DATE: 02/26/2024

NUMBER: wi-03-0224-0287

SUBJECT: Advanced CTC Reconciliation and ACTC Processing

AFFECTED IRM(s)/SUBSECTION(s): 3.11.6

CHANGE(s):

IRM 3.11.6.14.2.4.3 (4), Reconciling Advance Child Tax Credit Payments - Tax Year 2021 - Added a new paragraph to prevent an unpostable condition.

(4) When a math error is present that reduced the AdvCTC reconciliation amount to $0, review CC TXMODA for the posted IRN 818 or IRN 819 information. If the IRN 818 or IRN 819 information isn't present, use the IAT REQ54 tool to input the adjustment requested on the amended return to prevent an unpostable condition.

IRM 3.11.6.14.5.1, Schedule 8812, Additional Child Tax Credit (ACTC) - Revised instruction to simplify when Schedule 8812 is required.

(1) Screen the case for CAT-A criteria. Refer to IRM 3.11.6.7.15, Category A (CAT-A) Criteria Screening.

Note: If there's a math error on the account for CTC or ACTC, send the case to AM, not CAT-A

(2) Send the case to AM if:

- There's a change to ACTC and a ACTC Recertification Indicator is present on IDRS.
- The taxpayer attaches Form 8862, Information to Claim Certain Credits After Disallowance.
- The taxpayer indicates a religious (e.g., "Amish," "Mennonite," or Form 4029) or conscience-based objection to obtaining a TIN.

(3) Path Act criteria applies to this credit. See IRM 3.11.6.4.4.1, Protecting Americans from Tax Hikes (PATH Act).

(4) See IRM 21.6.3.4.2.8, Additional Child Tax Credit (ACTC), for eligibility.

(5) For tax years 2021 and later, Schedule 8812 is required. If missing, correspond per IRM 3.11.6.11, Correspondence Table of Issues, C-Letters and Paragraph Fill-ins.

(6) For Tax years 2020 and prior, Schedule 8812 is required when the taxpayer has 3 or more qualifying children. If a taxpayer fails to submit a Schedule 8812 when required, correspond per IRM 3.11.6.11, Correspondence Table of Issues, C-Letters and Paragraph Fill-ins.

(7) To qualify for the ACTC, the taxpayer must meet the qualifications for the CTC in IRM 3.11.6.14.2.2.6, Child Tax Credit (CTC). If the taxpayer doesn't meet all of the criteria, disallow the claim. Input the adjustment per IRM 3.11.6.10.5, Correspondence for Disallowing a Claim (Letter 105C, Letter 105SP, Letter 106C, and Letter 106SP).

(8) If a taxpayer (or the spouse if married filing jointly) received non-taxable combat pay, they must include the amount in figuring their earned income when figuring the ACTC.

(9) If ACTC is changing, math verify the taxpayer's figure by completing the AMS worksheets.

If ...	And ...	Then ...
The allowable ACTC matches taxpayer's figure		Continue processing the return.
The allowable ACTC doesn't match taxpayer's figure	The taxpayer's figure is within **#** █ **#** of the allowable ACTC	Accept the taxpayer's figure and continue processing the return.
The allowable ACTC doesn't match taxpayer's figure	The taxpayer's figure is greater than the allowed ACTC by **#** █ **#**	Adjust the ACTC for the correct amount and set the math error per IRM 3.11.6.16.5, Inputting a Corrected Adjustment.
The allowable ACTC doesn't match taxpayer's figure	The allowed ACTC is greater than the taxpayer's figure by **#** █ **#** or more (taxpayer is due more ACTC)	Adjust the ACTC amount using your recomputed figure. Don't correspond or set a math error.

Note: Recompute the ACTC if there's a change to other non-refundable credits impacting the amount of CTC allowed.

(10) Update the DUPOL database per IRM 3.11.6.13.3, Updating the Duplicate Taxpayer Identification Number (TIN) OnLine (DUPOL) Database, prior to making any adjustment.

(11) When adjusting the credit:

- Use CRN 336 to increase the credit
- Use CRN 336 with a minus (-) to decrease a previously posted credit
- Use RC 061

IRM 3.11.6.15.1 (2), Integrated Data Retrieval System (IDRS) Freeze Codes - Corrected reference.

(2) The table below lists the common freeze codes used in Submission Processing. The complete list of these codes is contained in Document 6209, IRS Processing Codes and Information.

Freeze Code	Description	Action
-A	Duplicate Return	Send the case to AM if there's an open control base of DUPF; otherwise, continue to process the return.
-C	Combat Zone	See IRM 3.11.6.16.4, Combat Zone.
- D	RSED Expired	Suspend the case to Statute.
E-	Amended Return	Follow TC No 150 instructions. Refer to IRM 3.11.6.5.1 (8), Transaction Code (TC) 150 Research (No TC 150), for E- freeze instructions.
-E	Compliance, Return Integrity Compliance Services (RICS), or Frivolous Return Program	See IRM 3.11.6.7.12, Frivolous Claims Screening.
F-	Frivolous Return Received	Send the case to FRP. See IRM 3.11.6.7.12, Frivolous Claims Screening.
-G	Original Return which contains a math error code	See IRM 3.11.6.16.6, Math Error Response Cases.
G-	Restricted Failure To Pay Penalty	Send the case to AM.
-I or I-	Restricted Credit/Debit Interest	Send the case to AM.
-J	Unsubstantiated ME Tax Protest	Send the case to AM.
J-	Excess Estimated Tax Credit Freeze	Send the case to AM.
-K	Refund/offset is being held as the result of hold code 1, 2 or 4	Send the case to AM.
-L	AIMS Indicator	See IRM 3.11.6.7.11, Examination Case Screening.
M-	TC 370/400 MFT 31/No-Merge	Send the case to AM.
-O or -S	Disaster Claim	See IRM 3.11.6.16.2, Processing a Disaster Claim.
P-	Refund Cancellation	• Net balance due workable. • Net refund, send the case to AM.
-Q	Unallowable Refund	Send the case to AM.

-R	Credit Balance	Process normally. **Reminder:** Check for RIVO and ID Theft indicators. If a TC 971 AC 122 is on the account or a 4800C is attached or mentioned see IRM 3.11.6.7.14, Return Integrity and Verification Operation (RIVO) Screening.
S-	Undelivered Refund Check	Send the case to AM.
T-	TDA Status	See IRM 3.11.6.7.19.3.1, Compliance Services Collection Operations (CSCO) Screening.
-U	Erroneous Refund	Send the case to AM.
-V	Bankruptcy Freeze	Send the case to AM.
-W	Litigation Pending Freeze	Send the case to AM. **Note:** A -W freeze set by a TC 520 takes priority over other freeze codes.
-Y	Offer in Compromise	Collection. See IRM 3.11.6.7.19.3.3, Offer In Compromise (OIC) Screening.
Y-	Audit Adjustment	Send the case to AM.
-Z or Z-	Refund Scheme	SDC. See IRM 3.11.6.7.13, Criminal Investigation (CI) Scheme Development Center (SDC) Screening. **Exception:** If the tax module shows Project Code 0173, 0263, 0390, 0584, 0603, or 0611, send the case to CAT-A regardless of the claim amount.