moved to IRM 25.25.12.19.4 , Correspondence Automation - IPU 24U0332 issued 03-04-2024

(14)    IRM 25.25.12.18.6 - Added new Fuel Tax Credit 6700 Investigations Query subsection for identifying egregious filings to refer to FRP POC for Section 6700 Investigations - IPU 24U0332 issued 03-04-2024

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(15)    IRM 25.25.12.22 - Updated End of Year Action table IF column to remove the requirement for a TC971 AC052 to be present - IPU 24U0332 issued 03-04-2024

(16)    Editorial changes to subsection content based upon program realignment, changing W&I to TS where applicable and removing or updating obsolete work processes, grammatical updates, and renumbering as needed

**EFFECT ON OTHER DOCUMENTS**

IRM 25.25.12, Revenue Protection - Fraud and Referral Evaluation Procedures (FRE) for the Return Integrity Verification Operations (RIVO), dated October 1, 2023 is superseded by IPU 24U0332 issued March 4, 2024, IPU 24U0440 issued March 21, 2024, and the additions and changes contained in this IPU.

**AUDIENCE**

Campus employees in Return Integrity Verification Operations

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25.25.12
Fraud and Referral Evaluation (FRE) Procedures for Return Integrity Verification Operations (RIVO)

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| | |
|---|---|
| **25.25.12.1**<br>(09-23-2019)<br>**Program Scope and Objectives** | (1) Purpose: This IRM subsection provides guidance for Return Integrity Verification Operations (RIVO) employees who screen individual master file returns in the Electronic Fraud Detection System (EFDS) for possible identity theft and false income and withholding. |
| | (2) Audience: The audience intended in this IRM is RIVO employees. |
| | (3) Policy Owner: The Director of Return Integrity Verification Program Management (RIVPM) is the policy owner of this program. |
| | (4) Program Owner: RIVPM is the program office responsible for oversight of this program. |
| | (5) Primary Stakeholders: The primary stakeholders are Return Integrity Verification Operations (RIVO) and organizations that collaborate with RIVO. |
| | (6) Program Goals: Program goals for the program are in the Operations Guidelines as well as IRM 1.4.10, Return Integrity & Verification Operation Managers Guide. |
| **25.25.12.1.1**<br>(07-02-2018)<br>**Background** | (1) Return Integrity Verification Operations (RIVO) strengthens the integrity of the tax system by: |
| | • Protecting the public interest by improving IRS's ability to detect and prevent improper refunds<br>• Serving the public interest by taking actions fairly and correctly to identify, evaluate and prevent the issuance of improper refunds<br>• Helping taxpayers understand the refundable tax credits for which they are eligible |
| **25.25.12.1.2**<br>(09-23-2019)<br>**Authority** | (1) Refer to the following: |
| | • IRM 1.2.1.5.10, Policy Statement 4-21, Selection of returns for examination<br>• IRC 6402(a), Authority to make credits or refunds<br>• IRC 6401, Amounts treated as overpayments<br>• IRC 6404, Abatements of tax<br>• IRC 6213, Requirements for a statutory notice, including math error authority |
| **25.25.12.1.3**<br>(09-08-2021)<br>**Responsibilities** | (1) The Return Integrity Verification Program Management (RIVPM) has responsibility for information in this IRM. Information is published in the IRM on a yearly basis. |
| | (2) The Director of RIVPM is responsible for the policy related to this IRM. |
| | (3) The Chief of RIVPM Policy & Analysis is responsible for ensuring this IRM is timely submitted to publishing each year. |
| **25.25.12.1.4**<br>(09-23-2019)<br>**Program Management and Review** | (1) The program has reports to track the inventory, including receipts and closures. |

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(2)    A quality control program is in place to review all processes to ensure accuracy and effectiveness.

**25.25.12.1.5**
**(06-13-2023)**
**Acronyms**

(1)    Acronyms used throughout the Fraud and Referral Evaluation (FRE) Procedures for Return Integrity Verification Operations (RIVO) IRM are listed alphabetically in the table below:

| ACRONYM | DEFINITION |
|---------|------------|
| AC | Action Code |
| ACTC | Additional Child Tax Credit |
| AIMS | Audit Information Management System |
| AOTC | American Opportunity Tax Credit |
| AQC | Automated Questionable Credit |
| BiTPP | Back in Taxpayer Protection Program |
| BBTS | Batch Block Tracking System |
| BMFIC | Business Master File Identity Check |
| BOE | Business Objects |
| BPL | Business Performance Lab |
| CFAM | Cybersecurity Fraud Analytics and Monitoring |
| CI | Criminal Investigations |
| CDW | Compliance Data Warehouse |
| CY | Current Year |
| DDB | Dependent Database |
| DLN | Document Location Number |
| DMAS | Data Management, Analysis and Support |
| EF | Entity Fabrication |
| EFDS | Electronic Fraud Detection System |
| EFIN | Electronic Filing Identification Number |
| EIN | Employer Identification Number |
| EITC | Earned Income Tax Credit |
| EL | External Leads |
| EOY | End of Year |

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| ACRONYM | DEFINITION |
|---------|------------|
| EPPM | e-file Provider Program Management |
| ERO | Electronic Return Originator |
| FIRE | Filing Information Returns Electronically |
| FRE | Fraud and Referral Evaluation |
| FRP | Frivolous Return Program |
| FYP | Full Year Prisoner |
| GATT | General Agreement on Tariffs and Trade |
| GII | Generalized Integrated Data Retrieval System Interface |
| HSH | Household Help |
| IAT | Integrated Automation Technologies |
| IDOC | Income Document |
| IDT | Identity Theft |
| IP | Internet Provider |
| IP PIN | Identity Protection Personal Identification Number |
| IPU | SERP IRM Procedural Update |
| IRC | Internal Revenue Code |
| IRM | Internal Revenue Manual |
| IRP | Information Return Processing |
| ISAC | Information Security Analysis Center |
| LMS | Lead Management System |
| MeF | Modernized e-File |
| MFT | Master File Tax |
| MOC | Mode of Contact |
| NACHA | National Automated Clearing House Association |
| NIDT | Non-Identity Theft |
| NOREF | IDRS Command Code |

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| ACRONYM | DEFINITION |
|---|---|
| OCSE | Office of Child Support enforcement |
| PATMAT | Pattern Matching |
| POC | Point of Contact |
| PS | Process Status |
| PTC | Premium Tax Credit |
| PTIN | Preparer Tax Identification Number |
| PY | Prior Year |
| QRY | Query |
| RAAS | Research, Applied Analytics & Statistics |
| RCTC | Refundable Child Tax Credit |
| RICS | Return Integrity Compliance Services |
| RIVO | Return Integrity Verification Operations |
| RIVPM | Return Integrity Verification Program Management |
| RIVPM PA | Return Integrity Verification Program Management Policy and Analysis |
| RPC | Return Preparer Coordinator |
| RRC | Recovery Rebate Credit |
| RRP | Return Review Program |
| SE | Self-Employment |
| SERP | Servicewide Electronic Research Program |
| SNAP | Selections aNd Analytics Platform |
| SP | Submission Processing |
| SRP | Shared Responsibility Payment |
| SSN | Social Security Number |
| SSMS | SQL Server Management Studio |
| SSRS | SQL Server Reporting Services |
| STARS | Scheme Tracking and Referral System |

| ACRONYM | DEFINITION |
|---------|------------|
| SUS IRP | Suspicious Information Return Processing |
| SV | Systemic Verification |
| TBOR | Taxpayer Bill of Rights |
| TC | Transaction Code |
| TE | Tax Examiner |
| TIN | Taxpayer Identification Number |
| TPP | Taxpayer Protection Program |
| UNP | Unpostable |
| WOW | Withholding Only Work |

25.25.12.1.6
(06-13-2023)
**Related Resources**

(1)  The related resources listed below may be used for account research and issue resolution. These related resources may be accessed through the IRS Intranet-Servicewide Electronic Research Program (SERP) site.

- IRM 2, Information Technology
- IRM 3, Submission Processing
- IRM 4, Examining Process
- IRM 21, Customer Account Services
- IRM 25.23, Identity Protection and Victim Assistance
- IRM 25.25, Revenue Protection

(2)  The following IRMs should be used in conjunction with IRM 25.25.12:

- IRM 1.1.13, Wage and Investment
- IRM 25.25.1, Return Integrity and Verification Operation Business Master File Procedures
- IRM 25.25.2, Revenue Protection Screening Procedures for Individual Master File Returns
- IRM 25.25.3, Revenue Protection Verification Procedures for Individual Master File Returns
- IRM 25.25.4, Integrity & Verification Identity Theft Return Procedures
- IRM 25.25.5, General Correspondence Procedures
- IRM 25.25.6, Taxpayer Protection Program
- IRM 25.25.7, Automated Questionable Credit Program
- IRM 25.25.8, Revenue Protection External Lead Procedures
- IRM 25.25.9, Revenue Protection Prisoner Lead Procedures
- IRM 25.25.10, Frivolous Return Program
- IRM 25.25.11, Withholding Only Work (WOW) (Notice CP 05A) Procedures
- IRM 25.25.13, Account Resolution for Return Integrity Verification Operations (RIVO)

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(3) Integrated Data Retrieval System (IDRS) restricted access accounts are accounts where a user must request special permissions to access the account through IDRS. Follow IRM 21.2.1.3.2, Authorized IDRS Access.

(4) 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 more information about the TBOR, see *https://www.irs.gov/taxpayer-bill-of-rights*. Under these rights taxpayers have the right to receive prompt, courteous, and professional assistance in their dealings with the IRS, to be spoken to in a way they can easily understand, to receive clear and easily understandable communications from the IRS, and to speak to a supervisor about inadequate service.

**25.25.12.2**
**(09-23-2019)**
**Fraud and Referral**
**Evaluation Overview**

(1) The mission of the Fraud and Referral Evaluation Department (FRE) is to protect revenue by identifying and dispositioning returns which display patterns of fraud (including identity theft).

(2) The Department Manager, Fraud and Referral Evaluation Department (FRE), reports to the Program Manager, Return Integrity Verification Operations (RIVO).

(3) To accomplish the mission, the Fraud and Referral Evaluation Department staff completes the following:

- Identify and take the correct action on return inventory that may show patterns of fraud or identity theft as required to protect revenue, taxpayers, and the integrity of the tax system.
- Receive, research and process information leads submitted from a variety of sources (i.e., external leads, industry leads, internal referrals, and prisons).
- Support the operation by providing analytical support of inventory processes and reporting.

**25.25.12.3**
**(07-02-2018)**
**Fraud and Referral**
**Evaluation Pattern**
**Matching Overview**

(1) The Fraud and Referral Evaluation (FRE) Department was established to evaluate returns not selected into the workload for potential fraud or identity theft (IDT). Because data mining models and filters learn from past behavior, it is necessary to review non-selected returns, so the models do not continue to reinforce themselves. More so, because of the rapid changes made by criminals and those trying to defraud the government through its tax return system, current models and filters must consistently be updated and improved upon using know patterns. Many of the common fraudulent schemes have been identified and require constant observation and monitoring to prevent refund fraudsters from exploiting those known areas. Concurrently, the FRE Department must scrutinize and look at large sums of data in non-traditional ways (e.g., looking for the "Nulls", using human behavioral patterns, and observing political events impacting the tax refund system), to identify any new and ingenious patterns that could result in the release of tax refunds to fraudsters.

(2) As these patterns change, FRE must also be able to quickly adapt/adjust. FRE must operate without preconceptions and fixed notions, and instead think outside the box. FRE Analysts use a variety of techniques and tools, along with critical thinking and data attained from events taking place in the public, to

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create and update queries identifying any previously undetected fraud. FRE has an impact on reducing the number of external leads by catching them before refunds are released.

25.25.12.3.1
(03-04-2024)
**Individual Master File
Pattern Matching
Procedures**

(1)   Pattern matching is used to analyze returns en masse, not one by one. Use Selections aNd Analytics Platform (SNAP) to create and run assigned queries and adjust as applicable based on internal and external information.

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(3)   Research query results to identify a pattern (this list is not all inclusive).

*Note:*   Use pre-refund and post-refund dates to assist in making determination of patterns.

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(4)   Once a pattern has been identified:

- Load/Import all selected returns into CASE. Selected returns must be in Process Status (PS) codes 0, 3, 10, 12, 32, 47 or 60.
- Push the return to PS 30.

  *Reminder:*   When pushing returns to Process Status 30 utilizing Case, do not push returns already assigned an Identity Theft (IDT) treatment stream (e.g., PS 49/50) as it could possibly change the status of the return.

- Use Refund Amount and Load Date in SNAP to ensure pre-refund status.
- Input the standardized EFDS return notes of the duplicate conditions that applied to your pattern.

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- Input a secondary EFDS note "RIVO FRE PATTERN". The note must be on all returns pushed to PS 30.
- Research may need to be performed to verify the return if it says "Tribal Income" before selecting the return for inclusion in a pattern. See IRM 25.25.2.6(4), Unsubstantiated Income and/or Withholding.

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(5) Research patterns obtained through SNAP.

*Note:* Don't determine pattern of IDT from Current Year Return Spreadsheet only; research the Return Detail for a few returns prior to making your determination.

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(6) Research IP addresses based on the Average Refund:

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(7) Look for other patterns within original pattern and use SNAP to identify more returns:

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| 25.25.12.4<br>(09-07-2023)<br>**Process Status 12 Unverifiable Return Selections** | (1) | EFDS moves Return Review Program (RRP) selections that include all unverifiable type income such as Schedule C Self Employment (SE) or as Household Help (HSH) to PS 12 and adds note "NIDT Select - Sch C/HSH Only" in EFDS. |

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- Modernized e-File (MeF) selections in PS 12 include Transaction Code (TC) 971 Action Code (AC) 052 in IDRS and resequence for 14 days.
- Paper returns include two transaction codes, a TC 971 AC 052 and TC 971 AC 134 in IDRS to resequence for 14 days and create a -R refund freeze (TC570).

(2) Screen PS 12 weekly to identify potential IDT returns using the following steps:

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1. Run a weekly query to identify all returns in PS 12.
2. Screen the query results for potential IDT criteria using the Pattern Matching Procedures in IRM 25.25.12.3.1, Pattern Matching Procedures.
3. If the return meets IDT criteria, push the return to PS 30 as a Taxpayer Protection Program (TPP) Manual Select.
4. Input the Standard Note "PATMAT-SHARED CHARACTERISTICS AS OTHER TPP" and "RIVO FRE Pattern" in EFDS.
5. If the return is not selected for IDT, refile the return in EFDS.

(3) Run all returns through the "Family COVID Leave Credit FRIV Check" query in SNAP.

- Remove any returns with a "Y" in the Send to FRIV column
- Add EFDS Note "RIVO FRE Pattern"
- Email the list to the FRIV FRE POC

**25.25.12.5**
**(03-04-2024)**
**Process Status 28**

(1) Run SNAP query weekly

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- Update the Direct to Masterfile template for the TC 972 AC 134 and TC 972 AC 199 markers and place the template on the server for the Business Performance Lab (BPL) to add the TC 972 AC 134 and TC 972 AC 199 markers to the Masterfile listing. Send an e-mail to the BPL Point of Contact (POC) to inform them that the template has been placed on the server. The e-mail must include the full filename and number of records.
- Input refund release for tool work
- Reassign cases that need manual review to the Tax Examining Team 1485044444 with activity MANWORK.

**25.25.12.6**
**(09-07-2023)**
**Process Status 30**

(1) Process Status 30, also known as ACE/ADJ in the Electronic Fraud Detection System (EFDS), identifies returns that were manually selected for the Taxpayer Protection Program (TPP) treatment. These returns can be identified from Return Integrity Verification Operations (RIVO) screening inventory, Fraud and Referral Evaluation (FRE) pattern matching, Criminal Investigation referrals, and other internal or external referrals.

(2) An Access database is used for monitoring process status (PS) 30 inventory. Analysts working this process will perform the following:

- Identify current PS 30 inventory
- Identify all Document Location Numbers (DLNs) in PS 49
- Track all DLNs placed into PS 30 at End of Day
- Identify TC 971 AC 129 and AC 124 returns for the year
- Identify returns without the proper EFDS IDT note

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- Identify the EFDS note captured for creating the model type
- Identify and create e-mail by manager of incorrect note, BiTPP, Balance Due claim returns to originator for follow up
- Track all TC 971 AC 123 DLNs

**25.25.12.6.1**
**(09-07-2023)**
**Process Status 30 Selection Identification Procedures**

(1) Identify new inventory in Process Status (PS) 30 using the disposition date:

- Research for required Electronic Fraud Detection System (EFDS) note (RIVO FRE PATTERN, RIVO RSV IDT, etc.).
- Determine if the return meets PS 30 criteria (not previously in the Taxpayer Protection Program (TPP), except for accounts containing a TC 971 AC 123 MISC field TPPRP or TPP Recovery).
- Perform a BiTPP (Back in Taxpayer Protection) to check for accounts that have been placed back into the Taxpayer Protection (TPP) process. The accounts must be checked on IDRS for TC 971 AC 124 or AC 129 to see if the return went through the TPP process. If there is no indication of prior TPP, set the return to be sent through the TPP process on the following Thursday. If there is an indication of prior TPP then send the listing to management to have accounts removed from PS 30 and placed in the correct process status.
- Provide feedback to managers if criteria are not met.

(2) Run SNAP query "PS 30 Daily Inventory"

- Research for missing note.
- Perform a BiTPP to check for accounts that have been placed back into the TPP process.
- Check IDRS accounts for TC 971 AC 124 or AC 129 to see if the return went through the TPP process.

(3) For returns that meet the PS 30 criteria, initiate the correct freeze actions. Remove from PS 30 those returns not meeting the criteria.

- Prepare batch freeze template for returns dispositioned to PS 30 after midnight the previous day up to the refund freeze cut off deadline, to generate TC 971 AC 134 and forward to Modernized Development and Delivery (MDD) contact.

(4) Identify the correct TPP marker (e.g., TC 971 AC 124 or TC 971 AC 129), prior to the weekly Direct to Masterfile cutoff deadline by taking the following actions:

- EFDS return DLN is not posted - put on the Direct to Masterfile template for the TC 971 AC 124
- EFDS return DLN is posted

| If | And | Then |
|---|---|---|
| **1**<br>The return is posted (TC150 or TC976) and there is no TC 846 present | | Put on the Direct to Masterfile template for the TC 971 AC 129 |

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| If | And | Then |
|---|---|---|
| **2**<br>The return is posted (TC150 or TC976) and a TC 846 is present on the module | there is an open RIVO refund cancellation IDRS control | Put on the Direct to Masterfile template for the TC 971 AC 129 |
| **3**<br>The return is posted (TC150 or TC976) and a TC 846 is present on the module | there is NO open RIVO refund cancellation IDRS control | Push return to PS 65 - input EFDS note "PS 30 REFUND LOST MOVED TO PS 65" |

(5)  Ensure the Direct to Masterfile template is placed on the server by 10:00 AM ET. Send an e-mail to the BPL POC to inform them the template was updated. The e-mail must include the full filename and number of records.

**Note:**  Any file placed on the server after 10:00 AM ET will be added to the Master-file listing for the following day.

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25.25.12.6.2
(09-08-2021)
**Monitoring Process Status 30 Procedures**

(1)  The database is used for monitoring current year process status 30 inventory. Queries can be run on the following processes:

- Identifies current PS 30 inventory
- Identifies all PS 49 DLNs (current and historical)
- Tracks all DLNs placed into PS 30 at End of Day
- Identifies TC 971 AC 129 and AC 124 returns for the year
- Identifies returns after the correct suspense time expired

  **Note:**  The suspense timeframes will be coordinated with RIVPM HQ.

- Tracks all TC 971 AC 123 DLNs

(2)  Pull the TC 972 AC 129 from the TPP database on a weekly basis. Mass push all confirmed IDT cases to scheme as CT Cat 7. Refile anything that is confirmed Non-IDT with no TC 971 AC 052 CANT VERIFY. Case with the TC 971 AC 052 have the income verified per IRM 25.25.2.16 , Process Status (PS) 30 Identity Theft False Positive Screening Procedures.

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25.25.12.6.2.1
(09-23-2019)
**Taxpayer Protection Program (TPP) Suspense Expired**

(1)  Returns still in PS 30 after the correct suspense time expired are reviewed weekly in the Age Out process. If the refund has been released, the return is re-filed. Those with "no response" where the refund is still holding are disposi-tioned to Scheme Tracking and Referral System (STARS), mirroring the PS 49 process.

**Note:**  The suspense timeframes will be coordinated with RIVPM HQ.

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25.25.12.7
(03-04-2024)
**Process Status 32 Unverifiable Wages and Withholding**

(1)  Cases with no IDOCs to substantiate the claimed income are worked in the Process Status (PS) 32 program. These cases are run through the FRE IRP verification process and then mass refiled, or mass pushed to scheme.

(2)  FRE performs the following:

  1.  Run the PS 32 Snap query weekly

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2.   Export results
3.   Run DLNs through SNAP to identify and pull prisoner returns
4.   Export results. Remove prisoner returns. Push prisoner returns to scheme per IRM 25.25.13-4, Scheme Tracking and Referral Systems (STARS) Category Definitions and input note "PRISONER FROM PS 32"
5.   Run remaining DLNs through "Family COVID Leave Credit FRIV Check" query
6.   Export results. Remove returns meeting the criteria and email the returns to the FRIV FRE POC
7.   Refile any returns containing zero wages and zero withholding
8.   Verify IRPTR amounts per verification IRM 25.25.2.3, Command Code (CC) IRPTR Return Verification During the Screening Process
9.   If amounts verify good per IRM 25.25.2.3, Command Code (CC) IRPTR Return Verification During the Screening Process, refile the return
10.  If prior year returns are found and do not verify, push the return to scheme per IRM 25.25.13-4, Scheme Tracking and Referral Systems (STARS) and input note "PS32 DNV"
11.  All remaining returns stay in PS 32 as a holding queue until IRPTR is fully loaded
12.  After IRPTR is deemed "fully loaded", returns that do not verify are pushed to scheme

**25.25.12.8**
**(06-13-2023)**
**Suspicious Information Return Processing (IRP) Overview**

(1)   Suspicious Information Return Processing (IRP) documents, such as W-2s, W-2Gs, Form 1099-R, Form 1099-NEC, etc., are frequently found on IRP. FRE performs queries to identify these fraudulent documents, add warnings to the IRP document, and input freeze markers to stop the refund from issuing. Suspicious EINs and Taxpayer Identification Numbers (TINs) used by fraudsters may be obtained in many different ways, including a data breach, the creation of a fabricated entity, or a stolen EIN or TIN.

(2)   Suspicious income documents (IDOCs) will be flagged as "potentially fraudulent" on IDRS CC IRPTR with one of the following warning statements:

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**25.25.12.8.1**
**(03-04-2024)**
**Suspicious IRP Link Analysis**

(1)   FRE receives Suspicious IRP Link Analysis referrals via email. The spreadsheet contains the Information Returns submission, associated individual returns filed, and Business Master File Identity Check (BMFIC) case information.

(2)   **Take the following actions:**

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- Run a Selections aNd Analytics Platform (SNAP) query and export applicable information related to each DLN submission (EIN, SSA run date, submission DLN, payee TIN, etc.).

  **Note:**  This information can be found in fdc_w2_irmf_all_years in SNAP.

- Filter the query by assigned EIN using the payer TIN (pyr_tin) and export the query for further analysis.
- Use IRM 25.25.1.5.2, Case Processing for Business Masterfile (BMF) Entity Fabrication (EF), for research steps to review EINs.
- Run link analysis queries to find other potentially fraudulent submissions with bad submission IDs, SSNs, or EINs.
- Add any submissions that are determined to be Suspicious IRP(SUS IRP) to the "IRMF_PFRD_Template" spreadsheet. Include the required information: EIN, SSN, Run Date, and Submission DLN.

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- Use the spreadsheet exported from SNAP to find any affected SSNs. Sort the Action column by desired determination (SUS IRP or EF) Copy all SSNs (pye_tin) and paste into a SNAP query to find any associated returns.
- If a refund can be stopped for any affected SUS IRP or EF returns, regardless of the Process Status (i.e., PS 30 or PS 49), update the "Direct to Masterfile" template with the required information (Primary SSN, Name Control, Tax Year (YYYYMM) and DLN) for the input of the TC 971 AC 199. Do not include dashes in the SSN or DLN and remove any leading/trailing spaces. Place the template on the server DAILY by 10:00 AM ET for the Business Performance Lab (BPL) to add the markers to the Masterfile listing.

  **Note:**  Templates added to the server after 10:00 AM ET will not be worked until the following day.

(3)  **If deemed Suspicious IRP:**

- Move returns claiming suspicious IRP to PS 29 (Add to Scheme) in EFDS unless they are in PS 30 (Ace Adjustments) or PS 49 (ID Theft Hold).

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- Do NOT send the return to PS 29 (Add to Scheme) if:
  the Suspicious income document (ex: W-2) is not being claimed on the return
  the return filed is a balance due return
  potential refund loss is under tolerance (see IRM 25.25.2-4, Tolerance Chart)
- If the refund is lost, disposition to PS 65 (Post Refund Potential Fraud)
- If the associated returns have been moved to PS 31 (ACE Collections) and the IDOCs are determined valid and not suspicious, REFILE the return in EFDS.

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- Share any large dollar scheme with the HQ POC for possible referral. Include all link analysis research.

(4) **If deemed Fabricated Entity:**

- Move returns claiming potential fabricated income documents to PS 29 (Add to Scheme).

                                                                                        #

(5) **Pushing to Scheme:**

- Create an EFDS CASE to hold your Suspicious IRP and EF returns and monitor through the process.
- If the return is in PS 49 (ID Theft Hold) when marked, it could get refiled by the Systemic Verification Process. Manually push these returns from PS 28 (Refile) to the correct scheme using IRM 25.25.2-1, State Mapping to Scheme Location.
- Input the applicable EFDS Note on each return pushed to scheme per IRM 25.25.1-3, Entity Fabrication (EF) Standard Notes and Actions for EFDS and Account Management Service (AMS).

(6) **BMF Entity Closing Process:**

- Update AMS and EFDS based on closing action. See IRM 25.25.1-3, EF Standard Notes and Actions for EFDS and AMS.
- Update EFDS Mode of Contact (MOC) based on closing action.
- Add the correlating EFDS Individual Return Note in the EFDS

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- Add all research and standardized notes to the EFDS employer notes.
- Update/close case in the BMFIC database.

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- Add detailed BMFIC Notes to document specific research performed and used to make the final determination.

    *Note:* HQ will periodically pull a BMFIC report to update locked accounts and IDOCs.

- If the entity is already in BMFIC, check IDRS CC ENMOD for an open EF control base(s). If the EF control base(s) is open, close the control base.

25.25.12.8.2
(03-04-2024)
**Suspicious IRP After Being Pushed to Scheme**

(1) Run "SUSIRP" query in SNAP and export to Excel using the file name "SUSIRP MMDDYYYY". Remove duplicates or previously worked DLNs.

(2) Sort the remaining query results into 2 tabs:

- WOW - Withholding Only Work with no refundable credits
- AQC - Automated Questionable Credits

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(3)   Update the confirmed SUS IRP cases on the SUSIRP MMDDYYYY Excel spreadsheet with the valid wages/withholding amounts per Command Code IRPTR and/or EFDS Notes.

(4)   Send the following cases back to BPL:

- Return does not contain an EFDS or IDRS note confirming a bad EIN
- Return was pushed to scheme before a determination was completed

(5)   Hold cases with no return posted on IDRS (TC150) until the return posts. Once posted, follow the steps above.

(6)   Push all cases to STARS as CAT 1, DISP MQ.

(7)   Email the Excel listings to the proper POCs based on the Excel tabs (FRE WOW POC, FRE AQC POC). The email subject line must read: "SUS IRP".

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25.25.12.9
(06-13-2023)
**Limited Direct Deposit Refund Procedures**

(1)   Direct deposit rules limit the number of United States Treasury Tax Refunds to be deposited into a single financial account to 3. All subsequent refunds are automatically flipped to a paper check and issued to the address of record. The IRS simultaneously issues CP 53X, A Message About Your Request for an Electronic Deposit Refund, to the address of record, informing the taxpayer of the delay, inability to deposit the refund to the account as requested, and the issuance of the paper check.

(2)   Accounts impacted by the direct deposit rules contain the following:

- A transaction code (TC) 841 for the original refund amount or split refund amount.
- A Direct Deposit Reject Reason Code (DDRC) 49.
- A TC 971 AC 850 with a DLN of "2827799999999Y" to flip the direct deposit refund to a paper check.
- A TC 971 AC 804 with a MISC field of "CP 53X".
- A second TC 846 for the refund being issued as a paper check.

25.25.12.9.1
(06-10-2021)
**Monitoring Actions for Undeliverable Checks Resulting From Multiple Direct Deposits to One Bank Account**

(1)   For accounts where the paper check is returned to the IRS as undeliverable (TC 740) and appears on the Business Objects (BOE) Report, FRE is to take the following actions when the S- freeze is still on the account after 60 days:

- Push returns to STARS as CATG 7
- Input EFDS Note: RIVO FRE PATTERN Multi/Limited Direct Deposit S Freeze
- Monitor for the returns to hit STARS and use the STARS Mass Update Template to update the Disposition to "DD"
- Identify returns in STARS CATG 7, DISP "DD" and run through the Return Integrity Compliance Services (RICS) IDT Tool to treat the return as IDT

**Note:**  Any return rejected by the RICS IDT Tool is worked manually per IRM 25.25.4, Integrity & Verification Identity Theft Return Procedures.

- Update STARS DISP to "CL"

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**25.25.12.10**
(09-07-2023)
**Lead Sharing Program**

(1) FRE provides support to the External Lead (EL) Program by running queries and sorting the results of leads involving questionable federal tax refunds reported by financial institutions or various other sources. A lead can be a Treasury Check, direct deposit/Automated Clearing House (ACH), refund anticipation loan check or pre-paid debit card.

(2) Leads worked by FRE may come from any of the following sources:

- Security Breaches
- Banks
- Electronic Return Originators (ERO)
- Abusive Preparer Programs
- Industries
- States
- Office of Child Support (OCSE)
- Information Security Analysis Center Industry Participants (ISAC)
- National Automated Clearing House Association (NACHA)

**25.25.12.10.1**
(06-29-2022)
**Security Breach Leads**

(1) Security Breach Leads - The IRS receives notification of specific security breach incidents from various sources related to a data breach. This information is received from Electronic Products & Services Support (EPSS), Cyberfusion and various software providers. The FRE analysts provide ongoing analysis of the information received and protect IRS revenue of potential identity theft returns through the referral process.
Security Breach Lead Analysis:

- Monitor returns filed for each lead for the current year
- Monitor SSNs, potential suspicious Internet Protocol Addresses, and potential suspicious e-mail addresses received from Cyberfusion for the current year
- Monitor prior year leads for potential IDT

**25.25.12.10.2**
(06-29-2022)
**Bank Leads**

(1) Leads are external information and communications about questionable tax refunds identified by a variety of stakeholders, including national banks, state banks, savings and loan associations, mutual savings banks, credit unions, financial institutions, brokerage firms, government and law enforcement agencies, state agencies, tax preparation entities and various other sources. Bank Leads may involve treasury checks, direct deposits/ACH, refund anticipation loans or checks, and pre-paid debit cards.

(2) Leads from financial institutions are voluntarily submitted through the External Lead Mailbox Process. Reference IRM 25.25.8.2, External Lead Mailbox Process for more information. The bank leads from this mailbox are imported into the "RICS Lead Management System" (LMS). These leads are all post refund returns. The FRE Bank Leads Program uses the lead data within the Lead Management System (LMS) to search for revenue protection and fraud trend identification opportunities.

(3) The FRE Bank Leads Program uses the lead information to identify revenue protection opportunities on other questionable returns currently in the processing stream. The FRE Bank Leads Program also uses these leads to identify new fraudulent filing patterns and trends. New trends are monitored for other activity. Any identified returns are assigned to the correct processing streams. New filter rule suggestions are periodically forwarded to the proper teams in RICS/RIVO for consideration.

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(4) **Lead Research:**

- Review all returns for possible IDT using the bank leads obtained from the saved SSRS Report spreadsheet. Continue reviewing the remaining lead data for fraudulent filing patterns.
- Review Lead data, including some or all the following: SSN, Bank Account, IP address, e-mail address, name, and physical address.
- Research SNAP, IDRS, EFDS and other systems to conduct lead research and identify fraudulent return patterns.
- Address Leads differently based on the scenario. Refer to the Bank Leads Desk guide for current query processes.
- Run SNAP queries daily based on identified lead fraud patterns.

(5) **Lead Actions:**

- Disposition all possible identity theft (IDT) returns to Process Status 30 (ACE/Adjustments) in EFDS. Input the following notes in EFDS:
  Note 1: "RIVO FRE PATTERN"
  Note 2: Summit ('extlds Bank Leads-[SNAP QUERY NAME]")

| | |
|---|---|
| 25.25.12.10.3<br>(06-29-2022)<br>**Electronic Return Originator Leads (ERO)** | (1) Electronic Filing Identification Numbers (EFINs) and Preparer Tax Identification Numbers (PTINs) are vulnerable to identity theft, breaches, and hijacking. Some cases involve EFINs, or PTINs established with identity victims' names and social security numbers (SSNs). Other cases involve EFINs, or PTINs originally established by legitimate return preparers or practitioners and then misused by thieves in filing identity theft (IDT) returns. Yet other cases involve a compromised EFIN, under which the IRS receives both a bona fide return from the legitimate owner of the EFIN and an IDT return from a thief. Electronic Product and Services Support (EPSS) and Return Integrity Verification Operations (RIVO) have been working together to identify suspicious EFINs, research them, and inactivate them, when applicable. |
| | (2) Abusive return preparers have been a problem for the IRS and for taxpayers for many years. These preparers create and submit returns that contain fraudulent/abusive items (for example, income, withholding, dependents, and refundable credits). Abusive return preparers create a problem for the IRS because these returns cost the government revenue and cost the taxpayers money when they are audited. It is often difficult to discern the abuse because some taxpayers collude with these preparers while others do not. |
| 25.25.12.10.3.1<br>(06-29-2022)<br>**Electronic Filing Identification Number (EFIN) and Preparer Tax Identification Number (PTIN) Leads** | (1) Suspicious EFIN, PTIN and Preparer information is received in several ways from numerous internal and external stakeholders. The most prominent method for receiving suspicious EFIN/PTIN leads is through the RICS/RIVO/FRE Fraud Leads mailbox. The leads come in from Electronic Performance Support System (EPSS), Research, Applied Analytics & Statistics (RAAS), Return Preparer Office (RPO), analysts, and sometimes from industry. The leads are assigned to a RIVO FRE analyst to research and determine what action needs to be taken. The analyst checks the EFIN application on the Employee User Portal (EUP), the EFIN owners IDRS accounts, EFDS information, addresses, and Accurint for relevant information. Additionally, the analyst pulls the return information from EFDS along with the EFDS statuses and uses all this information to determine whether the EFIN should be deactivated. |

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(2)    **Lead Research:**

- Determine if the lead needs to be imported.
- Import the lead to the database.
- Using all available research tools, make a determination on the assigned EFINs/PTINs.
- Research all EFINs assigned to the participant.

(3)    This research must be thorough, because it helps determine if the EFIN is using a stolen identity; if the good Electronic Return Originator (ERO) is filing Identity Theft (IDT) returns; or if the EFIN has been compromised.

(4)    The five main determinations that the RIVO FRE analyst can make are:

- "Data Breach": the intentional or unintentional release of confidential information. In ERO cases the released confidential information would be the ERO clients' Personally Identifiable Information (PII).
- "Application Misrepresentation": applications were submitted with the wrong owners/principals listed.
- "Compromised": an otherwise good ERO's EFIN has been hijacked; the EFIN is being used by a third party to file returns. In most cases you'll see good and bad returns coming through the same EFIN.
- "EFIN filing IDT returns": a valid EFIN owner is filing IDT returns.
- "IDT EFIN": an EFIN was established with a stolen ID and used to file IDT returns.

(5)    **Lead Actions:**

- Forward your determination to the primary Management and Program Analyst for review. All documentation to support your determination to EPSS must be included in an Excel spreadsheet.

    *Reminder:*  After the review is completed, the program manager forwards the recommendation to BPL for review.

- Update the FRE database with all required fields.

(6)    **Inventory Tracking:**

(7)    Import EFIN referrals from all sources into the Leads Management database upon receipt. The inventory from the RAAS EFIN Tool is included in the ERO Leads inventory and assigned one lead at a time:

1. Oldest date first
2. Case status moved to "In Progress" – lead is being reviewed
3. Case updated to "Completed" – lead is closed

*Reminder:*  Analysts should be assigned only one case at a time. Justification is needed if multiple cases are open.

(8)    **Inventory Time Frames:**

(9)    Place the lead status "In Progress" for no longer than 24 hours and status "Completed" within 30 days of the received date; this includes all intake sources:

- Research, Applied Analytics & Statistics (RAAS)
- Electronic Performance Support System (EPSS) / e-file Provider Program Management (EPPM)

- Return Integrity Compliance Services (RICS) (Return Integrity Verification Operations (RIVO)/ Business Performance Lab (BPL))
- Cybersecurity Fraud Analytics and Monitoring (CFAM)
- Return Preparer Office (RPO)
- Information Security Analysis Center (ISAC)
- Other ad hoc referrals

*Reminder:* The goal of the program is to deactivate EFINs as soon as possible, protecting the practitioner and revenue. Leads over 30 days are considered aged. Justification is needed for any leads over 30 days and any leads "In Progress" for longer than 72 hours.

25.25.12.10.4
(09-23-2019)
**Abusive Preparer Program Leads**

(1) Return Integrity Verification Operations (RIVO) has implemented a streamlined referral process to direct Abusive Preparer cases to the Lead Development Center (LDC) and to the Return Preparer Coordinators (RPCs) office using specified criteria. This includes Exam functions that focus on the fraudulent items listed in the referral.

(2) After thoroughly researching and developing the referrals, refer only the most egregious preparers. If the criteria is not egregious enough to warrant a referral, forward the lead to the Return Preparer Office (RPO) to be filed as a complaint only.

(3) RICS/RIVO/FRE employees are in a unique position to identify these abusive preparers. This identification supports their mission of fraud detection and revenue protection. In addition, they have access to return data that is not generally available elsewhere in the IRS. This frequently results in identifying pockets of questionable returns that are prepared by the same individual and allows for case building on preparer fraud not captured elsewhere.

(4) A FRE Point of Contact (POC) is assigned at each site. A POC review must be completed before any lead can be referred to the Industry Fraud Leads Mailbox. Forward all referrals to the FRE POC's e-mail address with a CC to their back up.

*Note:* If the POC disagrees with the research or determines further case building is required, the template is rejected back to the initiating employee with a description of the reject reason.

| If | Then |
|----|------|
|    | Send an e-mail to the FRE # # # # |
|    | Send an e-mail to the FRE # # # # |

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| If | Then | |
|---|---|---|
| | Send an e-mail to the FRE | #<br>#<br># |

(5)  Program Case Research:

- Determine if the lead needs to be imported
- Import the lead into the database
- Using all available research tools, determine if the case is Abusive or Not
- Verify the Current Year (CY) return totals; if greater than 500 returns refer to the Lead Development Center (LDC) or if less than 500 returns refer to the Return Processing Center (RPC)
- Double check database to make sure the EFIN is still active (if EFIN is inactive, review the comments to see if a referral is warranted)
- Consider all EFINs associated with the firm being researched. Make a referral to the LDC/RPC for the firm, not an individual Preparer Tax Identification Number (PTIN)
- Capture everything the firm filed, including Paper and Electronic Filing (ELF)
- Check for open investigations in Criminal Investigations (CI) or Civil. Check everything in PS 29 for schemes
- Pull Current Year (CY) and Prior Year (PY) return data using the EIN and/or PTIN and use those DLNs as the condition on the Preparer Query
- Check for confirmed IDT. If there is any, send the case to EPSS for IDT instead of referring it as an abusive preparer
- Fill out all required fields on the Abusive Preparer Program Template and complete a recommendation spreadsheet (LDC ONLY)

(6)  Refer the abusive preparer cases to the LDC (for abusive preparers filling more than 500 returns) and to the RPCs (for abusive preparers filling fewer than 500 returns) and to the RPO, if the referral is not egregious enough and needs to be filed as a complaint only.

(7)  Lead Actions:

- Forward your recommendation to the primary ERO Leads Management and Program Analyst for review. All documentation to support your recommendation to the LDC/RPC/RPO must be included in an Excel spreadsheet or template provided.
- Forward the complete review to the program manager to forward the recommendation to the LDC, RPC, or the RPO for resolution.
- Update the FRE database with all required fields accordingly.

25.25.12.10.5
(06-29-2022)
**Industry Leads**

(1)  As part of the Security Summit Initiative, lead reports are received from American Coalition of Taxpayer Rights (ACTR) members as well as other participating software partners. The returns referred as part of these lead reports are reviewed and analyzed for possible identify theft characteristics. If a return is thought to be questionable, it is processed accordingly by the IRS to ensure revenue protection. Higher level analysis is then performed to aid in identifying more returns and any filing patterns or trends that can be used in the future.

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(2) Industry Lead files are received on the server through a secure data transfer process. A lead consists of two separate files:

- **Control File** – (txt format) – this file contains company contact information pertaining to the data file
- **Data File** – (xml file format) – this file contains the actual data records

Import both files to the XML_Industry folder for import to the database. Input the mef_submission_ids received from the database into SNAP to generate return data.

(3) <u>Lead Research</u>

- Import the lead to the database
- Process the Industry lead file
- Review all returns in a workable process status (with stoppable refund stop dates) to identify possible identify theft returns (pattern matching)
- Disposition all returns identified as possible ID theft returns to Process Status 30 (ACE/Adjustments) through Case in the Electronic Fraud Detection System (EFDS) with the following notes:
  Note 1: "extlds Industry Leads OL"
  Note 2: "RIVO FRE PATTERN"
- Update LM - FRE with all required fields
- Update the Lead Database Status to "Completed"
- Move the lead files to the correct leads folder

25.25.12.10.6
(06-29-2022)
**State Leads**

(1) The State Leads Program is a program within RICS that receives referrals from various State taxing agencies relating to fraudulent and IDT returns being filed at the State level. RICS uses these leads to identify questionable returns being filed at the federal level and to identify new fraudulent filing patterns and trends.

(2) <u>Lead Research</u>

- Review and format the state lead file so that it can be imported into the Lead Management (LM) FRE database
- Import the lead to the database
- Review all returns that are not in a current IDT process status (with stoppable refund stop dates) to identify possible identify theft returns (pattern matching)
- Update the LM FRE database with all required fields
- Disposition all returns identified as possible ID theft returns to PS 30 (ACE/Adjustments) through CASE in the Electronic Fraud Detection System (EFDS) with the following notes:
  Note 1: "extlds State Leads OL"
  Note 2: "RIVO FRE PATTERN"
- Update the lead status to "Completed"
- Move the lead to the correct leads folder

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25.25.12.10.7
(09-07-2023)
**Office of Child Support Enforcement (OCSE)**

(1) The Office of Child Support Enforcement (OCSE) assists with the Treasury Offset Program (TOP) Offset Reversal process by supplying a file of Social Security numbers associated with accounts where TOP offsets were generated from suspect returns (possibly not filed by the true taxpayer).

(2) Research using batch tools and databases to find the following information:

- The tax period associated with the TOP offset
- The IRS determination:
  Yes: All funds requested back - fraud or identity theft
  No: No funds requested back - the offset is valid

(3) Research

- Create the query
- Research the accounts
- Make the yes/no determination
- If determination is yes, input an offset reversal
- Send the determination back to OCSE

25.25.12.10.8
(06-29-2022)
**Information Security Analysis Center (ISAC) Leads**

(1) The Information Security Analysis Center (ISAC) Industry Participants send leads and alerts to the IRS through the ISAC Portal. The alerts contain information related to revenue protection and potential EFIN, ERO, and preparer fraud. The referred lead reports are reviewed and analyzed by FRE for possible identify theft or fraud characteristics. If a return is thought to be questionable, it is processed accordingly by the IRS to ensure revenue protection. Higher level analysis is then performed to aid in identifying more returns and any filing patterns or trends that can be used in the future.

(2) ISAC Lead files are reviewed by FRE through the ISAC Portal. A lead consists of two separate files:

- Control File - (.txt file format) - this file contains company contact information pertaining to the data file
- Data File - (.xlsx file format) - this file contains the actual data records

(3) Lead Research and Actions

- Review and format the lead file so that it can be imported into the Lead Management (LM) FRE database
- Import the lead into the LM FRE database
- Analyst assigns the lead to themselves in the LM FRE database
- Analyze lead for potential revenue protection (pattern matching)

  *Note:* While reviewing the lead for revenue protection, also research for ERO issues (data breaches, compromised EFINs, preparer fraud, etc.). If discovered, follow proper ERO procedures, and continue following workflow processes.

- If applicable, disposition all returns identified to Process Status 30 (ACE/Adjustments) through CASE in the Electronic Fraud Detection System (EFDS) with the following notes
  Note 1: "extlds ISAC leads OL"
  Note 2: "RIVO FRE PATTERN"
- Update LM FRE database with all required fields
- Update the lead status to "Complete"
- Respond to corresponding ISAC lead e-mail with results

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25.25.12.10.9
(03-04-2024)
**National Automated
Clearing House
Association (NACHA)
Leads**

(1) The National Automated Clearing House Association (NACHA) manages the administration, development, and governance of the ACH network, which is the electronic system that facilitates the movement of money in the United States. Beginning in January 2013, an Opt-In Program was developed by the IRS, Department of Treasury Bureau of Fiscal Services (BFS) and the National Automated Clearing House Association (NACHA) and allows financial institutions to reject questionable refunds back to the IRS for review.

(2) The External Leads NACHA Group pulls a listing of NACHA rejects using Control D. The NACHA Group Point of Contact (POC) sends FRE a weekly list of NACHA rejects, broken down into tabs for R17, R18, R19 and R23 for FRE to work as follows:

(3) Step 1: Combine all three reject tabs into a single file

(4) Step 2: Check IDRS Command Code IMFOLT for the following:

- DLN
- Recovery Rebate Credit (RRC)
- Fuel Tax Credit (FTC)
- TPP Markers (TC 971 AC 124 or TC 971 AC 129)
- TC 971 AC 123 with MISC field "TPP RECOVERY", "FORCE TAC", "TPP RP" or "TAC AUTH ONLY"
- TC 971 AC 123 with MISC field "TPP RP"
- TC 971 AC 052 with MISC field "FULL YR PRN"
- TC 971 AC 199 with MISC field "AMWEX60033 GATT EFDS"

(5) Step 3: Based on the IDRS IMFOLT data, mark the NACHA rejects as follows:

| IF | THEN MARK FOR |
| --- | --- |
| No Posted Return (usually RRC only) | No further action |
| TC 971 AC 123 TPP RECOVERY or TPP RP | PS 30 (TPP) |
| TC971 AC123 FORCE TAC or TAC AUTH ONLY, TC 971 AC 052 FULL YR PRN, or TC 971 AC 199 AMWEX60033 GATT EFDS | Manual review by TE's |
| If return previously went through TPP, and does not include the TC 971 AC 123 TPP RECOVERY or TPP RP markers | Refile |

(6) Step 4: Run a SNAP query on the remaining DLNs to pull Current Year and Prior Year filing data. Review and mark the rejects as follows:

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| IF | THEN MARK FOR |
|---|---|
| R23 Reject with a split refund indicator | Refile |
| There is no SNAP data for the return | Manual review by TEs, no further action by FRE |

(7)  Step 5: Compare all remaining R17, R18, R19, and R23 NACHA rejects to IRP to identify returns that verify within the wage and withholding tolerances or underreported their wages. Mark these rejects as follows:

| IF | THEN MARK FOR |
|---|---|
| Return claimed $0 wages/ withholding but significant income is reported on IRP | PS 30 (TPP) |
| Wage and withholding verify within tolerance or are underreported AND the bank account, address, or preparer match current year or prior year returns | Refile |
| A bank account or listed preparer was used for more than 3 returns or the same address is used for more than 3 returns | PS 30 (TPP) |
| Any remaining R18/R23 | PS 30 (TPP) |
| Return doesn't meet any of the above conditions | Manual Review |

(8)  Step 6: After marking all returns using the steps above, compile a list of returns marked for PS 30 (TPP). Forward the list to the FRE Pattern Matching Team Point of Contact (POC) for disposition and further research as needed.

(9)  Step 7: Compile a list of all returns marked for Refile and complete the following:

   • Run Refile list through SNAP query to identify any cases meeting Social Media Scheme criteria. If any are found, mark them as ″Send to FRIV″ and take no further action.
   • Refile returns using CASE
   • Use IDRS to close NACHA controls and place the remaining controls in B status
   • Input a TC 971 AC 850 and a TC 290/.00 with priority code 1 and a post delay of 1

(10)  Step 8: Place an updated NACHA inventory listing in the Shared Drive folder: S:\RICS\IVI\Shared\AUS\TAP\Misty\Reports\FRE IRP Report

(11)  Step 9: Send the sorted file back to the External Leads NACHA Group POC for the Tax Examiners (TEs) to screen all returns needing manual review

**25.25.12.11**
**(03-21-2024)**
**General Agreement on Tariffs and Trade (GATT) Procedures**

(1)   General Agreement on Tariffs and Trade (GATT) returns are Full Year Prisoner (FYP) returns with income (wages, Schedule C or HSH) earned while incarcerated, regardless of filing status, that are not entitled to the following refundable credits:

- Earned Income Tax Credit (EITC)
- Additional Child Tax Credit (ACTC)

**Note:**  A FYP is identified as one who is incarcerated for 11 consecutive months within the tax year. See IRM 25.25.2.13, Prisoner Returns, for additional prisoner information.

(2)   Perform two daily queries to identify potential GATT and selected GATT returns. Use query results to update account indicators and make referrals as shown below:

**Query 1 - Daily 971-199 Queries** - Identifies potential GATT return criteria:

1.  Run a daily query to identify FYP's claiming EITC and/or ACTC .
2.  Identify FS2 returns where all the income is coming from the incarcerated taxpayer. If the income is split between the primary and spouse or only from the non full-year prisoner, input EFDS Note "FS2 NOT GATT". All other returns receive the standard GATT note.
3.  Input the standard EFDS Note "POSSIBLE GATT REFUND HOLD" using CASE.
4.  Using query results, update the Direct to Masterfile template for the "TC 971 AC 199 GATT EFDS" markers and place the template on the server DAILY for BPL to add the TC 971 AC 199 markers to the Masterfile listing. The template must be loaded to the server daily, no later than 10:00 AM ET.

    **Note:**  Any file placed on the server after 10:00 AM ET will be added to the Masterfile listing the following day.

5.  Send an e-mail to the BPL Point of Contact (POC) to inform them that the template has been placed on the server. The e-mail must include the full file name and number of records.

**Query 2 - Daily Refiles Query** - Identifies true GATT return criteria:

1.  Run a twice daily query to identify new returns in PS 28 (Refile) and PS 0 (not selected for Data Mining) that have the EFDS Note "POSSIBLE GATT REFUND HOLD".
2.  Use CASE to push the identified GATT returns to STARS as CATG "1".

    **Note:**  These returns should already have a TC 971 AC 199 GATT EFDS marker on the account.

3.  Input EFDS Note "FRE GATT REFERRED TO AQC".
4.  Refer GATT selected returns to Automated Questionable Credit (AQC) POC.

**Query 3 - Weekly AQC TT Query** - Identifies returns posted to STARS

1.  Run weekly query

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2.    Monitor for the returns to hit STARS
3.    Add posted returns to the STARS Mass Update Template to update to
      CATG 8 and Disposition to "TT".

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(03-04-2024)
**Rule 7 Screening
Procedures**

(1)  Run a Business Objects (BOE) report to capture all Rule 7 Selections for the
     entire year.

     •       Compare the current list with the prior week's list
     •       Any DLN not found on the prior week's list is a new selection for the
             current week

(2)  If EFDS Note "Rule 7 Verified" is present and an R Freeze is still holding the
     refund, input reversal transaction for the TC 971 AC 122 and release refund.

(3)  Follow the below chart for the correct actions:

| If any of the following | And | Then |
|---|---|---|
| • Rule 7A - 7E (American Opportunity Tax Credit (AOTC) issues) | is in PS 0 or PS 28 and does not contain the EFDS Note "Rule 7 Verified" | • Push return to PS 55<br>• Input EFDS Note "Rule 7A-E Holding for IRP" |
| • Rule 7G Sub Rule 1 Self Only EITC Post-refund returns<br>*Note:* DDB will not send a TC 971 AC 122 marker to Masterfile for these returns. | • Prior to RIVPM notifying RIVO that selections have been completed: if in PS 0 or PS 28 and does not contain the EFDS Note "Rule 7 Verified" | • Push return to PS 55<br>• Input EFDS Note "Rule 7G1 Hold"<br>• Take no further action until RIVPM P&A provides guidance on selection or survey actions |
| • Rule 7G Sub Rule 1 Self Only EITC Post-refund returns<br>*Note:* DDB will not send a TC 971 AC 122 marker to Masterfile for these returns. | • After RIVPM has notified RIVO that selections have been completed: if in PS 0 or PS 28 and does not contain EFDS Note "Rule 7 Verified" | • Take no action |

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| If any of the following | And | Then |
|---|---|---|
| • Rule 7G Sub Rule 2 FYP claiming Refundable Child Tax Credit (RCTC) Pre-refund<br><br>*Note:*  If the return meets the criteria for both Rule 7G Sub Rule 2 and General Agreement on Tariffs and Trade (GATT), GATT will have the higher priority. | is in PS 0 or PS 28 and does not contain the EFDS Note "Rule 7 Verified" | • Push return to STARS CATG "1"<br>• Input EFDS Note "FRE Rule 7 Refer to AQC"<br>• Send to Automated Questionable Credit (AQC) POC<br>   *Note:* Include sub-rule identifier in case referral<br>• Monitor for the returns to hit STARS and use the STARS Mass Update Template to update to CATG "8" and Disposition to "R7"<br>   *Note:* The 7G2 returns will be worked as GATT in AQC.net. |
| • 7F (Form 1040SS) | • **Tax year 2021 only**<br>• is in PS 0 | • Refile return<br>• Input EFDS Note "Rule 7 Verified"<br>*Note:*  Do not refer return to AQC. |
| • 7F (Form 1040SS) | • **Tax year 2021 only**<br>• is in PS 28 | • Leave in PS 28<br>• Input EFDS Note "Rule 7 Verified"<br>*Note:*  Do not refer return to AQC. |
| • 7F (Form 1040SS) | • **Tax year 2020 and prior**<br>• is in PS 0 or PS 28 and does not contain the EFDS Note "Rule 7 Verified" | • Push return to STARS CATG "1"<br>• Input EFDS Note "FRE Rule 7 Refer to AQC"<br>• Send to AQC POC<br>   *Note:* Include sub-rule identifier in case referral<br>• Monitor for the returns to hit STARS and use the STARS Mass Update Template to update to CATG "8" and Disposition to "R7" |

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| If any of the following | And | Then |
|---|---|---|
| • 7H (See sub-rules below)<br>1: Pre-refund return for non-resident aliens claiming American Opportunity Tax Credit (AOTC)<br>2: Pre-refund return for a bona fide resident of Puerto Rico claiming Earned Income Tax Credit (EITC) or American Opportunity Tax Credit (AOTC)<br>3: Pre-refund return for a bona fide resident of a US Territory or Freely Associated State claiming Earned Income Tax Credit (EITC), Additional Child Tax Credit (ACTC), or American Opportunity Tax Credit (AOTC) | • **Tax year 2022 only**<br>• is in PS 0 or PS 28 and does not contain EFDS Note "Rule 7 Verified" | • Push return to STARS CATG "1"<br>• Input EFDS Note "FRE Rule 7 Refer to AQC"<br>• Send to AQC POC<br>  ***Note:*** Include sub-rule identifier in case referral<br>• Monitor for the returns to hit STARS and use the STARS Mass Update Template to update to CATG "8" and Disposition to "R7" |
| • 7N (See sub-rules below)<br>1: Pre-refund returns claiming the Additional Child Tax Credit (AOTC) on Form 1040-NR, U.S. Nonresident Alien Income Tax Return, from an ineligible country<br>• 2: Pre-refund Form 1040-NR, U.S. Nonresident Alien Income Tax Return, with verified bad wages and/or withholding | • **Tax year 2022 only**<br>• is in PS 0 or PS 28 and does not contain EFDS Note "Rule 7 Verified" | • Push return to STARS CATG "1"<br>• Input EFDS Note "FRE Rule 7 Refer to AQC"<br>• Send to AQC POC<br>  ***Note:*** Include sub-rule identifier in case referral<br>• Monitor for the returns to hit STARS and use the STARS Mass Update Template to update to CATG "8" and Disposition to "R7" |
| • 7Q<br>Pre-refund Form 1040-SS, U.S. Self-Employment Tax Return, or Form 1040-PR, Declaración de Impuestos Federal sobre el Trabajo por Cuenta Propia, with verified bad Social Security, Medicare, and Additional Medicare taxes reported on Part II, line 2, to calculate the Additional Child Tax Credit (ACTC) | • **Tax year 2022 only**<br>• is in PS 0 or PS 28 and does not contain EFDS Note "Rule 7 Verified" | • Push return to STARS CATG "1"<br>• Input EFDS Note "FRE Rule 7 Refer to AQC"<br>• Send to AQC POC<br>  ***Note:*** Include sub-rule identifier in case referral<br>• Monitor for the returns to hit STARS and use the STARS Mass Update Template to update to CATG "8" and Disposition to "R7" |

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| If any of the following | And | Then |
|---|---|---|
| • 7R (Recovery Rebate Credit (RRC) see sub-rules below)<br>1: Resident of Puerto Rico claiming a Recovery Rebate Credit (RRC) (Excludes US Military with TC 971 AC 162 marker on ENMOD for the tax year of the return)<br>2: Resident of one of the Freely Associated States (FAS) of the Republic of Palau, Republic of Marshall Islands or the Federated States of Micronesia claiming a Recovery Rebate Credit (RRC)<br>4: Taxpayer claiming the RRC of $500 or more and the taxpayer sends in documentation which substantiate their citizenship for the credit (This sub-rule was turned off for tax year 2021)<br>• 7T (Questionable citizenship and claiming ACTC and/or EITC) | is in PS 0 or PS 28 and does not contain the EFDS Note "Rule 7 Verified" | • Push return to STARS CATG "1"<br>• Input EFDS Note "FRE Rule 7 Refer to AQC"<br>• Send to AQC POC<br>   ***Note:*** Include sub-rule identifier in case referral<br>• Monitor for the returns to hit STARS and use the STARS Mass Update Template to update to CATG "8" and Disposition to "R7" |

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| If any of the following | And | Then |
|---|---|---|
| • 7Z (IRC 1341 Claim of Right) see Sub Rules below: Sub Rule 1 (Claim of Right is equal to or greater than the refund) and 2 (Claim of Right is less than the refund) are for returns that are only claiming on the other payments line. (The Schedule 3 Other Payments>0 AND Schedule 3 Credit for Repayment of Amounts Included in Income from Earlier Years = 0) Sub Rule 3 (Claim of Right is equal to or greater than the refund) and 4 (Claim of Right is less than the refund) are for returns that are only claiming the 1341 line. (The Schedule 3 Credit for Repayment of Amounts Included in Income from Earlier Years >0 AND Schedule 3 Other Payments = 0) Sub Rule 5 (Claim of Right is equal to or greater than the refund) and 6 (Claim of Right is less than the refund) are for returns claiming amounts on both lines. (The Schedule 3 Credit for Repayment of Amounts Included in Income from Earlier Years + Schedule 3 Other Payments > 0) | is in PS 0 or PS 28 and does not contain the EFDS Note "Rule 7 Verified" | • Push return to PS 55 • Input EFDS Note "Rule 7Z and applicable Sub Rule" |

(4)   Monitor returns in PS 55 and run weekly IRP queries as applicable. Follow the chart below for actions needed:

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| If | And | Then |
|---|---|---|
| • Rule 7A - 7E | Form 1098-T IRP match found on weekly query | • Refile the return<br>• Update the Direct to Masterfile template for the TC 972 AC 122 markers and place the template on the server by 10:00 AM ET for BPL to add the markers to the Masterfile listing. Include all reversal markers related to the DLN<br>• Send an e-mail with the full file name and the number of returns to the BPL Point of Contact (POC) to inform them that the template has been updated<br>• Input EFDS note "Rule 7 Verified" |
| • Rule 7A - 7E | No Form 1098-T IRP match through Cycle 17 | Take no action |

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| If | And | Then |
|---|---|---|
| • Rule 7A - 7E | No Form 1098-T IRP match found beginning Cycle 18 | • Push the return to STARS CATG "1"<br>• Input EFDS Note "FRE Rule 7 Refer to AQC"<br>• Refer to AQC POC<br>• Monitor for return to hit STARS and use the STARS Mass Update Template to update to CATG "8" and Disposition to "R7" |
| • Rule 7G Sub Rule 1<br>**Reminder:** DDB will not send a TC 971 AC 122 marker to Masterfile for these returns. | • Prior to RIVPM notifying RIVO that selections have been completed | • Take no action |
| • Rule 7G Sub Rule 1<br>**Reminder:** DDB will not send a TC 971 AC 122 marker to Masterfile for these returns. | • After RIVPM has notified RIVO that selections have been completed | • Refile return |
| • Rule 7Z Sub Rule 1 through Sub Rule 6 | | • Hold for Headquarters guidance |

25.25.12.13
(09-07-2023)
**Premium Tax Credit
(PTC) Referral
Procedures**

(1) Run a Business Objects (BOE) report to capture all Premium Tax Credit (PTC) selections for the entire year. Cases are identified by the TC 971 AC 128 MISC field literals AQCPTC191 and AQCPTC195.

(2)

- Compare the current list with the prior week's list
- Any DLN not found on the prior week's list is a new selection for the current week
- Run a SNAP query using the results of the BOE queries to identify returns in PS 0 and PS 28.
- Using CASE, push the returns in PS 0 AND PS 28 to STARS CATG 1.
- Monitor for the return to hit STARS and use the STARS Mass Update Template to update to CATG 8 and the Disposition to PT.
- Add the list of returns to the AQC DB. Include a list of rejects from CASE that did not post to STARS, and any returns from the BOE query that were not found in EFDS.

25.25.12.14
(09-07-2023)
**Withholding Only Work
(WOW) Procedures**

(1) A weekly automated e-mail from EFDS titled "Referral, AM Aging Completed Successfully" identifies the "cycle" and gives the number of aged referrals. SNAP query results should match the number of aged referrals in the e-mail.

(2) Perform FRE IRP Validation check using the following:

- In STARS, update all cases that have a valid Federal Withholding IRP match within RIVO tolerance to DISP DL, input STARS Delete Reason note and release refunds. See IRM 25.25.13-1, STARS Delete Reasons for the correct note.
- Send cases with open correspondence controls and valid Federal Withholding IRP matches to the WOW POC for the WOW POC to pull the case correspondence.
- Perfect the spreadsheet with updated IRP withholding information.

(3) Run cases through TXMOD using the Generalized Integrated Data Retrieval System Interface (GII) and complete the following:

- Send cases with credits that meet AQC criteria to the FRE AQC POC.
- Import cases with open controls or other function freezes into the WOW Database (DB) to be worked as manuals.
- Update STARS disposition to MA.
- Move cases that have been resolved to AL.

(4) Run all remaining cases through the WOW Database Tool and complete the following:

- Import tool rejects into the WOW DB for manual review.
- Update STARS disposition to MA.
- Cases worked by the tool are mass updated to DISP AL.

(5) Process the WOW manual referral cases received from the National POC's per the following:

- Run cases through the WOW Database Tool.
- Import Tool Rejects into the WOW DB for manual review.
- Update STARS disposition to MA.

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- Cases worked by the tool are mass updated to DISP AL.

**25.25.12.15**
**(09-07-2023)**
**Automated Questionable Credit (AQC) Procedures**

(1) FRE provides support to the Automated Questionable Credit (AQC) Program by performing some of the processes in mass. This is comprised of running input files in mass in the Integrated Automation Technologies (IAT) AQC.Net Tool to create letters and/or input adjustments, uploading tool work results into the AQC Database and updating the STAR's disposition. FRE inventory referrals for AQC treatment are identified in BOE, STARS, or Manual Referrals.

(2) FRE actions:

#
#
#
#
#
#

   2.   Import referred cases to the AQC database by work type including the listing from the Refer to AQC folder in the share drive and the manual referral (MR) sheet.

   3.   Run the various work types with posted TC150 DLNs through the AQC IAT tool to have the initial letters generated per IRM 25.25.7.3, Automated Questionable Credit (AQC) Manual Case Processing. Send work types that cannot be run through the tool to the AQC POC for manual letter input.

        ***Note:*** Monitor AQC cases where the 150 DLN has not yet posted.

        ***Note:*** Work the Rule 7G Sub-rule 2 returns as General Agreement on Tariffs and Trade (GATT) in AQC.net.

   4.   Import the suspended file into the AQC database.

   5.   Rerun files through the AQC IAT Tool when suspense time expires per IRM 25.25.7.6, No Response Received to Letter 4800C and IRM 25.25.7.7, No Response Received to Letter 3219C (Notice of Deficiency).

   6.   Send any tool rejects or statute expired/imminent cases to the RIVO P&A POC for manual work in all stages of the tool work.

   7.   Update the STARS disposition for any cases adjusted by the tool to QL using the STARS mass update process.

**25.25.12.15.1**
**(03-04-2024)**
**Documentation Upload Tool (DUT) for AQC/WOW**

(1) Pull the Cumulative Report for the AQC/WOW DUT submissions twice weekly

(2) Use the IDRS data to identify the workstream for each new submission as well as the specific AQC type or rule. Use data to identify/note any errors, such as no RIVO involvement, incorrect tax period, and XREF TINs.

(3) Send results to the RIVO P&A POC

**25.25.12.16**
**(03-02-2021)**
**Master File Tax (MFT) 32 Reversal Procedures**

(1) The Master File Tax (MFT) 32 Reversal Process monitors accounts to ensure returns moved to MFT 32 due to possible identity theft (IDT) post back to MFT 30 after authentication of the taxpayer. FRE monitors the accounts after the actions are taken per IRM 25.25.6.7.1, Taxpayer Protection Program (TPP) Assistors, Taxpayer Assistance Center (TAC) Assistors, and Identity Theft Victims Assistance (IDTVA) Assistors MFT 32 Reversal Criteria & Procedures and IRM 3.28.4.7, Returns on MFT 32.

(2) Review output and take actions per Systemic, Manual, and Reconciliation Reports to release refunds, refer for compliance treatment, or perform clean-up activities necessary to reconcile Category "7" inventory pushed to STARS.

**25.25.12.16.1**
**(01-27-2022)**
**Systemic MFT 32**
**Screening**

(1) Pull the following SQL Server Reporting Services (SSRS) Reports posted weekly from the TPP - TPP RIVO Monitoring folder:

- MFT32_REV_RL
- MFT32_REV_IW
- MFT32_REV_CV

> **Note:** No FRE actions are needed for returns in the MFT32_REV CV report. Returns in this report are MFT32 Reversals that Return Review Program (RRP) will resequence for systemic verification (SV). Once verification is complete, the returns will move to either the MFT32 REV RL or MFT32 REV IW report,

(2) FRE performs the following actions:

| IF | AND | THEN |
|---|---|---|
| RL (Release)<br>• Return moved back to MFT 30 and refund is held.<br>• Verification has been completed<br>• No other issues identified | | • Release refund<br>• Update STARS to DL<br>• Reverse any RIVO markers |
| IW (Selected for Non-IDT)<br>• Return moved back to MFT 30 and refund is held<br>• Income needs to be verified | Return verifies good | • Release refund<br>• Update STARS to DL<br>• Reverse any RIVO markers |
| IW (Selected for Non-IDT) OR IW-FI (False Income)<br>• Return moved back to MFT 30 and refund is held<br>• Income needs to be verified | Return is deemed fraudulent | • Refer to treatment stream<br>> **Note:** Referral information can be found in IRM 25.25.13.5, Manual Referrals. |
| CV (Can't Verify)<br>• RRP will continue to look for an updated Systemic Verification (SV) status. | • After SV is complete, RRP systemic action will update the return status to RL or IW<br>• The return will then populate on either the MFT32_REV_RL or MFT32_REV_IW report | • No actions are needed to be taken by FRE for returns in the MFT32_REV_CV report |

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| 25.25.12.17<br>(06-13-2023)<br>**Clean up** | (1) Perform the account clean-ups listed below.<br><br>(2) **Bi-weekly:**<br><br>    •   RCO Returns in PS 60<br>        1 - Run a SNAP query to capture returns in PS 60 containing the EFDS Note "No Files RCO Response"<br>        2 - Perform an IRP Bump to identify if valid IRP is available<br>        3 - If valid IRP is available, disposition the return to REFILE<br>        4 - If valid IRP is not found, take no action<br><br>(3) **Annually**<br><br>    •   The week EFDS goes into read only mode, mass push PS 47/60/50 returns that do not match the FRE IRP Verification Process into scheme. |

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(1) Perform the account clean-ups listed below.

(2) **Bi-weekly:**

- RCO Returns in PS 60
  1 - Run a SNAP query to capture returns in PS 60 containing the EFDS Note "No Files RCO Response"
  2 - Perform an IRP Bump to identify if valid IRP is available
  3 - If valid IRP is available, disposition the return to REFILE
  4 - If valid IRP is not found, take no action

(3) **Annually**

- The week EFDS goes into read only mode, mass push PS 47/60/50 returns that do not match the FRE IRP Verification Process into scheme.

**25.25.12.17.1**
**(03-04-2024)**
**Automated Age Listing (AAL)**

(1) Access the Overage Report and Multi Case Report from the Control-D Web Access server.

(2) Using the Overage Report, download and save the 13 RIVO AAL Reports as txt files to a designated location.

(3) Using the Multi Case Report, filter by employee number and save as txt files to a designated location. The number of reports will vary each week.

(4) Once all Control D reports are pulled, use the AAL database to sort them into their specific spreadsheets.

(5) Copy the spreadsheets and txt files and move them to the three folders (Agelist, Weekly Multi Case txt files, and Weekly txt files) on the share drive for the Operation.

(6) Once all spreadsheets have been added to the share drive, send an email to the Operation to notify them that the listings are available.

**25.25.12.17.2**
**(03-04-2024)**
**Control Base with Activity "CRTTY"**

(1) A control base with the activity CRTTY is only used when the taxpayer's return is Unpostable 126 Reason Code 0 (UNP 126 RC 0) and it is trying to post to the wrong tax year.

(2) Pull CRTTY inventory weekly from the Automated Age Listing (AAL).

(3) Verify the return meets CRTTY criteria:

1. Verify that the account has an open UNP 126 RC "0".
2. Verify that the taxpayer has passed High Risk Authentication (HRA) or visited a Taxpayer Assistance Center (TAC) in person
3. Verify the DLN of the return in question and the tax year the return is intended for via Account Management Services (AMS) notes.

(4) If the return information does not verify, reject the CRTTY control back to the originator with an activity of "SEEAMS". Cite the following IRM references in AMS: IRM 25.25.6.5.1.1, The Taxpayer's Return is Unpostable 126 Reason Code "0" and IRM 21.2.2.4.5, Account Management Services.

(5) If the return meets CRTTY conditions:

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1. Resolve the UNP 126 RC 0 with a URC D.
2. Reverse any Transaction Code 971 Action Code 124 or 121s.
3. Determine whether the return is a Modernized eFile (MeF) or paper return.
4. For MeF returns, print and edit the copy of the return to the correct year. Update CRTTY control to RTN2PROC.
5. For paper returns, ESTAB the return. Update CRTTY control to ESTAB.
6. Once the paper return is received, edit it to the correct year. Update CRTTY control to RTN2PROC.

**25.25.12.18**
**(03-04-2024)**
**Frivolous Return Program (FRP)**

(1)  **Weekly Reports: FRP Database:** Run the following FRP Database (SQL) queries and take the listed actions:

| Query | Initial Action | Secondary Actions |
|---|---|---|
| dbo.Over $40K | Filter results for:<br>• Refunds over $40K<br>• Refunds adding up to $40K for the same taxpayer | E-mail results to:<br>• RIVPM PA<br>• Collection Abusive Tax Avoidance Transactions (ATAT)<br>• FRP Coordinator<br>• FRP Revenue Officer<br>• Start Manual Assessment or Jeopardy Levy process |
| dbo.usp_FRPATAGLANCE_New<br>**Note:** Use last week ending date (Saturday) | • Complete the FRP at a Glance Inventory Report<br>• Update Batch Block Tracking System (BBTS) | • Save the FRP at a Glance Report to SharePoint<br>• Input receipt and closure numbers for each FRP program code in BBTS |
| DS/R5XGB.New TP | Run TINS through GII CC INOLES | • Compare names entered in the FRP Database (DB) are correct<br>• Identify any disclosure errors<br>• Send error list to managers and leads to correct and return to FRE |
| DS/R5XGB.3175letters | Identify new taxpayers added to the FRP DB | • Review results for errors<br>• E-mail errors to managers/ leads for review<br>• Import successful letter sent results in the FRP DB |

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| Query | Initial Action | Secondary Actions |
|---|---|---|
| dbo.usp_qry3175_soft_letter_ update | Input letter date | • If needed information is missing or incorrect, an error list is sent to the FRP clerk team managers and leads<br>• Managers/leads are to send the corrected list back so letters can be issued by the FRE analysts |
| dbo.IAT3176 | Identify all pre-notification letters issued the prior week | • Install L3176 trigger date on the back end (BE) |
| dbo.usp_ qryUpdateL3176andfollowUpDate | Update the suspense timeframe | • Input date |
| dbo.CI | Identify cases within FRP inventory that have Criminal In-vestigation (CI) involvement | • Send results and requested FRP input actions for CI approval<br>• Update FRP DB with CI approval or denial to continue case<br>• Update response date<br>• E-mail technicians with CI determinations |
| dbo.TOP 20 oldest cases | Export the results to Excel, creating a spreadsheet for each program code | • Perform VLookup from prior week's results<br>• Highlight the cases in yellow that are revolving from the previous report<br>• Send to all FRP managers and DM |

(2) **Monthly Reports:** Run the following queries:

| Action | Query Name | Secondary Action |
|---|---|---|
| Run the two queries in FRP | • Create Purge Issues<br>• Pull Purge Listing | Query identifies the following:<br>• Balance due<br>• Open Audit Information Management System (AIMS)<br>• CI Freezes<br>• Purges<br>• Credit on account over $10K |
| Import the Balance Due spread-sheet into the FRP database (DB) | Run queries:<br>• Close Comp Run 1st<br>• Close Update Comp | • Query updates the issues to Balance Due<br>• Query updates the Purge date and closes the issue |

| Action | Query Name | Secondary Action |
|---|---|---|
| Import Open AIMS spreadsheet to the FRP DB | Run queries:<br>• Close Comp2 Run 1st<br>• Close Update Comp2 | • Query updates the issues to open AIMS<br>• Query updates the purge date and closes the issue |
| Import the Z freeze spreadsheet into FRP DB | Run queries:<br>• Close Comp4 Run 1st<br>• Close Update Comp4 | • Query updates the issues to open AIMS<br>• Query updates Purge date and closes the issue |
| Import Purge spreadsheet into the FRP DB | Run queries:<br>• Purge RUN 1st<br>• Update Purge Execute | • Query updates the issues to Purge<br>• Query updates the Purge date and closes the issue |
| Run the two queries in SQL Server Management Studio (SSMS) | Run queries:<br>• dbo.DeleteRecordsEligiblePurge<br>• dbo.IDT DB Removal query | • Send to FRP managers for lead review |
| Input "Run IDT" query in FRP | Run query:<br>• DB REMOVAL | • Import spreadsheet into FRP DB<br>• Save results in Excel<br>• Import to "tbl.Match-SSMS" |
| Run stored procedure in SSMS | Run query:<br>• dbo.usp_IDT_Delete_Query | • Query removes all confirmed IDT entities, related issues, and history from the FRP DB |
| Run query in FRP DB | Run query:<br>• CI | • Identify cases FRP hasn't received a CI response on in over 30 days<br>• E-mail results to the CI Coordinator indicating 30-day follow-up |

(3)  **As Needed Reports**

- Run query in FRP to identify all GECS/ITG cases and e-mail them to teams and Data Management, Analysis and Support (DMAS) POC.
- Automate frivolous Correspondence by running the multiple queries, updates and Stored Procedures on SSMS.
- Run query on data set contained within automation to identify cases that do not have a preventative TC 810 installed on refundable years.
- Run TINs through GII and install TC 810s en masse on warranted TINs and years.
- Input preventative freeze on case spreadsheets received from all campus funny box coordinators.

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25.25.12.18.1
(06-13-2023)
**Filing Information
Returns Electronically
(FIRE) Screening**

(1)  FIRE receives incoming electronic files from external trading partners and passes the files or information to the Automated Magnetic Media Processing System (AMMPS), Chapter 3 Withholdings (CTW), Automated Tips (AMT), Automated Extensions (AWAX-EAWPMF) or Form 8955 Social Security Administration (SSA), which are located at ECC-MTB.

(2)  Review the questionable information returns from the FIRE email for Frivolous Filer Criteria

- EX: Excessive withholding: Pay 2 and Pay 3 are within 80% of each other

(3)  Determine if the questionable information return should be FRP Cleared or FRP Select

(4)  If FRP Cleared:

- Send listing back to FIRE stating "FRP Cleared"

(5)  If FRP Select

- Input TC810 with Responsibility Code 4 to hold refund
- Save the TIN list and manually monitor the list of questionable information returns using a SNAP query
- Once the TC150 posts, refer to PS77 and add EFDS Note "FIRE Referral for Review"
- Send a list of selected returns to the RIVPM PA POC quarterly

25.25.12.18.2
(06-13-2023)
**Process Status 77
Screening**

(1)  Run the PS 77 Filter Query for Frivolous Filer Criteria

*Note:*  Ensure query output for manual referrals includes all applicable return line items.

(2)  Review query results and determine if the return should be FRP Cleared or FRP Selected

(3)  If FRP Cleared:

- Refile returns as PS 28
- Add EFDS Note "FRP cleared no frivolous issues identified"
- Exclude returns with the following EFDS Notes and disposition to PS 31 (Refer to Ace) UNLESS they also have the EFDS Note "CONFIRMED - NOT SUSPICIOUS"

#
#
#
#

(4)  If FRP Selected:

- Move returns selected for Frivolous Return Program (FRP) treatment to PS 70 as a FRP Select
- Add one of the following EFDS Notes:
  "FRP Selected, Argument 1099 & RRP Filter"
  "FRP Selected, Argument OTHER & RRP Filter"
  "FRP Selected, Argument 2439 & RRP Filter"
  "FRP Selected, SCH A Scheme"

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"RIVO FRE PATTERN - Selected Frivolous Return ARG 1099"
"FF Filter"
"FRP Selected, FIRE Submission"
"FRP Selected - Social Media Scheme"

(5)   Update IDRS on all PS 70 Selects

- Create CCREQ via EITCRA to input TC 810 with a Responsibility Code 4 on potentially frivolous returns being referred
- Open an IDRS control to 1486900000 with category code "FRP3" and activity of "INCOM/PS70"

(6)   Exception Selections:

- If the return is considered identity theft, input EFDS Note "RIVO RSV IDT" and push return to ACE/ADJ
- If the return contains unsubstantiated withholding, input EFDS Note "Un-substantiated Withholding" and push return to ACE/EXAM

| | |
|---|---|
| 25.25.12.18.3<br>(06-13-2023)<br>**Dependent Data Base (DDB) Scheming** | (1)   Return Integrity and Compliance Services (RICS) uses filters for BMF Frivolous Filer identification. Each year the filters are reviewed and updated when newly identified schemes or existing scheme changes are determined. |

(2)   Starting in January 2022, new programming went into production to freeze potentially frivolous filings using a -Q freeze by posting a systemic TC 810 Responsibility Code 4 on IDRS. This new functionality restricts the release of the BMF TC 810 to RIVO employees.

(3)   Review FRP BMF DDB Filter selections for Frivolous Filer Criteria following guidance listed in IRM 25.25.10.8, Screening Returns and Claims

(4)    Based on analysis, take the following actions:

- FRP Cleared: Input TC 811 to reverse -Q freeze and release refund
- FRP Selected: Open an IDRS control to 1486900000, with category code "FRP3" and activity of "INCOM/DDB"

| | |
|---|---|
| 25.25.12.18.4<br>(06-13-2023)<br>**Correspondence Automation** | (1)   Pull the Fraud Referral and Evaluation (FRE) Automation Spreadsheet weekly and complete the following actions: |

- Open and close a control base on IDRS with the correct activity, category and received date
- Create an Issue and Action History (en masse) on the FRP Master Database under Program Code 91853

    ***Note:*** On PSL correspondence, include promoter information

(2)   Send the following special instructions to FRP:

- Email completed workbook to FRP Clerical to address reject conditions and follow special instructions
- Once FRP Clerical sends back the completed actions, add the new accounts to the FRP Master Database

(3)   Complete the final disposition for PSL routing

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- Run "KDICALL" query and perform a GII INOLES run to build a PSL listing for the Data Processing Center (DPC) and email to FRP Clerical POC

25.25.12.18.5
(06-13-2023)
**FRP Master Database**

(1) Change and Delete requests will be emailed to FRE POC by a FRP manager or lead on a weekly basis. Listing will say if request is a single issue delete or a full record delete.

(2) Once actions have been taken, email the completed listing back to the FRP POC.

(3) Refer to IRM 25.25.10.1.4, Program Management and Review, for feedback resolution.

25.25.12.18.6
(03-04-2024)
**Fuel Tax Credit 6700 Investigations Query**

(1) Fraud and Referral Evaluation (FRE) pulls a Selections and Analytics Platform (SNAP) Query to identify potentially fraudulent Fuel Tax Credit (FTC) returns with preparer involvement. Questionable returns identified by the Query are forwarded to the Frivolous Return Program (FRP) Coordinator to identify the most egregious filings and refer for Section 6700 investigations, if applicable.

(2) All frivolous filings will be considered for potential civil investigation when promotions, promoters, or preparers are associated with them.

(3) Ogden FRP Coordinator screening of returns, claims, and correspondence determines the need to develop case referrals for civil investigations including preparer penalties and possible injunction actions. See IRM 25.25.10.18, Civil Investigations of Abusive Promoters and/or Preparers, for detailed information.

(4) Take the following steps:

                                                                                                                                    #
 #
 #
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 #
 #
 #
 #
 #

25.25.12.19
(09-07-2023)
**Executing RIVPM P&A Directed Release Plans**

(1) Release plans are compiled to be worked in batch format, allowing for the efficient reversal of RIVO markers, refiling of returns in EFDS and the prompt release of the refund. Release plans may be necessary if inventory volumes are too large or an error in Return Review Program (RRP) or Dependent Database (DDB) rule selection identifies returns that shouldn't have been selected.

(2) RIVO FRE actions may include all or some of the following steps below, depending on the type of release plan and the status of the returns. Using the spreadsheet provided by RIVPM, complete the following actions:

(3) "IDRS Markers"

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1. Update the Direct to Masterfile Template with the reversal markers and place the template on the Business Performance Lab (BPL) server for BPL to add the markers to the Masterfile listing. The Direct to Masterfile Template must be loaded on the server by 10:00 AM ET for the markers to be added to the Masterfile list that day. Any file loaded to the server after 10:00 AM ET will not be added to the Masterfile listing until the following day. Common RIVO TC 971 markers and reversal markers include:

| Marker | Reversal Marker |
|---|---|
| TC 971 AC 122 | TC 972 AC 122 |
| TC 971 AC 134 | TC 972 AC 134 |
| TC 971 AC 199 (only if MISC EFDS is in the last 4 characters) | TC 972 AC 199 (must input EFDS in the MISC 1st 4 characters) |

2. Send an e-mail to the BPL Point of Contact (POC) to inform them that the template has been placed on the server. The e-mail must include the full file name and the number of records.
3. Monitor for the release of the refunds. Depending on the timing of the TC 150, some returns may need the input of a TC 571 to release the refund. EX: If the TC 971 AC 122 was on the tax module at the time the TC150 posted, the -R freeze won't release just by reversing the TC 971 AC 122 markers.

    *Note:* When reversing the TC 971 AC 199 marker, you must input EFDS in the MISC first 4 characters of the TC 972 AC 199

4. Close all RIVO controls on IDRS except open Taxpayer Advocate Service (TAS) controls
5. Input an EFDS Note on current processing year returns which will be provided by RIVPM

(4) **STARS Updates**

1. The release plan may contain returns that were already pushed to STARS. A list of returns already pushed to STARS will be provided by RIVPM. Depending on the reason behind the release plan, take one of the actions listed below:
Delete from STARS - disposition (DISP) to DL - Add standardized note: RELEASE PLAN-DELETED FROM STARS

    *Note:* DISP DL is used for returns that were selected and moved to STARS but later determined to have been selected in error. EX: An error was found with the RRP or DDB filter logic incorrectly selecting returns. If these returns should not have been selected, they need to be DELETED from STARS.

    Workload Release - DISP to WL - Add standardized note: RELEASE PLAN-DUE TO WORKLOAD

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*Note:* DISP WL is used for returns that were correctly selected, however, due to current inventory levels for all or a specific inventory type, are being surveyed and all actions closed

(5) **AQC Database Updates**

1.  If a return was already pushed to STARS, it may also have been pushed into the work stream database. Follow the actions below for returns in the AQC Database:

(6)

| IF STARS DISPOSITION IS | TAKE THE FOLLOWING ACTIONS in the AQC DATABASE |
|---|---|
| DL | • DISP to SURVEYED<br>• Add standard note: RELEASE PLAN-DELETED FROM STARS |
| WL | • DISP to SURVEYED<br>• Add standard note: RELEASE PLAN-DUE TO WORKLOAD |

25.25.12.20
(06-13-2023)
**Manual Return
Treatment (Not in EFDS)**

(1) Certain Return Review Program (RRP) Non-IDT Return Selections are not loaded into EFDS. Since EFDS is the primary platform by which potentially fraudulent returns are screened, an established process identifies this inventory and provides an opportunity for RIVO teams to manually review outside of EFDS and to take necessary action on accounts in furtherance of the revenue protection strategy.

(2) Pull these cases for screening en masse. Work cases that do not require manual review by screening and releasing refunds en masse. Open control bases on any case that needs to be screened manually. Assign the case to the Tax Examiner (TE) team for screening. Send frivolous (FRIV) cases to the FRE FRIV POC.

(3) Release any cases that are verified and close the control bases. Include all cases that are not verified in the normal manual referral process to AQC, WOW or EXAM.

(4) Tax examiners send potential IDT referrals to FRE. Cases are added to a spreadsheet to be included with the TC 971 AC 129 run to add them to the Taxpayer Protection Program (TPP) process.

(5) Open a monitoring control base to 1485600001 with the activity MAN2TPP. Monitor the control for 29 cycles for the age out process.

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25.25.12.21
(09-25-2020)
**Unpostable (UNP) 126
Process**

(1)   Run Posting Bypass files through Integrated Automation Technologies (IAT)

(2)   Close all post file errors

(3)   Input totals on Unpostable (UNP) 126 Analysis Spreadsheet

(4)   Send spreadsheet to management

25.25.12.22
(03-04-2024)
**End of Year (EOY)
Process**

(1)   End of Year (EOY) is any data unresolved in EFDS or that comes into RIVO during EFDS downtime.

(2)   FRE captures the EFDS read only (The One Long Day) snapshots for all movement in EFDS and TPP that is resolved the following year.

(3)   For PS 30/49 - The Business Performance Lab (BPL) updates the TPP database with returns that have been resolved in the TPP process during EFDS downtime. At EFDS start-up the next year, FRE will take the following actions based on the data pulled from the TPP database:

| IF | AND | THEN |
|---|---|---|
| UP126 was resolved and the return was confirmed ID Theft per the taxpayer | | • Mass push return to STARS CAT 7 DISP CT |
| UP126 was resolved and the return was NOT treated as IDT and the DM select code is FF | | • Refer the return to the FRP POC |
| UP126 was resolved and the return was NOT treated as IDT and the DM select code is IW, IW-FI or CV | the wage and withholding verified as good within tolerance | • Release the -R |
| UP126 was resolved and the return was NOT treated as IDT and the DM select code is IW, IW-FI or CV | the wage and/or withholding verified as false or incorrect $ | • Refer the return to the correct treatment stream<br>**Note:** See Manual Referral IRM 25.25.13.5 for referral procedures. |
| UP126 or TC 971 AC 129 and the taxpayer authenticated, and the DM select code is BP, ID, RL or blank | the return was not selected for income or withholding verification during the rescoring process | • Update the template for the TC 972 AC 134 marker.<br>• Place the template on the server weekly for BPL to add the TC 972 AC 134 to the Masterfile listing.<br>• Send an e-mail to the BPL POC to inform them the template was updated. The e-mail must include the full filename and number of records. |

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| IF | AND | THEN |
|---|---|---|
| has a TC 971 AC 129 and the return was confirmed IDT per the taxpayer | | • Mass push return to STARS CAT 7 DISP CT |
| has a TC 971 AC 129 and the taxpayer authenticated | the wage and withholding verified as good within tolerance | • Follow IRM 21.5.6.4.35.2 , Resolving -R Freeze |
| has a TC 971 AC 129 and the taxpayer authenticated | the wage and/or withholding verified as false or incorrect $ | • Refer the return to the correct treatment stream<br>***Note:*** See Manual Referral IRM 25.25.13.5 for referral procedures. |

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