

## IRM PROCEDURAL UPDATE

**DATE:** 06/23/2025

**NUMBER:** ts-04-0625-3420

**SUBJECT:** Updated Claim of Right - IRC 1341; Processing Duplicate TIN When E-filing

**AFFECTED IRM(s)/SUBSECTION(s):** 4.19.14

**CHANGE(s):**

**IRM 4.19.14.21.3, Processing of Duplicate TIN when E-filing - Updated number of conditions; Added language to include the fourth condition with Identification Protection Personal Number (IP PIN).**

(1) Processing will allow an E-filed second return duplicating a TIN to post electronically when one of the following four conditions exists:

- a. # [REDACTED] # [REDACTED]
- b. # [REDACTED]
- c. # [REDACTED] # [REDACTED]
- d. # [REDACTED] # [REDACTED]

However, such returns are still subject to the DUPTIN examination process as described.

**IRM 4.19.14.22, Claim of Right IRC - 1341, Repayment of Income Previously Reported, Credit - Added link to IRM 21.6.6.2.10.2.**

(1) If a taxpayer repays \$3,000 or more, which was included in gross income in a prior tax year, then they may be able to take a refundable credit against their tax for the year the repayment was made. The taxpayer must have had the appearance of an unrestricted right to the income when it was originally paid. See IRM 21.6.6.2.10, Claim of right - IRC 134, Repayment of Income Previously Reported, for more details.

**Caution:** IRC 1341 does not apply to deductions from bad debts, deductions from sales to customers (e.g., returns and allowances), or deductions for legal and other

expenses from contesting the repayment.

(2) Unallowable (UA) Code 70 was used prior to Processing Year 2024 when a taxpayer claimed a Claim of Right or IRC 1341 credit on Form 1040, Schedule 3, Additional Credits and Payments. These cases opened in Source Code 03 and PC 0000.

(3) Cases should be researched and worked following the procedures in IRM 4.19.13, General Case Development and Resolution. Form 14823, Supporting Documents to Prove Your Claim of Right Credit Internal Revenue Code (IRC) Section 1341, should be included with the Initial Contact Letter (ICL).

(4) Follow these steps to calculate the Claim of Right Credit:

1. Figure the tax without deducting the amount repaid.
2. Refigure the tax for the earlier year of inclusion without including the amount repaid.
3. Subtract the refigured tax under step (2) from the actual tax for the earlier year. The difference is the credit.
4. Subtract the credit under step (3) from the tax under step (1).

(5) Some of the most common documents the taxpayer can submit to verify their claim include:

- Copies of bills, notices, or similar documents showing the amount(s) required to be repaid.
- Cancelled checks, money orders, paycheck deductions, or highlighted bank statements showing repayments.
- Documents showing the income amount(s), type of income and year it was included on a prior year tax return(s).

**Note:** CETs are responsible for verifying that the repayment was made, and the calculation of credit is accurate.

(6) If an adjustment is needed to correct the credit posted on the account, refer to IRM 21.6.6.2.10.2, Claim of Right - IRC 1341, Repayment of More than \$3,000 for more information.