

IRM PROCEDURAL UPDATE

DATE: 06/26/2025

NUMBER: ts-21-0625-3439

SUBJECT: Clarification for Working MFT 31 Accounts

AFFECTED IRM(s)/SUBSECTION(s): 21.6.8

CHANGE(s):

IRM 21.6.8.6.2 Added paragraph 5 to advise employees review MFT 30 and both MFT 31 modules for freeze codes, and additional bullet in paragraph 8 to send correspondence if necessary.

(5) Review the MFT 30 and both MFT 31 modules for freeze codes prior to taking any action on the accounts. Refer to IRM 21.5.6, Freeze Codes, and any appropriate subsections to determine how to proceed.

(8) When the overpayment is a true overpayment, perform research to determine if the taxpayer is liable for other taxes.

- a. If other balances are due, release the freeze and allow the credit to offset to the balance due module(s).
- b. If you determine an offset will not occur in a normal manner, such as when certain freeze conditions exist, move the credit to the balance due module following normal credit transfer procedures.

Note: If payment was intended for a taxpayer's MFT 31 and/or MFT 65 module, the credit can only be applied to a module for which the taxpayer is liable. The credit cannot be applied to a separate debt of the spouse's.

- c. If research determines no additional balance is due, release the TC 570 freeze via normal freeze release procedures and allow the refund to generate to the taxpayer.

Caution: A systemic refund can be issued for any payment(s) received after a mirrored credit. If the refund contains a payment prior to a mirrored credit (based on the transaction date, not the posting date), a manual refund must be issued, the system does not have the ability to generate a refund.

- d. If the taxpayer will not be issued a clear notice of adjustment per IRM 21.6.7.4.1, Source and Reason Codes - CP 21A/CP 22A Notices, send a closing letter when releasing a freeze or resolving a condition that results in a refund, offset, or balance due.