IRM PROCEDURAL UPDATE

DATE: 01/31/2025

NUMBER: ts-21-0125-0154

SUBJECT: Updates to Refund Research

AFFECTED IRM(s)/SUBSECTION(s): 21.4.1

CHANGE(s):

IRM 21.4.1.4(3) - Updated information for TC 971 AC 052, TC 971 AC 152 or Refund Status Code K4 on CC FFINQ. Changes made to clarify information.

(3) Use the following table to determine if the processing time frame has been met. If prior to February 15th, probe the taxpayer to determine if they meet the PATH Act Section 201 criteria and advise them of the refund time frames specified in IRM 21.4.1.3.1, PATH Act Refunds.

Note: DO NOT conduct any refund research prior to the end of these time frames, unless conditions in the table in (4) below exist.

Return Type	Processing Time Frame
Paper refund return	• 6 weeks for normal processing • For Injured Spouse returns see IRM 21.4.6.6.4, Injured Spouse Inquiries, for additional information. **Note:** If taxpayer filed a Form W-7, Application for IRS Individual Taxpayer Identification Number, with their return, see IRM 3.21.263.8.4, Refund Inquiries Involving ITIN Issues. • For IMF, provide the taxpayer with information about our automated systems to check their federal refund status.
e-File refund return	• 3 weeks (see above for time frame calculation guidance) • Refund research may begin after the 21st day. **Caution:** Tax returns meeting the PATH Act Section 201 criteria may exceed the 21 day time frame between the return received date and refund sent status.
1040-X return (see (8)	• up to 16 weeks

below for amended return information through IRS automation)	• Provide the taxpayer with information about our automated amended return application, Where's My Amended Return? (WMAR) on IRS.gov.

Note: # [redacted] #

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

Reminder: If IDRS research reveals TC 971 AC 052, or TC 971 AC 152 or Refund Status Code is **K4** on CC FFINQ, see the guidance in IRM 21.4.1.4.1.2, Return Found/Not Processed.

IRM 21.4.1.4.1.1(1) - Updated to address direction if taxpayer requests mailing address for paper return. Changes made to clarify information.

(1) Review the following table to determine the required action for **paper returns**. See IRM 21.4.1.4 (3), Refund Inquiry Response Procedure, for normal processing time frames.

If maximum normal processing time is:	Then
Not met	• Advise the taxpayer of the normal processing time, and to visit Where's My Refund at IRS.gov, or the IRS2Go (English and Spanish) phone application from a smart phone, for current refund information if the refund is not received within the time frame provided. Where's My Refund can inform the individual taxpayer if the IRS received the original return, and the projected date of the refund. Automated systems are not available for business

	taxpayers. **Note: DO NOT** offer the toll-free Refund Hotline, 800-829-1954, as an option unless the taxpayer states they do not have a computer or internet access. **Reminder:** Where's my Refund (WMR) provides refund information for the current processing year plus two prior year returns and cannot provide any information on Form 1040-X, Amended U.S. Individual Income Tax Return.
Met and the tax module indicates that a paper return was **received**, but was **not processed**	• Apologize for the delay and advise the taxpayer that we are working returns in the order they were received. • Advise the taxpayer: "In most instances, no further action is needed. Whether you filed electronically or by paper, we will contact you by mail if we need more information or if we made a change to your return." • Advise the taxpayer: To check the current operational status, go to IRS.gov web address and type "processing status" in the search bar, "processing status for tax forms" is the top choice listed in the results. **Note:** If the taxpayer received a CP 80, follow guidance above. For more information regarding CP 80, see IRM 21.2.4.3.44.2, CP80/CP080 Resolution, and AMRH12 Reply Received. **Reminder:** WMR provides refund information for the current processing year plus two prior year returns and cannot provide any information on Form 1040-X, Amended U.S. Individual Income Tax Return.
Met, but **no record** that a paper return was received	• If the taxpayer filed on paper more than six weeks ago and is due a refund, and Where's My Refund does not have any information about the status of their return, advise them to resubmit the tax return, electronically if possible. • If resubmitting electronically, advise the taxpayer to ensure they receive a confirmation email from the e-file provider that the IRS accepted their return for filing. • If resubmitting by paper, advise the taxpayer to ensure the return includes an original signature and all documents submitted with the original return. If the taxpayer requests the mailing address to submit their return, advise the taxpayer: To obtain the correct address to send your return, go to IRS.gov web

	address and type "where to file" in the search bar, "Where to File Paper Tax Returns With or Without a Payment" is the top choice listed in the results. **Reminder:** WMR provides refund information for the current processing year plus two prior year returns and cannot provide any information on Form 1040-X, Amended U.S. Individual Income Tax Return.

IRM 21.4.1.4.1.2.1(1) Box 2 - Updated to change "note" to "and". Changes made to clarify information.

IRM 21.4.1.4.1.2.1(1) Box 8 - Updated to add procedures for Unresolved Taxpayer Protection Program (TPP Issues) for Correspondence and Loose Forms. Change made for missing procedure.

IRM 21.4.1.4.1.2.1(1) Box 12 - Updated to add information regarding MFT 32 not present. Change made for missing information.

(1) If the module shows the original return went unpostable during processing, determine:

Note: Business rules for unpostable (UPC) 147 reason codes (URC) 1, 6, 7, and 8 are obsolete as of January 2017. Instructions have been removed from the chart below.

Row	If	Then
1	An unpostable condition other than UPC 126 or UPC 147 has **NOT** been corrected, whether viewable in CC UPTIN or not.	If available, use CC **UPCASZ** to notify the unpostable function of correction needed. See IRM 21.5.5.3.3, Responding to Taxpayer Inquiries on an Open Unpostable, for further guidance. **Note:** The IAT UP Histories tool can be used to leave a history item.
2	An unpostable condition including UPC 126 or UPC 147 has been corrected and the closed UPC 147/126 resulted in a return moved to MFT 32.	• Advise taxpayer to allow **9 weeks** from the closing date for processing. See IRM 21.5.5.3.4, Responding to Inquiries on a Closed Unpostable. • If 9 weeks have passed and refund has not been issued, see IRM 25.25.6.6.4, Taxpayer Protection Program (TPP) Issue Resolved - Refund Not Received.
3	The UPC 126 RC 0 is closed with	See IRM 25.25.6.6, Non Taxpayer Protection

	a URC of 0	Program (TPP) Telephone Assistors Response to Taxpayers, for procedures
4	The UPC 147 RC 0 is closed with a URC of 0	See IRM 25.23.2.7.3, Identity Theft Identified by Submission Processing, for more information. • Advise taxpayer to allow **9 weeks** from the closing date for processing.
5	Unpostable condition is an unresolved UPC 126 RC 0 and is not viewable on CC UPTIN and the normal processing time frames have **not** been met.	• Advise the taxpayer to allow the normal processing time frames in IRM 21.4.1.4, Refund Inquiry Response Procedures. • Advise the taxpayer that they should receive either their refund or correspondence within those time frames.
6	Unpostable condition is an unresolved UPC 126 RC 0 and is not viewable on CC UPTIN and the normal processing time frames have been met.	If the UPC 126 RC 0 posted to the account **within 14 days** of the date of the call, advise the caller that additional information is required to complete the processing of their return and to allow 14 days to receive a letter with further instructions. Advise the caller to call IRS at 800-829-1040 if they do not receive a letter within 14 days from the date of the call.
7	Unpostable condition is an unresolved UPC 126 RC 0 and is not viewable on CC UPTIN and the normal processing time frames have been met.	If the UPC 126 RC 0 posted to the account **more than 14** days prior to the date of the call, see IRM 25.25.6.6.2 (3), Procedures for when the Caller has not Received or Lost the Taxpayer Protection Program (TPP) Letter, follow instructions under “NOTE” in paragraph 3.
8	Unpostable condition is an unresolved UPC 126 RC 0 and is viewable on CC UPTIN.	• For phone inquiries refer to IRM 25.25.6.6, Non Taxpayer Protection Program (TPP) Telephone Assistors Response to Taxpayers. **Note:** Do not use CC UPCASZ on UPC 126 RC 0. • For paper inquiries refer to IRM 21.5.1.4.4.1, Unresolved Taxpayer Protection Program (TPP) Issues for Correspondence and Loose Forms

9	The UPC 147 RC 0 unpostable remains open and it’s been 8 cycles or **less** since the transaction went unpostable.	• Advise the taxpayer to allow 8 weeks for resolution and they should receive either their refund or correspondence within that time frame. • For paper inquiries, follow procedures in paragraph (2) below.
10	The UPC 147 RC 0 unpostable remains open or is in suspense and it’s been **more** than 8 cycles since the transaction went unpostable.	• When the contact is from the taxpayer or authorized representative, send Form 4442/e-4442, Inquiry Referral, to Submission Processing using the Form 4442 Submission Processing Unpostable Referral Listing. Select category, “**Refund**” then select **"SPIDT"**. Unpostable cases may not show the assigned IDRS numbers initially, however the referrals should still be sent according to the Responsible Campus. • Advise the taxpayer they should receive their refund or correspondence within 12 weeks. • If the taxpayer contacts us after the 12 weeks, follow the procedures in IRM 21.1.3.18, Taxpayer Advocate Service (TAS) Guidelines. • For paper inquiries, follow procedures in paragraph (2) below.
11	The UPC 147 RC 0 is closed, the return has posted to MFT 32 (TC 971 AC 111 present on MFT 30), and TC 971 AC 506 with "WI SP UPC 147" is in the MISC field on CC ENMOD and CC IMFOLE.	• When the contact is from the taxpayer or authorized representative, perform additional authentication per IRM 21.1.3.2.4, Additional Taxpayer Authentication. • If the caller passes additional authentication, send Form 4442/e-4442 to the SP IDT team at the site of the closed unpostable. Follow routing procedures in the bullet below. Select category, “**Refund**” then select **"SPIDT"** • See IRM 3.28.4.7 (2), Procedures for Reprocessing Deleted Returns - UPC 147 RC 0 Only, for routing based on the DLN of the return. • Include authentication results in AMS. • Advise the taxpayer they should receive their refund or

		correspondence within 12 weeks. • If the taxpayer contacts us after the 12 weeks, follow the procedures in IRM 21.1.3.18, Taxpayer Advocate Service (TAS) Guidelines. • If the caller cannot authenticate, provide the caller the toll-free appointment number, 844-545-5640, to schedule an appointment at one of the Taxpayer Assistance Centers (TACs), (Hours of operation: 7:00 a.m. to 7:00 p.m. local time; Hawaii and Alaska follow Pacific Time Zone). After authenticating, TAC assistors should then follow the guidance above. • For paper inquiries, follow procedures in paragraph (2) below.
12	Unpostable condition is UPC 147 RC 0 and URC D (deleted) condition shows on CC TRDBV as "GUF VOIDED/DELETED" and no MFT 32 is present	Submission Processing Identity Theft (SPIDT) has deleted the return: • When the contact is from the taxpayer or authorized representative, perform additional authentication per IRM 21.1.3.2.4, Additional Taxpayer Authentication. If the caller passes, follow the guidance in IRM 3.28.4.7 (2), Procedures for Reprocessing Deleted Returns - UPC 147 RC 0 Only. • Advise the taxpayer to allow the normal processing time frames shown in IRM 21.4.1.4, Refund Inquiry Response Procedures. **Note:** Taxpayers inquiring about an account with an indication of "SPIDT STILL BAD" on CC TXMOD or AMS should be advised to submit their correct, signed paper return with all supporting documentation to the fax number/address shown in IRM 3.28.4.7 (2), Procedures for Reprocessing Deleted Returns - UPC 147 RC 0 Only. Normal processing time frames apply to the newly submitted return.

		• If the caller cannot authenticate, provide the caller the toll-free appointment number, 844-545-5640, to schedule an appointment at one of the Taxpayer Assistance Centers (TACs), (Hours of operation: 7:00 a.m. to 7:00 p.m. local time; Hawaii and Alaska follow Pacific Time Zone). After authenticating, TAC assistors should then follow the guidance above. • For paper inquiries, if AMS does not show the taxpayer has authenticated, send Letter 109C, Return Requesting Refund Can't be Located or Not Filed; Send Copy, using an "*" to replace the taxpayer's TIN. Advise the taxpayer to call IRS at 800-829-1040. Include the hours of operation which are Monday through Friday, 7:00 a.m. to 7:00 p.m., local time, with the exception of Puerto Rico, which is 8:00 a.m. to 8:00 p.m., local time. Advise the taxpayer that the return has been selected for further review and that we'll need to speak with them to validate the information that was submitted. Close your case. If AMS shows the taxpayer has been authenticated, forward the tax return using the instructions in IRM 3.28.4.7 (2), Procedures for Reprocessing Deleted Returns - UPC 147 RC 0 Only.
13	Unpostable condition is UPC 147 RC 4 with Special Processing Code (SPC) 9. SPC 9 is displayed on CC TRDBV. Select "GUF VOIDED-DELETED" and then "CODES."	This is an indication of a return attempting to post on a deceased taxpayer account. Cases should be worked the same as accounts with TC 971 AC 524. See IRM 21.6.6.2.21.3, CP 01H Notice or Letter 12C Decedent Account Responses, for guidance.

Note: CC TRDBV will have the necessary information to identify which unpostable and reason code was used on the original return if the unpostable is no longer showing on IDRS.

Note: See IRM 21.5.5, Unpostables, and IRM 3.12.179, Individual Master File (IMF), Payer Master File (PMF) Unpostable Resolution, for complete instructions.

IRM 21.4.1.4.1.2.6(13) - Updated to include procedures to close the CII case once all documentation has been faxed to ERS. Change made to clarify information.

(13) If you receive the taxpayer's response and the case remains open in ERS, send all documents to the appropriate ERS location via fax/EEFax. Document AMS history or update CII with a case note documenting actions taken and the information forwarded to ERS. Close your CII case. See (14) below for more information on how to determine the appropriate ERS location and fax/EEFax number.

IRM 21.4.1.4.6(3) - Updated to perfect procedures when refund trace is started and bank lead controls are present. Change made to clarify information.

IRM 21.4.1.4.6(3) - Updated to incorporate procedures for working CII inventory. Change made due to CII integration to Refund Inquiry inventory.

(3) When an External Bank Lead is in progress, a refund trace cannot be input because it negatively impacts our partnership with banks that have returned funds and our ability to protect revenue. A refund trace is for locating lost/stolen refunds. An External Bank Lead where the taxpayer was advised by the financial institution the refund was returned to the IRS does **NOT** meet refund trace criteria and a refund trace should **NOT** be started.
If a Form 3911 is received, and the account meets the criteria described in IRM 25.25.8.7, Responding to Taxpayer Inquiries, then update AMS Notes with the following information if found on Form 3911:

- name and contact information of the taxpayer
- name of the financial institution
- signature date of Form 3911

Do NOT input a refund trace as the External Bank Leads program will either release the refund or refer for further compliance treatment which will include a notice. For physical paper cases follow procedures in IRM 21.5.1.4.10, Classified Waste, and destroy the Form 3911.
Close the trace control base, use **CWBNKLDPRG** in the activity field. For CII cases, leave a case note with the following information if found on Form 3911:

- name and contact information of the taxpayer
- name of the financial institution
- signature date of Form 3911

Close the CII case.

IRM 21.4.1.4.6(4) - Updated to perfect procedures when refund trace is started

and bank lead controls are present. Change made to clarify information.

IRM 21.4.1.4.6(4) - Updated to incorporate procedures for working CII inventory. Change made due to CII integration to Refund Inquiry inventory.

(4) If Refund Inquiry determines a refund trace has been started and the account meets the criteria described in IRM 25.25.8.7, Responding to Taxpayer Inquiries, then update AMS Notes with the following information (if known): name and contact information of the taxpayer, name of the financial institution. Allow the trace to continue, when the TC 841 is posted or a Claims Disposition Notice (CDN) is received, send the taxpayer a Letter 86C, refer to IRM 21.3.3.4.2.1, Use of 86C Letter- Referring Taxpayer Inquiry/Forms to Another Office. Advise the taxpayer: "The return or refund for which you requested a refund trace is currently under review. It may take up to 10 weeks to complete the review and for you to receive your refund or a letter regarding the review." If no CII case, close the trace control base, use **CLS2BNKLD** in the activity field. If working a CII case, close the case.

Note: A refund trace cannot be interrupted if the campus deadline to "DQ" the trace has passed. Per IRM 2.4.23.2 (5), General Overview for Command Code CHKCL/CHKCLR, CC TERUPC can only be done on the same day of input. If the CC CHKCL was input today and the TERUP can be completed (this action requires same day contact with the site that completed the input of CC CHKCL), then request they input the CC TERUPC. Once TERUPC is confirmed, contact the open Bank Lead control to advise that the trace was stopped. If trace was started over the phone, then close the trace control base, use **CLS2BNKLD** in the activity field.

Reminder: When sending letters to the taxpayer follow IRM 21.5.1.5.1(8), CII General Guidelines, and capture the "request completed" screen of the CC LETER request.

IRM 21.4.1.4.6.1(1) - Updated to include information for expanded altered check markers. Change made for IRM consistency.

IRM 21.4.1.4.6.1(4) - Updated to include information for accounts which include TC 841 with block and serial number 77715, a P- freeze. Change made for IRM consistency.

(1) RICS has developed a process to identify refund checks that have been altered or stolen. There has been an increase in the number of IRS checks that have been altered or stolen that IRS can recover with the assistance of the Bureau of the Fiscal Service (BFS). Beginning mid-January 2025, all refunds identified by BFS (prior to a refund trace being started) as altered or stolen will be returned to IRS and can be identified by the posting of TC 841 with block and serial number 77715, that will create a P- freeze. Prior to the new programming, the **TC 971 AC 123 MISC>ALTERED-CHK** marker was used to identify the altered or stolen checks. This marker will no longer be used due to the new programming.

(2) The presence of either of the above markers on the account, will notify the employee that the refund is being returned to the IRS and **NO** action is needed to trace the refund. **DO NOT** initiate refund trace actions or advise the taxpayer to file a Form 3911.

(3) Use the following table for accounts with a TC 971 AC 123 MISC>ALTERED CHECK marker.

If the module has	Then
No TC 841 posted	Advise the taxpayer to allow 4-6 weeks from the TC 971 AC 123 posting date to receive the refund or notice
TC 841 and a TC 846 reissuing the refund	Advise the taxpayer of the refund timeframe.
TC 841 posted and a P-Freeze	Advise the taxpayer to allow 8-10 weeks from the TC 971 AC 123 posting date to receive the refund or a notice. If more than 10 weeks have passed see IRM 25.25.8.7, Responding to Taxpayer Inquiries, for instructions.

(4) Use the following table for accounts with TC 841 with block and serial number 77715 with P- freeze.

If	Then
TC 841 with DLN 77715 with P- freeze is posted and it's been less than 2 weeks	Advise the taxpayer the account is being reviewed and they must allow 2 weeks for review. After the review, the refund will either be released or they will receive a notice.
TC 841 with DLN 77715 with P- freeze is posted and it's been 2 weeks or more AND TC 971 AC 134 is pending or posted	Advise the taxpayer the return is being reviewed, follow procedures in IRM 21.5.6.4.35.3.1, -R Freeze Phone Procedures for Accounts with Return Integrity Verification Operations (RIVO) Involvement.
TC 841 with DLN 77715 with P- freeze is posted and it's been 2 weeks or more AND No TC 971 AC 134 is pending or present	• Provide the taxpayer refund information if there is a subsequent TC 846 posted after the TC 841 with DLN 77715. • If no subsequent TC 846 is present, advise the taxpayer to check Where's My Refund on IRS.gov for an updated refund status. • The refund will be released if no TC 971 AC 134 is pending.

IRM 21.4.1.5.7(3) - Updated information regarding address refund will be released to when TC 971 AC 850 is posted. Changes made to clarify information.

(3) If a taxpayer files their original or amended tax return and requests a direct deposit of their refund, and later requests to stop the direct deposit, the direct deposit may be stopped by inputting a TC 971 AC 850. Unless a freeze condition is holding the refund, this action must be done **prior to** the posting of the refund (TC 846) from either the original return (TC 150) or amended return adjustment on CC IMFOLT. Input of a TC 971 AC 850 will result in the issuance of a paper refund check to the most current address shown on the taxpayer's account. If the refund has posted, the direct deposit cannot be prevented by input of TC 971 AC 850, UNLESS the refund is frozen (e.g., -R, P- freeze, etc.). In the case of a freeze condition, the TC 971 AC 850 must post before, or in the same cycle as the refund. See IRM 21.4.1.5.7.1, Direct Deposit of Refunds, for further guidance.

Caution: Prior to taking any action to change how the refund is issued, research CC TRDBV for Refund Anticipation Loan (RAL/RAC) code and follow guidance in If/Then chart below.

If	And	Then
e-Filed return	CC TRDBV or MeF Return Request Display (RRD) shows a RAL/RAC code of **1 - 4**	Taxpayer must be referred to the financial institution or tax return preparer. Follow the instructions in IRM 21.4.1.5.7.1 (7), Direct Deposit of Refunds.
e-Filed return	CC TRDBV or MeF Return Request Display (RRD) does **NOT** show a RAL/RAC code of **1 - 4**	• Input TC 971 AC 850 if the refund (TC 846) has not posted on CC IMFOLT. • Advise the taxpayer you are requesting the issuance of a paper check, however, due to timing issues, the request may be too late and a direct deposit may still be issued. • Advise the taxpayer they should also contact the financial institution. **Note:** Since the TC 971 AC 850 takes two cycles to post, consideration must be given to posting cycles when inputting TC 971 AC 850 on Masterfile accounts.
e-Filed return	CC IMFOLT shows the refund (TC 846) already posted	• Advise the taxpayer the refund cannot be issued as a paper check. • Provide the taxpayer with refund information and advise them to contact us again if it is not received after 5 calendar days. • If 5 calendar days have passed and the taxpayer has not received their direct

		deposit, see IRM 21.4.1.5.7.1, Direct Deposit of Refunds.
Paper return	• CC IMFOLT does not show a refund (TC 846) posted	• Input TC 971 AC 850 • Advise the taxpayer you are taking the necessary steps to have their refund issued as a paper check, however, due to timing issues, the request may be too late and a direct deposit may still be issued.

Note: If during the conversation it is determined the taxpayer did not request direct deposit, refer to IRM 21.4.1.5.9.5, Taxpayer Expecting a Paper Check But Refund Issued as Direct Deposit.

IRM 21.4.1.5.7(4) - Updated to reflect the savings bond program in the past tense due to its discontinuance. Change made for IRM consistency.

(4) Beginning in 2010 and continuing until January 1, 2025, taxpayers could elect to get their tax refund in the form of Series I U.S. Savings Bonds. Beginning January 1, 2025, purchasing savings bonds with a refund on a Form 8888, will no longer be an option. The program is being discontinued by the Bureau of the Fiscal Services (BFS).

Note: Direct Taxpayers inquiring about purchasing savings bonds for themselves to the Treasury Direct website.

- Form 8888, Allocation of Refund (Including Savings Bond Purchases), gave the taxpayer the option to designate up to 3 unique savings bond elections: 1 for the taxpayer themselves, and 2 designations can be as gift bonds to someone other than the taxpayer and/or as a purchase for a beneficiary.
- If the amount of the refund was increased because of a math error, the savings bond was issued, and the additional amount was refunded in the form of a paper check or direct deposit if designated on the Form 8888.
- The purchase request must have been in increments of $50 and was not to exceed $5,000. If either of these conditions were not met, or if there was a math error on the return that reduced the amount of refund, or invalid information was on the Form 8888, per IRM 21.4.1.5.7.1 (1), Direct Deposit of Refunds, the refund was issued as a paper check.
- Except in the case of a math error reduction, any amount over and above the $50 increment was direct deposited into a savings, checking or IRA account, or refunded as a paper check.

  Example: For example, if the refund is $275, the taxpayer chose to get paper I Series savings bonds in the amount of up to $250, and the remaining $25 was direct deposited into a savings, checking or IRA account or refunded in the form of a paper check.

Note: Savings bonds cannot be purchased on late filed or amended prior year tax returns.

IRM 21.4.1.5.7(8) - Updated to remove reference to the savings bond program at Bureau of the Fiscal Service due to its discontinuance. Change made for IRM consistency.

(8) Taxpayers can request their refund be deposited (split) into as many as three bank accounts/investment vehicles that are held in the taxpayer's name; a combination of savings, checking, Individual Retirement Account (IRA). Split Refunds will be allowed on all Forms 1040 series (paper and electronic returns). Taxpayers who want their refund deposited into more than one account will be required to complete a Form 8888. The request for split refund will be honored if all of the following conditions are met:

- The return is for the current tax year.
- The refund is issued in the same cycle that the return is processed.
- The module does not contain any condition that would cause the refund to be frozen (e.g., Injured Spouse Claim).
- The bank account numbers on the Form 8888 are all valid (e.g., correct amount of numbers).

Caution: Under current programming for split refund requests made through Form 8888, IMF only stores the information from the first bank account on Form 8888. Thus, if the refund is held beyond the first cycle, a split refund does not occur, and the entire amount is direct deposited into the first bank account listed on Form 8888.

Note: If the above conditions are not met, a paper check will be issued. See IRM 21.4.1.5.7 (11) below for the exception regarding invalid bank account numbers.

Note: Taxpayers should be informed that they should not agree to have any portion of their refund direct deposited into an account that is not in their name (e.g., tax return preparer's account). If Form 8888 contains account information that does not belong to the taxpayer, the resolution may become a civil matter between the taxpayer and that third party.

IRM 21.4.1.5.7.1(5) - Updated information regarding address refund will be released to when TC 971 AC 850 is posted. Changes made to clarify information.

(5) If the taxpayer or their authorized third party designee indicates the RTN or account number is incorrect on the account, input TC 971 AC 850 when releasing the subsequent refund. The refund will then be issued as a paper check to the most current address on the taxpayer's account. See IRM 21.1.3.3.1, Third Party Designee Authentication, for additional information regarding third party designees.

IRM 21.4.1.5.7.1(6) - Updated to include information to review Bank Lead indicators when taxpayer states bank returned funds. Changes made to clarify information.

IRM 21.4.1.5.7.1(6) box 6 - Updated to add exception for TAC employees. Changes made to clarify information.

(6) Check RTN, account type, and the account number.

Note: If the taxpayer indicates their TIN has been misused to obtain the Economic Impact Payments, see IRM 25.23.12.4.10, Identity Theft - Economic Impact Payments (EIP).

Note: If the caller states the bank returned their refund to the IRS, check for External Lead indicators IRM 25.25.8-2, External Lead Involvement Indicators. If found, follow procedures in IRM 25.25.8.7, Responding to Taxpayer Inquiries.

Row	If	And	Then
1	Date of deposit is less than 5 calendar days prior.	no content	1. Provide the date of deposit. 2. Advise taxpayer to contact the bank or financial institution. 3. Advise taxpayer refund trace cannot be initiated until after 5 calendar days from the scheduled date of deposit.
2	5 or more calendar days have passed since scheduled date of deposit.	no content	Ask if the taxpayer has contacted the financial institution. • If NO - advise to do so and leave an AMS narrative with direction given to taxpayer • If YES - continue with the steps below
3	Taxpayer states that the bank shows no record of the deposit and it has been 5 or more calendar days since the scheduled date of deposit	The bank does **NOT** indicate that the refund was returned to the IRS.	1. Initiate a refund trace. 2. Refer to IRM 21.4.2, Refund Trace/Limited Payability. **Caution:** # [redacted] # Refer to IRM 21.5.6.4.35.3, -R Freeze Overview For Accounts With Return Integrity Verification Operations (RIVO) Involvement, or IRM 25.25.8.7, Responding to Taxpayer Inquiries, to

			determine if a referral (Form 4442/e-4442) is required.
4	Taxpayer states the account was closed before the refund was deposited which will also result in the bank returning the deposit.	no content	1. **Do not** initiate a refund trace. 2. Advise the taxpayer of the following: o It will take approximately 3 weeks for the IRS to receive the funds back from the bank and can be identified by TC 841. o Once the funds are received back from the bank, the refund will be reissued in the form of a paper check. o Taking into account the mail delivery time, the taxpayer should receive their paper check within 5 weeks from the RFND-PAY-DATE of the original TC 846. o If their paper check is not received within 5 weeks from the date of the TC 846, the taxpayer should contact us again and a refund trace will be initiated. **Caution:** If research indicates Direct Deposit Reject Reason Code 58 or 59, the direct deposit was rejected. **Advise the taxpayer of the additional 10-week time frame** from the date of the rejection. See IRM 21.4.1.5.8.1, Direct Deposit Reject Reason Codes, for additional information. Refer the taxpayer to the Form 1040 instructions or IRS.gov “Get Your Refund Status” page for information on direct deposit rules.
5	The refund was direct deposited into the wrong account because an IRS employee	There is **no** indication of identity theft on the account. **Reminder:** A list of identity theft action codes can be found	1. Input a TC 971 AC 850 if not already on the account. 2. Initiate a refund trace. 3. Refer to IRM 21.4.2, Refund Trace/Limited Payability. 4. Leave an AMS narrative of any information provided to you by the

	did not timely input a TC 971 AC 850 when required.	in IRM 25.23.2, Identity Protection and Victim Assistance - General Case Processing.	taxpayer.
6	The refund was direct deposited into the wrong account	There **is** an indication of identity theft on the account. **Reminder:** A list of identity theft action codes can be found in IRM 25.23.2, Identity Protection and Victim Assistance - General Case Processing.	See IRM 25.23.12.4.1, Telephone Inquiries Regarding Identity Theft Victim Assistance (IDTVA)Tax-Related Cases, for further guidance. **Exception:** TAC Employees follow IRM 21.3.4.28, Identity Theft Issues.

Note: If the taxpayer closes the bank account before the second direct deposit, the refund will be returned via the Automated Clearing House (ACH) file to BFS. BFS will return the credit to the IRS to post to the taxpayer's account.

IRM 21.4.1.5.7.6(4) - Updated to incorporate procedures for working CII inventory. Change made due to CII integration to Refund Inquiry inventory.

(4) Do not issue a replacement check for the first, second or third round of Economic Impact Payments.

Note: EIPs 1 and 2 are located on 202012 tax module and EIP 3 can be located on the 202112 tax module.

Note: These procedures will be used for both misdirected direct deposits and Limited Pay checks when EIP is involved.

Note: If working a CII case, follow IRM 21.5.1.5.1(8), CII General Guidelines, and capture the "request completed" screen of the CC LETER request. After letter is attached if no other actions are needed, close your case.

a. If the taxpayer **has** filed their 2020 (EIPs 1 and 2) or 2021 (EIP 3) tax return, and claimed the Recovery Rebate Credit then follow procedures in IRM 21.6.3.4.2.14.1, Recovery Rebate Credit - Adjusting the Credit, to allow the Recovery Rebate Credit to generate a refund to the taxpayer. Then, follow IRM 21.6.3.4.2.13.3, Economic Impact Payments - Manual Adjustments, to reverse the EIP credit (if not done systemically).
b. If the taxpayer **has** filed their 2020 (EIPs 1 and 2) tax return, and **did not** claim the Recovery Rebate Credit then follow procedures in IRM 21.6.3.4.2.13.3, Economic Impact Payments - Manual Adjustments, to

reverse the EIP credit (if not done systemically). Use a Letter 916C, Claim Incomplete for Processing; No Consideration, as your closing letter for your refund inquiry case. Include an open or floating paragraph to advise the taxpayer of the following:
We are no longer authorized to reissue your Economic Impact Payment (EIP). To claim the Recovery Rebate Credit, you must have filed your 2020 tax return and claimed the credit. The deadline to file a return claiming a refund for 2020 was May 17, 2024.

c. If the taxpayer has **not** filed their 2020 (EIPs 1 and 2) tax return, but EIP was issued, follow IRM 21.6.3.4.2.13.3, Economic Impact Payments - Manual Adjustments, to reverse the EIP credit (if not done systemically). Use a Letter 916C, Claim Incomplete for Processing; No Consideration, as your closing letter for your refund inquiry case. Include an open or floating paragraph to advise the taxpayer of the following:
We are no longer authorized to reissue your Economic Impact Payment (EIP). To claim the Recovery Rebate Credit, you must have filed your 2020 tax return and claimed the credit. We have not received a tax return from you for the 2020 tax year. The deadline to file a return claiming a refund for 2020 was May 17, 2024.

d. If the taxpayer **has** filed their 2021 (EIP 3) tax return, and **did not** claim the Recovery Rebate Credit then follow procedures in IRM 21.6.3.4.2.13.3, Economic Impact Payments - Manual Adjustments, to reverse the EIP credit (if not done systemically). Use a Letter 206C, Refund Inquiry; Copy of Check Requested or provided/Check Being Traced Form 13818, as your closing letter for your refund inquiry case. Include an open or floating paragraph to advise the taxpayer of the following:
We are no longer authorized to reissue your Economic Impact Payment (EIP). To claim the Recovery Rebate Credit, you must file a Form 1040-X, Amended U.S. Individual Income Tax Return, for the 2021 tax year and claim the credit. The deadline to file a return claiming a refund for 2021 is April 15, 2025.

e. If the taxpayer has **not** filed their 2021 (EIP 3) tax return, follow IRM 21.6.3.4.2.13.3, Economic Impact Payments - Manual Adjustments, to reverse the EIP credit (if not done systemically). Use a Letter 206C, Refund Inquiry; Copy of Check Requested or provided/Check Being Traced Form 13818, as your closing letter for your refund inquiry case. Include an open or floating paragraph to advise the taxpayer of the following:
We are no longer authorized to reissue your Economic Impact Payment (EIP). To claim the Recovery Rebate Credit, you must file a Form 1040, U.S. Individual Income Tax Return, for the 2021 tax year and claim the credit. The deadline to file a return claiming a refund for 2021 is April 15, 2025.

f. Whether the taxpayer **has or has not** filed a 2020 or 2021 tax return, if the financial institution will not return the misdirected funds, follow IRM 21.4.5.11.1, IRS Error Direct Deposit, paragraph 4, so the balance created by the EIP reversal does not negatively impact these taxpayers.