



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

21.5.2

AUGUST 21, 2025

EFFECTIVE DATE

(10-01-2025)

PURPOSE

- (1) This transmits a revised IRM 21.5.2, Account Resolution, Adjustments Guidelines.

MATERIAL CHANGES

- (1) IRM 21.5.2.1.3 Updated title to Roles and Responsibilities.
- (2) IRM 21.5.2.1.4 Updated title to Program Management and Review and added procedures.
- (3) IRM 21.5.2.1.5 Updated title to Terms and Acronyms.
- (4) IRM 21.5.2.1.6 Updated to add details for Taxpayer Advocate Services.
- (5) IRM 21.5.2.3 Added ESTAB-S procedures under adjustment guidelines (IPU 25U3243 issued 05-02-2025).
- (6) IRM 21.5.2.3 Updated IRM title on IRM Link.
- (7) IRM 21.5.2.3.1 Updated IDTVA holding numbers (IPU 25U0371 issued 03-18-2025).
- (8) IRM 21.5.2.4.5 Added link to IRM 21.5.2.4.24 Shipment of Source Documents for clarification (IPU 25U3243 issued 05-02-2025).
- (9) IRM 21.5.2.4.5 Removed note for sending source docs without CII due to the Zero-Paper Initiative.
- (10) IRM 21.5.2.4.8.2 Added exception for AM employees in Box 11 (IPU 25U0039 issued 01-10-2025).
- (11) IRM 21.5.2.4.9.2 Added paragraph to clarify authentication for TP/POA prior to inputting a penalty abatement request (IPU 24U1097 issued 11-01-2024).
- (12) IRM 21.5.2.4.9.2 Updated to reflect the 20.1.1.3, Criteria for Relief From Penalties IRM procedures for TP/POA and third party abatement requests (IPU 24U1126 issued 11-13-2024).
- (13) IRM 21.5.2.4.9.2 Added verbiage for BMFO RCA clarification. Updated verbiage in paragraph 5.
- (14) IRM 21.5.2.4.10.1 Added a note to explain how to request an interest abatement if the payment request was timely (IPU 24U1026 issued 10-09-2024).
- (15) IRM 21.5.2.4.10.1 Added procedures for processing incomplete Form 843 (IPU 25U0039 issued 01-10-2025).
- (16) IRM 21.5.2.4.10.1 Removed Tech Assist Example because it was removed from CII (IPU 25U0371 issued 03-18-2025).
- (17) IRM 21.5.2.4.10.1 Added clarification for processing abatements for Form 843 (IPU 25U3243 issued 05-02-2025).
- (18) IRM 21.5.2.4.10.1 Reworded caution bullet (IPU 25U3303 issued 05-19-2025).
- (19) IRM 21.5.2.4.10.1 Added to the caution bullet (IPU 25U3357 issued 06-03-2025).

- (20) IRM 21.5.2.4.10.1 Reworded Note 2 in paragraph 2 for clarity, Added 971/660 clarification.
- (21) IRM 21.5.2.4.11 Updated a IRM title.
- (22) IRM 21.5.2.4.23 Updated to add exception for Form 1040-PR/1040-SS (IPU 24U1026 issued 10-09-2024).
- (23) IRM 21.5.2.4.23 Added (7) to the Note in paragraph 2. Added SBSE reprocessing procedures (IPU 25U0039 issued 01-10-2025).
- (24) IRM 21.5.2.4.23 Updated exception to reflect IRM 25.6.1.8.4, Processing Original Delinquent Returns (IPU 25U3243 issued 05-02-2025).
- (25) IRM 21.5.2.4.23 Removed prepare a paper Form 4442 from the end of the exception in paragraph 2 due to the Zero-Paper Initiative. Reworded note 2 in paragraph 1 for clarity.
- (26) IRM 21.5.2.4.23.2 Removed paragraph “g” because the IRM is obsolete because CP 29 instructions were removed.
- (27) IRM 21.5.2.4.23.4 Updated broken link (IPU 25U0371 issued 03-18-2025).
- (28) IRM 21.5.2.4.23.6 Updated instructions on superseding returns (IPU 25U0039 issued 01-10-2025).
- (29) IRM 21.5.2.4.23.6 Added exception for sending cases to Exam through Diff Bypass drop down (IPU 25U0114 issued 01-27-2025).
- (30) IRM 21.5.2.4.23.6 Added a sentence under paragraph 2. Added IDT in front of DIF Bypass (IPU 25U0371 issued 03-18-2025).
- (31) IRM 21.5.2.4.23.6 Removed note for superseding returns (IPU 25U3243 issued 05-02-2025).
- (32) IRM 21.5.2.4.23.7 Added Coding and editing SBSE procedures. Added reminder note about coding and editing procedures (IPU 25U0039 issued 01-10-2025).
- (33) IRM 21.5.2.4.23.7 Added IRM reference for coding and editing clarity. Changed suspense timeframe to 45 days (IPU 25U0371 issued 03-18-2025).
- (34) IRM 21.5.2.4.23.7 Added statement “Only if the DLN is valid” to the reminder note (IPU 25U3243 issued 05-02-2025).
- (35) IRM 21.5.2.4.23.7 Added Exempt Organization exception procedures (IPU 25U3303 issued 05-19-2025).
- (36) IRM 21.5.2.4.23.7 Added link to IRM 3.11.13.12.2, Computer Condition Codes (CCC) (IPU 25U3357 issued 06-03-2025).
- (37) IRM 21.5.2.4.23.7 Updated paragraph 3d to state to X out incorrect dates as opposed to circling them. Updated Computer Condition Codes (CCC) guidance for 2019 and later because there is no longer a space under “Spouse is Born.”
- (38) IRM 21.5.2.4.23.9 Updated email address in paragraph two (IPU 24U1126 issued 11-13-2024).
- (39) IRM 21.5.2.4.23.9 Updated email addresses in paragraph two. (IPU 25U0039 issued 01-10-2025).
- (40) IRM 21.5.2.4.23.10 Added (credit transfer) to moving refunds for new hire clarity. Added guidance for TC 470 CC 93 (IPU 25U0039 issued 01-10-2025).
- (41) IRM 21.5.2.4.24 Added clarification of category and sequence numbers for Exam (IPU 25U0039 issued 01-10-2025).

- (42) IRM 21.5.2.4.24 Updated note to include Doc Code/ADJ54 (IPU 25U0063 issued 01-16-2025).
- (43) IRM 21.5.2.4.24 Changed verbiage for clarity (IPU 25U3383 issued 06-06-2025).
- (44) IRM 21.5.2.4.25 Updated to include individual online account as an option for changing their alternative media preference (IPU 24U1026 issued 10-09-2024).
- (45) IRM 21.5.2.4.25 Clarified CC REQ 77 input when updating the LEP indicator (IPU 24U1097 issued 11-01-2024).
- (46) IRM 21.5.2.4.25 Updated reminder to include all zeroes on CC REQ77 for the MFT and TY (IPU 25U0371 issued 03-18-2025).
- (47) IRM 21.5.2.4.25 Removed Executive Order Language because the order was revoked.
- (48) IRM 21.5.2.4.26 Updated to include individual online account as an option for changing their alternative media preference (IPU 24U1026 issued 10-09-2024).
- (49) IRM 21.5.2.4.26 Added a paragraph with information to provide taxpayer when adding or updating the alternative media format (IPU 24U1097 issued 11-01-2024).
- (50) Various editorial changes were made throughout this IRM including updating broken links and IRM references.

EFFECT ON OTHER DOCUMENTS

IRM 21.5.2, Adjustment Guidelines, dated September 16, 2024 (effective October 1, 2024) is superseded. The revision incorporates IRM Procedural Updates (IPU). IPU 24U1026 (effective 10/09/2024), IPU 24U1097 (effective 11/1/2024), IPU 24U1126 effective (11/13/2024), IPU 25U0039 (effective 01/10/2025), IPU 25U0063 (effective 01/16/2025), IPU 25U0114 (effective 01/27/2025), IPU 25U0371 (effective 03/18/2025), IPU 25U3243 (effective 05/02/2025), IPU 25U3303 (effective 5/19/2025), IPU 25U3357 (effective 06-03-2025) and IPU 25U3383 (effective 06-06-2025).

AUDIENCE

All IRS organizations - Small Business / Self Employed (SB/SE), Large Business & International (LB&I), Tax Exempt and Government Entities (TE / GE) and Taxpayer Services (TS), IRS Independent Office of Appeals, Employee Plans (all employees performing account work).

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Taxpayer Services

21.5.2

Adjustment Guidelines

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21.5.2.1
(10-01-2021)
Program Scope and Objectives

- (1) **Purpose:** This Internal Revenue Manual (IRM) provides standard operating procedures for employees to follow when correcting, adjusting or resolving taxpayer accounts concerns. These guidelines provide step-by-step actions to take to attain resolution. There are links within subsections created to provide more guidance if needed to help the employee reach resolution.
- (2) **Audience:** The primary users of the IRM are all IRS employees in Business Operating Divisions (BODs) who are in contact with taxpayers by telephone, correspondence, or in person.
- (3) **Policy Owner:** The Director of Accounts Management is the policy owner of this IRM.
- (4) **Program Owner:** Policy and Procedures IMF (PPI), is the program owner of this IRM.
- (5) **Primary Stakeholders:** The primary stakeholders are organizations that Accounts Management collaborates with; for example, Return Integrity & Compliance Services (RICS), Compliance and Submission Processing.
- (6) **Program Goals:** Program goals for this type of work are:
 - Achieve a high customer accuracy rate for phone calls and paper adjustments
 - Efficiency in resolving general adjustment cases
 - Continuous assessment for program vulnerabilities and opportunities for improvement
 - Effective communication with customers

The *FY 2025 Program Letter and Operating Guidelines* provides further information about program goals.

21.5.2.1.1
(09-11-2017)
Background

- (1) Employees in the Accounts Management (AM) organization respond to taxpayer inquiries by telephone in our customer service centers, in addition to processing amended returns, claims, duplicate filed returns, loose forms, correspondence, etc., and address all other internal adjustment requests.

21.5.2.1.2
(10-01-2019)
Authority

- (1) The authority for this IRM include:
 - Policy Statement 21-1, Service Commitment to Taxpayers Service Program
 - Policy Statement 21-2, The public impact of clarity, consistency and impartiality in dealing with tax problems must be given high priority
 - Policy Statement 21-4 (Formerly P-6-13), One-stop service defined
 - Policy Statement 21-5 (Formerly P-6-40), Assistance furnished to taxpayers in the correction of accounts

21.5.2.1.3
(10-01-2025)
Roles and Responsibilities

- (1) The Chief, Taxpayer Services oversees all policies related to this IRM which is published on an annual basis.
- (2) The Accounts Management Director oversees the instructions in this IRM.
- (3) Accounts Management Policy and Procedures IMF (PPI) Tax Analyst(s) oversees the content in this IRM and acts as a point of contact for all Accounts Management sites.

- (4) Managers and leads ensure compliance with the guidance and procedures in this IRM for Adjustment Guidelines.
- (5) Employees input adjustments following procedures in this IRM.

21.5.2.1.4
(10-01-2025)

Program Management and Review

- (1) **Program Reports:** The program reports provided in this IRM are for identification purposes for the Accounts Management Contact Representatives (CRs) and Tax Examiners (TEs). For reports concerning quality, inventory aged listing, refer to IRM 1.4.16, Accounts Management Guide for Managers. Aged listings can also be viewed by accessing Control Data Analysis, Project PCD, are on the Control-D / Web Access server, which has a login program control.
- (2) **Program Effectiveness:** Program Effectiveness is measured and controlled through:
 - a. Managerial reviews
 - b. Quality reviews
 - c. Managerial Reviews
- (3) **Annual Review:** Goals, measures, and operating guidelines are listed in the yearly Program Letter. Quality data and guidelines for measurement are referenced in IRM 21.10.1, Embedded Quality (EQ) Program for Accounts Management, Campus Compliance, Field Assistance, Tax / Exempt / Government Entities, Return Integrity and Compliance Services (RICS) and Electronic Products and Services Support.

21.5.2.1.5
(10-01-2025)

Terms & Acronyms

- (1) See the table below for a list of acronyms commonly used in this IRM. For a comprehensive listing of any IRS acronyms, refer to the *Acronym Database*.

Acronym	Definition
AC	Action Code
AMS	Account Management Services
CDS	Centralized Distribution Site
CII	Correspondence Imaging Inventory
CFOL	Corporate Files on Line
CR	Contact Representative
DLN	Document Locator Number
EQ	Embedded Quality
FTF	Failure To File
FTP	Failure To Pay
MeF	Modernized e-File
RCA	Reasonable Cause Assistant
RICS	Return Integrity and Compliance Services

Acronym	Definition
RRD	Return, Request, Display Application
TE	Tax Examiner

21.5.2.1.6
(10-01-2025)

Related Resources

- (1) Related resources for this IRM include (list is not all inclusive):
- *Taxpayer Services Insider- Accounts Management*
 - *Servicewide Electronic Research Project (SERP)*
 - *IRS.gov*
 - Publication 17, Your Federal Income Tax
 - Applicable sections of IRM 21, Customer Account Services (refer to the table of contents for a list of available sections)
 - IRM 20.1, Penalty Handbook
 - Internal Revenue Code (IRC)
 - *Correspondex Letters*
 - IRM 1.2.1.13, Policy Statements for Customer Account Services Activities
 - 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 *Taxpayer Bill of Rights Internal Revenue Service*
 - The **Taxpayer Advocate Service** is an independent organization within the Internal Revenue Service (IRS), led by the National Taxpayer Advocate, that helps taxpayers and protects taxpayer rights. TAS offers free help to taxpayers when a tax problem is causing a financial difficulty, when they've tried and been unable to resolve their issue with the IRS, or when they believe an IRS system, process, or procedure just isn't working as it should. TAS strives to ensure that every taxpayer is treated fairly and knows and understands their rights under the **Taxpayer Bill of Rights**. TAS has at least one taxpayer advocate office located in every state, the District of Columbia, and Puerto Rico

21.5.2.2
(06-08-2016)

What Are Adjustment Guidelines?

- (1) Adjustment guidelines are a set of Internal Revenue Service (IRS) rules to follow when working with adjustments to an account. Specific topics are explained in more detail in chapters dealing with those topics.

21.5.2.3
(10-01-2025)

Adjustment Guidelines – Research

- (1) When working any case type, it is essential to complete all account research prior to taking any account actions. You may need to reference other Internal Revenue Manuals (IRMs). See IRM 21.5.1.3, General Adjustments - Research, for a listing of IRMs that may be required for research. This list is not all inclusive, and additional IRMs, publications and Internal Revenue Codes may be required for thorough research.
- (2) Research IDRS for conditions that may affect the processing of your case. See *IDRS Command Code Job Aid* for specific information on each command

code. Not all scenarios or research paths are covered by this IRM. If clarification is needed, contact your lead or manager for help.

- a. Use **CC SUMRY** as first contact with IDRS to determine if a tax module or control base exists on the Tax Information File (TIF). CC SUMRY displays a summary of the taxpayer's account which includes all tax modules meeting IDRS selection criteria.
- b. Use **CC TXMOD** with definer "A" to display tax module information for your specific tax period(s). Research for the following:
 - Freeze codes, See IRM 21.5.6, Freeze Codes, for information and procedures.
 - TC 971 codes, See IRM 21.5.1.4.8, Transaction Code 971, and Document 6209, IRS Processing Codes, Section 8C under TC 971 Action Codes for more information. The IAT CSI tool may also be used.
 - Previous or pending adjustments, unpostable adjustments, offsets and refunds. See IRM 21.5.5.4.1, Preventing Unpostables.
 - Math Errors on the original return. See IRM 21.5.4, General Math Error Procedures.
 - Open AUR - TC 922. See IRM 21.3.1.6.41, Status of Individual Master File (IMF) Underreporter Cases.
 - TIN related problems. See IRM 21.6.2.2, What Are TIN-Related Problems?
 - Current year balance due returns with TC 150 with "00000000s" in the Posted Date field. These accounts are "unsettled" balance due tax returns and the xMend tool cannot determine what the current value is. Since these tax modules are actually "partially-posted" and NOT FULLY SETTLED, not all of the credits are posted on CC TXMOD until the module is settled (i.e., EITC). DO NOT adjust the account until the account becomes settled. Current year returns settle in cycle 20, after which they remain unsettled for 2 cycles only. After the 2 cycles, the return settles and the CP 14 is issued providing the module is in balance due. Reassign CII cases received **prior to the settlement cycle** (cycle 20) to the IDRS number listed for "Unsettled Balance Due Accounts" on the *AM Site Specialization Temporary Holding Numbers* website.

Note: Only current tax period accounts with a TC 150 that display "00000000" in the Posted Date are reassigned to the IDRS holding number. Unpostable or Rejected returns are not considered "unsettled" and are not reassigned to the IDRS holding number.

- If there is a Transaction Code (TC) 604 on the module, check with the proper Collection insolvency group to obtain approval to adjust the account. Ask Collections to reverse the TC 521 and TC 971 Action Code (AC) 031. This action is taken to allow your adjustment to post. If this is an International account, contact the proper Collection insolvency group at the Philadelphia Campus, who processes and adjusts these types of accounts. Refer to *Bankruptcy Inquiries* for the updated telephone listing.
- c. Use **CC ENMOD** to research the entity information and any letters that have been issued. See IRM 21.6.2.2, What are TIN - Related Problems and IRM 21.6.1.4, Filing Status Research.
- (3) Disclosure guidelines apply to all adjustment actions taken. Do not discuss the account with unauthorized parties. See IRM 21.2.3.5.1, Disclosure Requirements.

- (4) Access all systems required. Check Account Management Systems (**AMS**) for taxpayer account history and representative authorization. See IRM 21.2.1.8, Account Management Services.
- (5) Obtain all documents, returns, and taxpayer supplied information necessary to adjust the account or answer inquiries.

Note: Employees working Form 4442 must follow IRM 21.5.1.5.4, Viewing or Requesting Documents on CII Cases (3).

Exception: If you are staffing the toll-free lines and a document is needed that is not available on Correspondence Imaging Inventory (CII), do not order any document that cannot be received by close of business on the day of the taxpayer telephone contact. Complete Form 4442/e-4442, Inquiry Referral, and route to the campus Accounts Management (AM) paper function within your directorate except Puerto Rico who send the Form 4442/e-4442 to the Brookhaven Campus paper function until further notice. Use "ESTABD" as the referral category. Some local procedures allow for campus employees to order the document and keep the case in their individual inventory.

- a. Taxpayers have the option to electronically amend the current tax year and two prior year Form 1040 and Form 1040-SR returns that were originally e-filed through the Modernized e-File Return (MeF) application. The amended return documentation is reviewed via the MeF Return Request Display (RRD) application. These cases are identified on IDRS by Control Base Category Codes. Category Codes MEFP and MEFS identify MeF Form 1040-X cases assigned to Submission Processing and Category Codes MEFA (Form 1040-X MeF), MEFC (Carryback Form 1040-X MeF), MEFI (International Form 1040-X MeF) and MEFR (International Carryback Form 1040-X MeF) for Form 1040-X cases assigned to Accounts Management. See IRM 21.2.1.22, Modernized e-File (MEF/TRDB), for more information.
 - b. Returns are kept at campuses for only a short time, dependent upon the storage space at that campus. Returns are subsequently sent to the Federal Records Center (FRC). IRS also transships returns from one campus to another to perform the original processing.
- (6) Research **CII** for additional open or closed cases that may impact your case. See IRM 21.5.1.5.2, Cases Currently Assigned in CII, for more information. Research may show an **OPEN** control base. Whenever possible, multiple cases from the same taxpayer are processed by the same employee. Coordination of these same taxpayer, multi-year cases is necessary to ensure consistent processing. See *Case Management Guidelines* for more information. Always contact the employee with an open control base prior to taking any action on a case, except in the following instances:
- a. DO NOT initiate contact by phone or email if a Form 4442/e-4442, Inquiry Referral, is the proper action based on IRM 21.3.5-1, Referral IRM Research List.
 - b. DO NOT initiate contact if the control is in "**B**" status (For Campus employees only, if the phone call resolves the correspondence issue and the CII case received date is less than 23 days old, use the "Update Case Data" button on the CII case to "turn off" the interim letter feature in CII). Regardless if the interim letter has already been issued or not, ensure

the caller is aware this issue has been resolved and leave a CII case note indicating a closing letter is not needed.

Exception: If control bases are “CII to CII”, follow the Case Management Guidelines Job Aid, Section 2, Multiple Control Bases, and refer to IRM 21.5.1.5.2, Cases Currently Assigned in CII, for more information.

- c. DO NOT initiate contact if the only open control is a nullified unpostable with category code **NLUN**.
- d. DO NOT initiate contact with the employee if the control is to a **clerical unit**. Clerical assignee numbers represent workflow designations rather than individual employees. These non-employee assignee numbers are frequently distinguished by zeros in the last five digits of the employee number; however, numerics other than zero may also be used. Lists of these numbers are provided in either campus IDRS bulletins or the IDRS MESSG file. Refer to IRM 21.5.2.4.3, Adjustments Requiring an Amended Return or Taxpayer Documentation, for more information on resolving the telephone inquiry.
- e. DO NOT initiate contact if the open control is assigned to the **Accounts Management Centralized Distribution Site (CDS) or Site Specialization Number**. See *Accounts Management CDS/Site Specialization Temporary Holding Numbers*. The CDS uses individual’s IDRS numbers as temporary holding numbers for specialized work until the case can be reassigned or distributed. Accounts Management employees can reassign a case to the CDS temporary IDRS holding number when required by an IRM.
- f. Do Not initiate contact if the open control has **identity theft involvement** and a multiple control is present with specialized inventory outside your scope (e.g., IDT1, IDT3, IDT8 etc. Refer to IRM 21.5.2.3.1, Adjustment Guidelines – Identity Theft Research, for guidance on multiple controls when there is an open control for an existing case with IDT category (i.e., IDT1, IDT3, IDT8), assigned to:
 - IDTVA employee
 - Unassigned Queue (e.g., 1042000000)
 - IDTVA Accounts Management Centralized Distribution Site (CDS)
 - Site Specialization number
 For **Business Master File (BMF)** returns selected by RICS as potential identity theft, refer to IRM 25.23.9.4.1, BMF Returns Selected for Return Integrity and Compliance Services (RICS) Review.
- g. DO NOT initiate contact if the open control is assigned to a site “**generic employee number**”, see IRM 21.5.1.5.1(1), CII General Guidelines.

Note: Generic employee numbers for Submission Processing (SP) can be found in IRM 3.11.6.3, Controlling Cases on the Correspondence Imaging Inventory (CII) System, and IRM 3.11.6.10.4, MEFP and MEFS Accounts Management Rejected Queue.

- (7) Some taxpayer inquiries cannot be worked in AM. Refer these cases to another function for review. When appropriate, cases are returned to the AM function for account action or for a letter of explanation to the taxpayer. Taxpayer inquiries are completed by the site receiving the call or correspondence. Do Not refer cases to another campus or call site unless an IRM specifically instructs you to do so. If you are staffing the toll-free phone lines and are not profiled or trained to work CII cases, do not work the case or control. DO NOT give employee phone numbers to taxpayers.

Exception: Your campus may have a local agreement to send paper cases to another site or group. Those cases are worked following the rules in the local agreement and not shipped to the campus that processed the original return.

- a. Cases meeting **Taxpayer Advocate Service (TAS)** criteria are referred as outlined in IRM 21.1.3.18, Taxpayer Advocate Service (TAS) Guidelines. Contact TAS when the case has an open TAS control prior to taking any case actions.
- b. **Appeals** – See IRM 20.1.1.4.1.2, Post-assessment Appeals, for penalty appeal information and IRM 21.5.3.4.6.2, Appeals and Responses to Letter 105C and Letter 106C.
- c. Under the **Bipartisan Budget Act (BBA)** of 2015, amended returns filed by individual partners while the partnership is under BBA examination must be reviewed by BBA Operations. These filings are marked with “BBA Partner Modification Amended Return” across the top of page 1. If the return is already in CII, AM contact representative must route the return to BBA Operations. See IRM 21.7.4.4.2.9(9), Form 1065 and Form 1065X, Amended Return, Administrative Adjustment Request (AAR) and Bipartisan Budget Act (BBA).
- d. **Frivolous Arguments** – See IRM 21.5.3.4.16.7, Identifying Frivolous Returns/Correspondence and Responding to Frivolous Arguments.

21.5.2.3.1
(03-17-2025)
**Adjustment Guidelines –
Identity Theft Research**

- (1) When working any AM case type, it is essential to complete all account research prior to taking any account actions, transferring a call, or reassigning a case to IDTVA. The initial employee is responsible for identifying the taxpayer issue, researching the account including AMS to eliminate any routine account issues prior to making the determination to reassign the case to IDTVA for potential identity theft (IDT).
- (2) If any of the following exist on the account or within your case, actions can be taken to refer to IDTVA.
 - a. If Form 14039, Identity Theft Affidavit, is present within your CII case or there is a statement from the taxpayer claiming Identity theft refer to IRM 25.23.4.6, Research, Actions and Complete Case Analysis - Overview, for required action **prior** to reassignment to IDTVA.
 - b. If multiple controls with an existing case in an IDT category (e.g., IDT1, IDT3, IDT8), assigned to an IDTVA employee, or assigned to an unassigned queue (e.g., 1174078935), or IDTVA Accounts Management Centralized Distribution Site (CDS) Site specialization number. Refer to *Accounts Management CDS/Site Specialization Temporary Holding Numbers* listing to identify the IDRS numbers. See below for specific guidance.
- (3) If a multiple control is present with specialized inventory outside your scope (e.g., IDT1, IDT3, IDT8) and:
 - a. Assigned to an IDTVA Accounts Management Centralized Distribution Site (CDS), Site Specialization Number or Unassigned queue (e.g., 1174078935 for domestic and 1176064055 for international), link your CII case to the open IDT case and close your case as MISC. Leave a case note on the IDT case stating multiple control with IDTVA, linking ‘state category of your case’ (e.g., “Multiple control with IDT case, linking

- MEFP/MEFS”). For a listing of IDTVA codes, refer to IRM 25.23.2-16, IDTVA IDRS Category Controls by Function.
- b. Assigned to an IDTVA employee not listed under IDT categories on the *Accounts Management CDS/Site Specialization Temporary Holding Numbers* listing, link your CII case to the open IDT case and reassign to the IDTVA employee. Leave a case note on the existing IDT case advising “multiple control with IDTVA, linking XXXX”, (e.g., “Multiple control with IDT case, linking XRET”).
- (4) If the criteria above are not met, continue with complete research to determine whether there is any other treatment stream before identity theft is considered. Complete research is essential to determine the necessary corrective actions and to prevent delays in resolution. The following information contains research tips and reminders to take into consideration as you research your case. The IRM sections cited below are not all inclusive. Reference other IRM sections as applicable.
 - (5) For purposes of identifying the correct account issue, refer to the following definitions and the applicable IRM sections. If any of the below apply, the taxpayer is not a victim of identity theft. Follow the applicable procedures.
 - Mixed Entity (MXEN) - the unintentional misuse of a taxpayer’s TIN due to an inadvertent taxpayer error, tax return preparer error, or IRS processing error. Refer to IRM 21.6.7.4.4.1, Duplicate Filing Control - (DUPF) and IRM 21.6.2.4.2, Mixed Entity Procedures.

Note: A separate TIN can be identified for the taxpayer who filed under the Common Number in error.

 - Mixed Period - a return for the valid taxpayer is processed to an incorrect year, usually due to editing the tax year on the tax return or an incorrect version of the tax return being used by the taxpayer (e.g., TY 2020 income reported on a TY 2021 form). Refer to IRM 21.6.7.4.2.5.1, Mixed Periods.
 - Scrambled SSN (SCRM/SSA2) - multiple individuals using the same SSN and the true owner cannot be determined. The Social Security Administration (SSA) has issued the same SSN to more than one individual. Refer to IRM 21.6.2.4.3, Scrambled SSN Case Procedures.
 - (6) Search returns, schedules, and forms for a different TIN, if applicable. Research spouse and dependent information, whenever available.
 - (7) Research the TIN (valid and invalid) to determine if there is a mixed entity (MXEN), or scrambled SSN case (SCRM/SSA2) in prior and/or subsequent years. Attempt to locate any possible cross-reference TIN. You may identify a cross-reference TIN assigned to a taxpayer who filed a return under the Common Number (CN) that was determined to be to identity theft. Internal Revenue Service Numbers (IRSNs) are temporary numbers issued by the IRS and are always on the invalid segment of Master File. The invalid segment is shown by an asterisk (*) following the last digit of the TIN. Additionally, the tax return(s) in question is reviewed to determine if the case is a mixed period instead of a TIN-related issue.
 - (8) Research the valid and invalid sides of any TINs identified for the case (i.e., primary, secondary, different TIN located on forms, etc.). A return posted to the invalid side of the CN is not sufficient evidence to identify an IDT issue. Conduct further research to verify the return was not processed to the invalid

side of the TIN as a result of an error on the return or name changes that have not yet been provided to the IRS by the Social Security Administration (SSA):

- Generally, a return is posted to the invalid side of a TIN due to a Name Control mismatch issue. This may be seen more frequently with taxpayers who have multiple last names, taxpayers who are recently married, and typographical errors on the return.
- CC INOLES: Determine the appropriate Name Control(s) for the taxpayer.
- CC IMFOLI: Determine if the taxpayer is filing jointly for the first time.
- CC TRDBV: Determine if the Name Control based on the spelling of the last name entered on the tax return processed to the invalid side of the TIN matches an appropriate Name Control shown on CC INOLES.

When a Name Control mismatch has occurred as a result of taxpayer, preparer, or typographical error, and there is no indication the information included on the return is questionable (i.e., the income is verifiable, return information is consistent with filing history, etc.), refer to IRM 21.6.2.4.1, Resequencing Accounts, and its subsections.

- (9) If further research is required to locate a TIN for the taxpayer, use CC NAMES or CC NAMEI to input the taxpayer's name and address information to search for a TIN. To do a broad search, input the taxpayer's name and only the first 3 digits of their zip code. The results include taxpayer information from areas surrounding the current address. Consider the following possibilities when conducting research using CC NAMES or CC NAMEI:
- The taxpayer may share their name with a parent or child.
 - The taxpayer's current address may be different than the address reflected on their account.
 - The taxpayer's name may have included a hyphenated last name or variation in spelling of their name due to typographical errors by the taxpayer, a preparer, or IRS.
- (10) Refund inquiry – The non receipt of a refund does not automatically warrant an ID theft referral. Refer to the applicable procedures in IRM 21.4, Refund Inquiries.

Example: Taxpayer correspondence is received and prisoner says they did not receive the EIP payment. This does not necessarily mean there is identity theft. Research the account to determine whether the EIP was issued, where it was issued, if it was offset, etc. Review the tax return that the EIP was based on for possible inconsistencies. If the refund was issued to a valid direct deposit or mailing address, normal refund inquiry procedures are followed. If there is an account related explanation, it is not identity theft.

- (11) Review the account for freeze code conditions and refer to IRM 21.5.6, Freeze Codes, as applicable.
- (12) The presence of TPP indicators do not automatically mean the taxpayer is a victim of identity theft. A return is selected by TPP if questionable and requires authentication. Review the account, including AMS, to determine whether the TPP issue has been resolved.

Example: If you have an amended return and there are TPP indicators on the account, research the account further.

- If the TPP issue was resolved, and AMS shows the taxpayer authenticated and the return is posted, work your case following normal procedures.
 - If the TPP issue is resolved, there is an MFT 32, and a TC 150 is posted, review the posted original return to determine whether the taxpayer filed that return. If no indication of Identity theft about the posted return, your case can generally be worked following normal procedures.
- (13) You may identify suspected IDT when the return does not master file verify and when certain account changes seem suspicious such as large, unusual or questionable line-item changes. When this occurs use the following research steps to aid in determining if the return should be routed as IDT:
- a. Use CC RTVUE to verify:
 - Address for the first return(s) filed
 - Dependents
 - Type of income
 - Filing Status
 - Schedules and forms filed
 - b. Use CC TRDBV to verify:
 - Significant changes in filing history
 - Occupation
 - Requested method of refund
 - Tax Preparer
 - Multiple attempts to file a rejected return
 - c. Use CC DDBCK to verify:
 - Dependents and/or credits claimed on the original return
 - d. Use CC IMFOLI to verify:
 - Number of years the TIN has been used
 - Filing status changes
 - Method of filing: paper or e-file
 - e. Use CC IRPTR to verify:
 - Comparative review of reported income and payor information
 - Previous and current employer
 - Previous address
- (14) After you have exhausted all account research and performed any applicable procedures per the IRM for the initial case type, if it is determined there are no other treatment streams applicable, and you determined account discrepancies indicating possible identity theft, refer case to IDTVA for possible identity theft.
- a. Prior to reassigning a case to an IDT category code, follow IRM 25.23.4.6, Research, Actions and Complete Case Analysis - Overview, for further actions to input (e.g., TC 971 AC 522, 5073C letter). Review the account to see if a CP 01S, CP 701S was issued to acknowledge receipt of Form 14039, Form 14039 (SP), a police report, or a similar statement related to identity theft.
 - b. For cases originally controlled with a non-IDT category code (e.g., DUPF, XRET, TPRQ, etc.), determine how the case should be categorized (e.g., IDT1, IDS1, or IDT3, IDS3, etc.) per IRM 25.23.4-9, IDTVA-A Identity Theft (IDT) Work Types Listing.

- c. Document all research completed, results of the research, the request for reassignment, and lead or manager approval to reassign in a CII case note. Refer to IRM 21.5.1.5.2, Cases Currently Assigned in CII, for further information.
- d. Reassign to the applicable IDTVA holding number per *Accounts Management Site Specialization Temporary Holding Numbers* Listing, located on SERP.

Note: A case reassigned to the Centralized Distribution Site (CDS) in error may be returned to the originating site. Reassigning cases in error can result in an adverse impact to the taxpayer and delay the processing of their case.

21.5.2.4
(10-01-2007)

**Adjustment Guidelines –
Procedures**

- (1) Use the guidelines in IRM 21.5.1, General Adjustments, when making account adjustments.
- (2) For information on received dates when adjusting an account, refer to IRM 21.5.1.4.2.4, Received Date – Determination, and IRM 21.5.1.4.2.5, Received Date – Grace Periods.
- (3) IRM 21.3.3.4.8, Taxpayer Inquiries and Complaints, contains information on the reasons taxpayers contact the IRS. It provides the IRMs, forms, letters, technical functions for referrals, and telephone numbers, which enables you to contact a specific function for technical help.

21.5.2.4.1
(09-11-2017)

**Statutory Exceptions
and Administrative
Waivers**

- (1) Various Administrative Waivers and Statutory Exceptions assist in processing adjustment requests timely and efficiently. For more information that are specific to penalties, refer to IRM 20.1.1.3.3, Statutory Exceptions and Administrative Waivers.
- (2) We receive requests for adjustments to tax, penalty, interest, and other issues, in two main forms:
 - Written
 - Verbal
- (3) Authorities and Waivers are sometimes granted:
 - a. For the good of the taxpayers.
 - b. For the good of IRS.
 - c. Or both.

21.5.2.4.1.1
(10-01-2015)

**Designation of Federal
Tax Deposits (FTD)**

- (1) Under IRC 6656(e) and Rev. Proc. 2001-58, taxpayers may designate the period or periods to which IRS applies a deposit. See IRM 21.5.2.4.9, Penalty Overview.
- (2) The designation may be made orally or in writing. Oral statement ceiling amounts do not apply.

21.5.2.4.1.2
(10-01-2007)

**Service Errors (Effect on
Penalty and Interest)**

- (1) Sometimes IRS makes errors in the assessment of tax, penalty, or interest.
- (2) When correcting these errors, oral statement ceilings do not apply.

- (3) For further information about the effects of IRS errors on penalty and interest, refer to the following:

- IRM 20.2.7, Abatement and Suspension of Debit Interest
- IRM 20.1.1.3.4, Correction of Service Error

21.5.2.4.1.3
(10-01-2014)

Reasonable Cause

- (1) For reasonable cause criteria, see IRM 20.1.1.3.2, Reasonable Cause.

quest (Reasonable Cause) FTF, FTP & FTD Penalties.

#

- (3) For relief from penalties, see IRM 20.1.1.3, Criteria for Relief from Penalties.

21.5.2.4.2
(10-01-2025)

Adjustments with Oral Statement

- (1) IRM 21.1.3.20, Oral Statement Authority, outlines the oral statement authorities for Accounts Management. This IRM contains the procedures that Accounts Management must apply to any questions concerning oral statements.

Note: See IRM 21.7.1.4(2), Business Master File (BMF)/Non-Masterfile (NMF) Adjustment Procedures, for specific instructions about BMF and NMF oral statement.

- a. Payment / Credit Transfers – There are no oral statement ceiling amounts / dollar limits. See IRM 21.5.8.2, Credit Transfers Overview.
- b. Credit Elect Problems – See IRM 21.4.1.5.6, Credit Elect Problems.
- c. Reverse Credit Elect Payments Shown on the Return – See IRM 21.4.1.5.6.1, Credit Elect Reversals.
- d. Invalid SSN Refund Releases – See IRM 21.6.1.6.7, Resolving CP 54 with Math Error Involvement.
- e. Withholding Adjustment (to Ceiling Amount) – See IRM 21.6.3.4.2.2, Withholding (W/H) Tax Credit, or IRM 21.5.1.4.12, Tolerances.
- f. Math Error Substantiated Protests – See IRM 21.5.4.4.4, Math Error Substantiated Protest Processing.
- g. Certain Freeze Releases – See IRM 21.5.6.4, Freeze Code Procedures.
- h. True Duplicate Return (Except Form 1065, U.S. Return of Partnership Income) – For Individual Master File (IMF), see IRM 21.6.7.4.14, True Duplicate Return. For Business Master File (BMF), see IRM 21.7.9.4.1.3, True Duplicate.
- i. Math Errors, IRS Errors or Decimal Point Errors – See IRM 21.5.4, General Math Error Procedures.
- j. Penalty Relief Request – see IRM 21.5.2.4.9.2, Oral Statement and Penalty Relief Request.
- k. Name, Taxpayer Identification Number (TIN), Address, Filing Status, and Filing Requirement Changes – See IRM 3.13.5, Individual Master File (IMF) Account Numbers, and IRM 3.13.2, BMF Account Numbers, IRM 21.6.1.4, Filing Status Research. IRM 21.7.13.6.5.6, Authority for Making Primary Name Line Changes, and IRM 21.7.13.7.2.2, Cases Forwarded to Submission Processing BMF Entity.
- l. BMF Changes to Item Reference Code / Numbers (not tax) – See IRM 21.7.1.4, Business Master File (BMF) Non-Master File Adjustment Procedures.
- m. Earned Income Tax Credit – See IRM 21.6.3.4.2.7.9, EITC - Adjusting the Account.

- (2) If an address change is necessary and the taxpayer requests the address change using an oral statement, the address change may be input into IDRS based on Rev. Proc. 2010-16, Rev. Proc. 2010-19, IRB 664. Refer to IRM 21.1.3.20.1, IMF and BMF Oral Statement Address Changes for further information.

Reminder: Once a taxpayer says they have an address change, discuss with the taxpayer whether the address change is a permanent or temporary address change (e.g., student at college). If taxpayer says a temporary address change, do not update the address on master file. Record a note within Account Management Services (AMS) stating that you informed the taxpayer that you did not update the address because the taxpayer said it was a temporary address change.

Exception: If a Large Corp Indicator (LCI) is on the account, do not use oral statement authority to change address. Refer to IRM 21.7.1.4.11.3, Routing Large Corp Cases and Inquiries, for further information.

Caution: Do not change the address based on oral statement authority if the account contains an open Taxpayer Protection Program (TPP) issue or an unreversed TC 971 AC 124, unless otherwise directed in IRM 25.25.6, Taxpayer Protection Program.

- (3) An oral statement adjustment made prior to the due date of a return does not constitute superseding information or a superseding return as outlined in IRM 21.6.7.4.10, Superseding Returns.

21.5.2.4.2.1
(10-05-2010)
**Case Files/Actions
On-line with Oral
Statement**

- (1) Adjustment actions completed on-line with an oral statement do not require case files unless required in specific IRM procedures. Do not prepare unnecessary case files. Oral statement adjustments are generally input as a Non-Source Document (NSD) adjustment. Refer to IRM 21.5.2.4.5, Source Documents, for more specific information.
- (2) Create case files for actions not completed on-line using Form 4442 /e-4442, Inquiry Referral, describing inquiry and actions taken to resolve the account. Destroy the Form 4442 after review as authorized by Document 12990, IRS Records Control Schedule (RCS) 29, Item 191.

21.5.2.4.3
(11-22-2023)
**Adjustments Requiring
an Amended Return or
Taxpayer Documentation**

- (1) Generally adjusting an item not shown on the original return requires a signed amended return. Inform the taxpayer and order the required tax forms, if needed. See IRM 21.3.6, Forms and Information Requests.
- (2) An amended return is not necessary:

If	Then
1 The taxpayer listed the item on the original return, but did not include the necessary schedule	<ul style="list-style-type: none"> • A math error notice is issued. • The item may not appear on RTVUE / BRTVU.
2 The taxpayer received a math error notice and provides substantiation in the case of a math error	<ul style="list-style-type: none"> • Accept oral statement (up to the amount shown on the original return) even if the -G Freeze is no longer on the account. • See IRM 21.5.4.4, Math Error Procedures Processing.

(3) The following actions require a written request:

- a. Penalty abatements (above ceiling amounts) for reasonable cause. Refer to IRM 21.5.2.4.9.2, Oral Statement and Penalty Relief Request, for additional information.
- b. Abatements of interest.

(4) Use the taxpayer's written request as a source document. Refer to the following IRMs for further information:

- IRM 4.19.3, IMF Automated Underreporter Program
- IRM 4.119.4.21.1.2, Abatement of Interest
- IRM 20.1, Penalty Handbook
- IRM 20.2.7, Abatement and Suspension of Debit Interest
- IRM 4.19.10, Examination General Overview

(5) When you speak to the taxpayer and realize the taxpayer's request requires written documentation / substantiation, you **must** determine if the documentation can be faxed while you are on the telephone with the taxpayer (e.g., penalty abatement based on reasonable cause over the oral statement allowable amount), follow the table below:

If	Then
1 The required documentation can be faxed while you are on the telephone with the taxpayer Note: When available, use Enterprise Electronic Fax, (EEfax in lieu of manual faxing).	<ol style="list-style-type: none"> a. Provide the specific fax number to the taxpayer. b. Retrieve the documentation. c. Adjust the account as necessary. d. Input the adjustment as a "Source Document" adjustment if there is no CII case. If there is a CII case, attach the missing information and / or information received from the taxpayer to the case as an attachment (if CII access).

If	Then
2 The required documentation cannot be faxed while you are on the telephone with the taxpayer	<ol style="list-style-type: none"> Advise the taxpayer to call back when able to fax the required documents. If the taxpayer is unable to fax or prefers not to fax the required documents, advise the taxpayer to attach the required documentation to the notice and mail it to the address shown on the notice or upload the required documents using the Document Upload Tool (DUT) if the taxpayer's notice or letter allows it. Advise the taxpayer of the normal processing time frame for a response to correspondence (30 days). Input a STAUP, if needed, as outlined in IRM 21.5.2.4.8.2, Suppressing Balance Due Notices. Do not open a control base. Do not complete a Form 4442 /e-4442. <p>Reminder: Cases meeting Taxpayer Advocate Service Criteria (e.g., hardship situations) are referred as outlined in IRM 21.1.3.18, Taxpayer Advocate Service (TAS) Guidelines.</p>

- (6) For information on Form 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund (including the Form 941-X(PR)), refer to IRM 21.7.2.4.5.5, Form 941 Discrepancy — Taxpayer Files Form 941-X.

21.5.2.4.3.1
(01-22-2024)
**Adjustments Not
Requiring an Amended
Return or Taxpayer
Documentation**

- (1) Campuses may receive Form 4442/e-4442, or adjustment requests related to return processing errors. The returns posted as partial, zero / or other determinable transcriptions errors (no freeze codes, not ERS or math error related). Full account research and the original tax return are required to adjust the account. Follow the table below for procedures on processing. These cases are centralized in Fresno and Philadelphia (International). Convert the CII category code to SPC 5 and reassign the case per the *AM Site Specialization Temporary Holding Numbers* website. Tax returns involving transcription errors are outlined in IRM 21.4.1.4.1.2.2, Return Found-Processing Errors Identified.

If	Then
1 The CII case does not contain an original return / or a fax copy of the return	<ol style="list-style-type: none"> Request the document using CC ESTAB(S) for the document and suspend case in CII. When the original return is received, adjust per (b) and (c) in Box (2) below. If unable to secure the request after two previous requests, input another request as "Special Search" using Form 2275, Records Request, Charge and Recharge. If unable to secure the return, send Letter 418C Amended / Original Return Unavailable; Copy Requested, to the taxpayer to request copy of the original return. <p>Note: Do not send Letter 418C if return is charged out to another area. Contact the area for complete copy of the return or request the copy be scanned into the CII case.</p>

If	Then
2 The CII case contains the required documentation (e.g., complete original file return / or a fax copy of the return)	a. Verify return is complete and processable. Note: If the return is incomplete refer to IRM 21.5.1.5.6, Incomplete CII Claims. b. Verify income and withholding per CC IRPTR if available. If CC IRPTR is not available for current year, verify income and withholding with the W-2 or Form 1099 provided with the original return. c. Adjust the account as necessary, using source code (4). Input a CII Case Note "Erroneous Zero Return- Transcription Error". Note: For cases meeting the criteria for setting a math error, refer to IRM 21.5.4.5, Math Error Procedures Processing. d. Cases meeting DIF score criteria are referred as outlined in IRM 21.5.2.4.23.6, Discriminant Index Function (DIF) SCORE of CLASSIFICATION "Send Return(s) to Examination for Review". Note: If Erroneous Refund procedures apply, refer to IRM 21.4.5, Erroneous Refunds.
3 The CII case does not contain the required documentation (e.g., the original file return / or fax copy of the return is incomplete)	a. If the original return or fax copy of the return is incomplete and the issue can be resolved by having the taxpayer / authorized representative fax in missing information, you may attempt to contact the taxpayer / authorized representative by telephone and request the missing information be faxed within three (3) business days. Refer to IRM 21.5.1.5.6, Incomplete CII Claims. b. If unsuccessful in reaching the taxpayer / authorized representative after two (2) attempts, ESTAB(S) for the document and suspend case in CII. c. When the original return / or fax copy of the return is received, adjust per (b) and (c) in Box (2) above. d. If unable to secure the request after two previous requests, input another request as "Special Search" using Form 2275, Records Request, Charge and Recharge. If unable to secure the return, send Letter 418C, Amended / Original Return Unavailable; Copy Requested, to the taxpayer to request copy of the original return. Note: Do not send Letter 418C if return is charged out to another area. Contact the area for the return.

- (2) For information on Form 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund (including the Form 941-X(PR)), refer to IRM 21.7.2.4.5.5, Form 941 Discrepancy - Taxpayer Files Form 941-X.

21.5.2.4.4
(10-01-2004)

**Document Locator
Number (DLN)**

- (1) The DLN for IMF and BMF accounts is distinct and contains information useful for processing cases.

- (2) The DLN is the 14-digit number assigned to every return or document processed through the Automated Data Processing (ADP) system. DLNs are printed on computer documents in XXXXX-XXX-XXXXX-X format. Refer to *DLN Composition* in Document 6209, IRS Processing Codes and Information, for detailed information.

21.5.2.4.5
(10-01-2025)

Source Documents

- (1) Source documents (SD) are required for some adjustments completed with an oral statement:
- If an erroneous refund was issued, follow erroneous refund procedures. See IRM 21.4.5, Erroneous Refunds.
 - Missing schedules.
 - Penalty determinations – Refer to IRM 20.1.1.3.6.6, Attaching RCA Determination.

Note: Source Documents are not required for credit transfers taken over the phone. See IRM 21.5.8.3.1, Determining Source Document Requirement for Credit Transfers.

- (2) Verify disclosure requirements before giving account information. Refer to IRM 21.1.3.2.3, Required Taxpayer Authentication, as applicable. Also, see IRM 21.1.3.2.4, Additional Taxpayer Authentication, and IRM 21.3.7, Processing Third Party Authorizations onto the Centralized Authorization File (CAF).
- (3) Request taxpayers send documentation required for adjustments listed in (1) above. The taxpayers may fax the information. Provide the taxpayers with your fax number, including area code. See IRM 21.5.2.4.3, Adjustments Requiring an Amended Return or Taxpayer Documentation, and also refer to IRM 21.3.5, Taxpayer Inquiry Referrals Form 4442, for further instructions.

Note: When available, use Enterprise Electronic Fax (EE-fax) in lieu of manual faxing.

21.5.2.4.6
(06-22-2021)

Remarks Field

- (1) Specific elements in the “Remarks” field are required for each type of IDRS input (entity, tax, penalty change, or credit transfer, etc.). Oral statement authority adjustments have different requirements. See IRM 21.1.3.20.2, Oral Statement Documentation Requirements, when inputting the remarks for an oral statement account change.
- (2) If the input is not completed with an oral statement, input the adjustment with “SD”, “NSD”, or “SDR” in the remarks field (or Y, N, or R on the Command Code (CC) ADJ54 screen).
- SD (Source Document) shows the document is being forwarded to files for attachment to the IDRS transaction record
 - NSD (Non Source Document) shows the documents are attached to the IDRS transaction record, such as with an image in the Correspondence Imaging Inventory (CII)

Note: Taxpayers have the option to electronically amend the current tax year and two prior year Form 1040 and Form 1040-SR returns that were originally e-filed through the Modernized e-File Return (MeF) application. The CII cases created by Account Management Services (AMS) do not contain a digital CII image; however,

the documentation remains available within the MeF Return Request Display (RRD) application. When adjusting these cases, use NSD.

- SDR (Source Document Retained) shows the document is being held for follow up case actions, but will later be attached to the IDRS transaction record

Use the remaining positions in the remarks field to briefly explain the reason for the adjustment or credit transfer.

- (3) When completing both an adjustment and a credit transfer, input the required items on the adjustment and reference them in the “remarks” section of the credit transfer.

21.5.2.4.7
(10-01-2003)

Remarks On Type of Adjustment

- (1) Briefly explain the reason the adjustment was made, such as “credit transfer”. Also, show per letter or other justification:

If	And	Then
You are taking multiple actions (e.g., TC 29X, 670 / 672, 971, etc.,)	Actions are for the: <ul style="list-style-type: none"> • Same taxpayer • Same tax period, • Same TIN, and a TC 29X is one of the TCs used.	<ul style="list-style-type: none"> • Record the necessary elements in Command Code ADJ54 Remarks Section. • Show in the remark’s section for the related transactions, NSD and where the backup is for your actions.

Exception: Disregard the instructions in the table above when making entity adjustments. Always record the necessary elements on all entity changes regardless of the source or the number of actions being taken.

- (2) If there is a conflict between oral statement adjustments procedures in this IRM compared to specific IRMs, work the case according to specific IRMs.

21.5.2.4.8
(10-01-2009)

Notice Suppression

- (1) Notices are suppressed in various ways depending on the type of notice and the issue. Notices are suppressed with:
 - Command Code (CC) STAUP
 - Hold Codes
 - Notice Suppression Codes or Indicators
- (2) The input screens for some IDRS Command Codes have a field which is overlaid to show if a notice should or should not be issued. Notice Suppression instructions are given as needed throughout IRM 21, Customer Account Services.
- (3) When CC STAUP cannot be used because actions result in a settled module, and offset is likely (January - May for IMF, about 8 weeks after due dates for BMF), input a TC 470 without a closing code.

- (4) When a CC STAUP or a TC 470 is used to suppress a balance due notice, input a history item on the Account Management Services (AMS) to document the reason for the action (e.g., Taxpayer to file Form 1040-X or Taxpayer to send check).

21.5.2.4.8.1
(10-01-2014)
**Notice Suppression
Indicator**

- (1) A notice suppression indicator (NSI) is input in the "CP-NTC-SUPP-IND" field on the Command Code ADJ54 screen to suppress small balances from being printed on the adjustment notice.

Note: Currently only used in Business Master File (BMF) applications.

- (2) The specific requirements for BMF's use of the notice suppression indicator 1 are outlined in IRM 21.7.1.4.2, Notice Suppression Indicator (NSI).

21.5.2.4.8.2
(01-10-2025)
**Suppressing Balance
Due Notices**

- (1) Suppress balance due IDRS Notices with Command Code (CC) STAUP. This includes cases referred to other functions or sites.

- a. If the time frame remaining before the next scheduled notice allows time to complete the action, a STAUP is unnecessary. There are 5 weeks between each status, except status 58 to 22 there are 5 to 10 weeks.

Note: A CC STAUP is only input if you want to delay the next notice from generating. If it takes more than two weeks for the account to settle and it is in NOTICE status, you need to input a CC STAUP if another *NOTICE* is due to generate, see IRM 5.19.10-1, Restrictive Conditions, for exceptions.

- b. As of April 19, 2021, Accounts Management (AM) no longer negotiates payments on balance due accounts or sets demand dates for missing or unfiled returns. Refer to IRM 21.1.1.3.1, Accounts Management (AM) Customer Service Representative (CSR) Duties Handling Accounts with Balance Due Accounts / Missing Returns, for more information. However, there may be occasions when you must input a STAUP. Refer to the If / Then chart, in paragraph c, to determine whether to input CC STAUP or transfer the call to Automated Collection System (ACS).

Note: CC STAUP only prevents an erroneous IDRS notice if it is input by the Friday before the erroneous notice is scheduled to generate (17 days prior to the 23C date).

- c. Use the following chart to determine the number of delay cycles to input:

If	Then
1 Requesting documents from files	Allow 15 cycles.
2 Requesting information from the taxpayer	<ul style="list-style-type: none"> Allow 4 cycles when requesting information by telephone. Allow 6 cycles when requesting information by correspondence (allow an additional 2 cycles if the taxpayer is submitting overseas mail).
3 An adjustment or other action does not fully satisfy the balance due, and the taxpayer is sending payment, and the taxpayer cannot or does not want to be transferred to ACS	Allow 6 cycles.
4 An adjustment or other action does not fully satisfy the balance due, and the taxpayer has not promised payment, and the taxpayer cannot or does not want to be transferred to ACS	<p>Input a STAUP for 3 cycles to update the remaining cycles of any previously input STAUP.</p> <p>Note: If no STAUP has previously been input, the STAUP for 3 cycles is required to delay issuance of a balance due notice prior to the posting of any adjustment / case action, including the issuance of any correspondence.</p> <p>Exception: STAUP is not required if the only action is the input of TC 290 .00 to release the -A freeze.</p>
5 The action taken creates a zero or credit balance	<p>Input STAUP for number of cycles needed for the action to post.</p> <p>Note: If STAUP is already on the account, no action is needed to release it.</p>
6 Correction of unpostable situation satisfies balance due	Allow 9 cycles.
7 The taxpayer is submitting any other information to satisfy balance due or requests a hold on collection while the taxpayer's correspondence or other request is being processed.	Allow the number of cycles needed for information to post (allow additional time if taxpayer submitting overseas mail (2 cycles)) or for the request to be processed. See boxes 10 and 11 below if the taxpayer is filing an IMF/BMF original or amended return.
8 The taxpayer will full pay the balance due now	Allow 8 cycles. Refer to IRM 21.1.1.3.1(2), Accounts Management (AM) Customer Service Representative (CSR) Duties Handling Accounts with Balance Due / Missing Returns.

If	Then
9 Taxpayer can full pay within 11 to 59 days	Refer to IRM 5.19.1.6.3, Short Term Payment Plan Within 180 Days. Exception: For AM employees, transfer the caller to ACS per IRM 21.1.1.3.1, Accounts Management (AM) Customer Service Representative (CSR) Duties Handling Accounts with Balance Due Accounts / Missing Returns.
10 The taxpayer is filing an IMF / BMF Original or Amended Return that will full pay tax, penalty, and interest on the balance due account	Refer to IRM 5.19.1.6.3, Short Term Payment Plan Within 180 Days. Exception: For AM employees, transfer the caller to ACS per IRM 21.1.1.3.1, Accounts Management (AM) Customer Service Representative (CSR) Duties Handling Accounts with Balance Due Accounts / Missing Returns.
11 The taxpayer is filing an IMF / BMF Amended Return that does not full pay the balance due	Refer to IRM 5.19.1.6, Method of Payments. Exception: For AM employees, transfer the caller to ACS per IRM 21.1.1.3.1, Accounts Management (AM) Customer Service Representative (CSR) Duties Handling Accounts with Balance Due Accounts / Missing Returns.
12 Routing balance due cases to other areas	Input or reduce the STAUP to 9 cycles.

- d. When the STAUP is input for more than 9 cycles, a control base is needed or the STAUP is released after 9 cycles.
- e. Advise the taxpayer another notice may be issued (STAUP may be input too late to stop the next notice). Also advise:

If	Then
1 The action taken satisfies the balance due	Advise taxpayer this notice may be ignored.
2 Taxpayer submits the payment / information as you requested	Advise taxpayer this notice may be ignored.

Note: See *MF and IDRS Collection Status Codes*, in Document 6209, IRS Processing Codes and Information for a listing of status codes.

21.5.2.4.8.3
(06-22-2021)

Clearance Tolerances

displayed on CC TXMOD due to Master File tolerances. Accruals under this tolerance are displayed on CC BMFOLI / IMFOLI. Accounts in status 12 which

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and interest. Overpayments which may become available will **not** offset to the status 12 account.

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- (2) Status 12 accounts are considered full paid and are not addressed in balance due pay-off requests or installment agreements, unless the taxpayer is aware of the unpaid accruals as described in the 1st if / then statement in (3) below.

Exception: Status 12 accounts with manually restricted interest or penalties (-I or G- freeze) are not considered full paid. A referral to the interest specialist is required for manual computation of the interest. Refer to IRM 21.5.6.4.18, -I Freeze, for more information.

- (3) Status 12 procedures are as follows:

If ...	And ...	Then ...	
1 Taxpayer requests a balance due notice	no other adjustment issue is involved	<ol style="list-style-type: none"> 1. Check CC BMFOLI or CC IMFOLI for accruals; and 2. Input a TC 290 .00 with Priority Code (PC) 5 to force the computer to post unrestricted failure to pay penalty and interest; and 3. allow the issuance of a balance due notice to the taxpayer. 	
2 A payment posts to the account	the posted module balance is	<p>A TC 606 systemically generates to clear the account of the posted balance due.</p> <ol style="list-style-type: none"> 1. Input a TC 290 .00, PC 5, to force a reversal of the TC 606. 2. Issue a correct balance due notice. 	# #
3 You are telling the taxpayer his or her account is paid in full	the account contains modules	<p>Input a TC 290 .00, PC 5 and HC 3. The balance due will post and clear with a TC 606.</p> <p>Note: A notice will not be issued to the taxpayer.</p>	#
4 You are telling the taxpayer his or her account is paid in full Exception: Does not apply if the account contains manual interest or penalty computations. See exception in (2) above.	the account contains modules	<p>Do not input a TC 290 .00 with PC 5. No action is required on the account. Programming will remove the accrual balances.</p>	# #

(4) When inputting the priority code (PC) 5 to post accruals and also creating / releasing an overpayment on the same or another module, allow proper offsets in the subsequent cycle by using a Posting Delay Code (PDC) of one cycle on the credit module.

(5) If the account is in Status 23, input of a TC 290 for zero with PC 5 generates a balance due notice to the taxpayer and update accruals. See IRM 5.19.1.6.2, Can Full Pay Balance Due Now (Payoff), for further information.

Exception: For AM employees, refer to IRM 21.1.1.3.1, Accounts Management (AM) Customer Service Representative (CSR) Duties Handling Accounts with Balance Due Accounts / Missing Returns, for further information about balance due responsibilities.

21.5.2.4.9
(05-02-2024)
Penalty Overview

- (1) See IRM 20.1, Penalty Handbook, for more information. Always advise the taxpayer if there is a possibility of a penalty assessment. Explain why a penalty was asserted or assessed. See IRM 20.1.1.4, Methods of Appealing Penalties, for penalty appeal procedures.

Reminder: Transfer all cases meeting penalty appeals criteria through the Penalty Appeals Coordinator. See *Penalty Appeals Coordinators (Campus)*, for the correct routing procedures for your site.

- (2) To explain how a penalty was computed, use IDRS Command Code (CC) INTST or CC PINEX for Failure to Pay (FTP) and Failure to File (FTF) and CC FTDPN, for Failure to Deposit (FTD). IDRS CCs PIFTF, PIFTD, and PIEST can be used to research penalty assessments.
- (3) IRC 6656(e)(1), and Rev. Proc. 2001-58 provide an order for applying deposits that can provide relief from so-called cascading penalties in some situations. IRC 6656(e)(2) allows the person making such deposits to designate a different application within a limited time period. Rev. Proc. 2001-58 provides guidance on such applications. See IRM 20.1.4.26.3, Statutory Penalty Relief.

21.5.2.4.9.1
(10-01-2003)
TC 971 Action Code 262

- (1) TC 971 with Action Code (AC) 262 generates when the maximum FTP penalty accrues.
- (2) When the account drops from IDRS, a TC 971 AC 262 is visible on CC IMFOL/BMFOL.
- (3) The code shows on both BMF and IMF.
- (4) When figuring FTP manually, TC 971 AC 262 can be input manually.

21.5.2.4.9.2
(10-01-2025)
**Oral Statement and
Penalty Relief Request**

- (1) IRS considers granting penalty relief for several reasons including:
 - Administrative Waivers
 - Reasonable Cause
 - Designation of Federal Tax Deposits
- (2) Administrative Waivers include:
 - First-Time Abatement (FTA)
 - Waiver of 2018 Estimated Tax Penalty - limited to individuals whose total withholding and estimated tax payments, made by January 15, 2019, equal or exceed 80% of the tax shown on their 2018 income tax return. See Notice 2019-25, Notice 2019-15 and IRB 942 for additional information.

Administrative Waivers may be granted over the phone and are not limited by a specific dollar criteria. If the waiver criteria are met, remove or suppress the penalty with Penalty Reason Code (PRC) 044 Reason Code (RC) 065. See IRM 20.1.1.3.3.2, Administrative Waivers. See Exhibit 20.1.1-2, Penalty Reason Code Chart, for the correct reason code and penalty reason code.

- (3) Prior to the abatement of any penalty based on reasonable cause, determine the facts of the case and complete research to ensure the assertion of the penalties was appropriate. **DO NOT** use FTA or manually abate a penalty if the penalty systemically reverses once the situation causing the generation of the penalty is corrected. Manually adjusting a penalty or applying FTA criteria in

these instances could have a negative impact on the taxpayer since they would no longer be eligible for FTA on a legitimate abatement claim.

Example: The taxpayer has been charged Failure To File (FTF) and Failure to Pay (FTP) penalties. The taxpayer says he wants the penalties abated because his accountant files an extension every year along with an estimated payment for taxes owed. Research shows there is a payment received April 12th and extensions filed under all prior years. In this case if it is determined that an extension “more likely than not” was filed per IRM 20.1.2.2.3.1.1, Extension of Time to File Not Found, the resolution to the case for the FTF would be to input the extension with the TC 460. If the taxpayer requested an abatement of the FTP also, reasonable cause or first time abate would be considered for FTP only.

- (4) Once it is determined the penalties asserted are correct, you **MUST** use the Reasonable Cause Assistant program (RCA), if applicable and available at the work site, see IRM 20.1.1.3.6, Reasonable Cause Assistant (RCA), for further information. If using RCA, use it through to determination. RCA provides the guidance for the actions to be taken. RCA determinations:
 - a. Abate for FTA or below tolerance.
 - b. Abate for reasonable cause.
 - c. Deny reasonable cause request.
 - d. Suspend for additional information and / or for situations where Oral Statement Authority (OSA) is exceeded and a written statement is needed. See IRM 20.1.1.3.6.10, RCA Conclusions / Determinations, for more information.
- (5) Penalty Abatements can be requested by the taxpayer and Power of Attorney (POA). The IRS considers requests for penalty relief received from third parties, including requests from representatives without an authorized POA. For further guidance follow IRM 20.1.1.3, Criteria for Relief From Penalties, paragraph 3 for further guidance.
- (6) Oral Statement Authority ceilings:
 - a. Reasonable cause - When RCA is used the oral statement ceiling is #
Criteria for Relief From Penalties, and IRM 20.1.1.3.1, Unsigned or Oral Requests for Penalty Relief, for additional information.
 - b. First Time Abatement (FTA) - Since FTA is considered an administrative waiver of penalty, it does not carry an oral statement authority dollar ceiling for abatement. See IRM 20.1.1.3.6.1, RCA and First Time Abate (FTA) Consideration.
 - c. Denial of penalty relief - No ceiling is applied to denials. See IRM 20.1.1.3.6.4, Oral Statement Ceiling Exceeded.
 - d. For IRS errors or designation of Federal tax deposits, there are no ceiling amounts for oral statement authority penalty relief.
- (7) When considering an unsigned statement or oral request for penalty relief, it is important to remember that while there is a ceiling for reasonable cause abatements, there are no ceiling thresholds for first time abatement or denial of penalty relief. This means if the account shows FTF assessed for \$1,500 on an IMF account, RCA *must* be accessed to determine if the taxpayer qualifies for FTA or the request for penalty abatement may be denied. Refer to IRM 20.1.1.3.1, Unsigned or Oral Requests for Penalty Relief, for further information.

- (8) Prior to determining if the taxpayer meets reasonable cause, RCA makes the determination as to whether the taxpayer qualifies for FTA. If the taxpayer qualifies for FTA, the assessed penalties are abated at the time of request. See IRM 20.1.1.3.6.1, RCA and First Time Abate (FTA) Consideration, for more information.
- (9) Consider Reasonable Cause penalty relief with oral statement for the following penalties:
 - a. Failure to Pay (FTP).
 - b. Failure to File (FTF).
 - c. Failure to Deposit (FTD).
 - d. Daily Delinquency Penalty (DDP).

Note: DDP penalty is an information return penalty and first-time abatement cannot be considered for that penalty.

- (10) Do not advise the taxpayer to full pay the account prior to requesting penalty abatement for reasonable cause. If RCA determines the taxpayer meets reasonable cause, the abatement will include the entire related penalty computed on the underlying tax liability, even if that penalty has not yet been assessed (accruals). See IRM 20.1.2.2.4.1, Penalty Abatements and Re-assessments for more information.
- (11) If RCA determines that OSA is exceeded and a written statement is needed, the statement represents the taxpayer's request for abatement and should include the penalties to be abated, year(s), the reason and the taxpayer's signature. If the facts given by the taxpayer do not meet reasonable cause, do not request a written statement simply because the amount is over ceiling, continue to run RCA through to determination. See IRM 20.1.1.3.1, Unsigned or Oral Requests for Penalty Relief, for further information.
- (12) If the taxpayer is requesting the abatement based on reasonable cause, RCA may make the determination supporting documentation is needed. The request for supporting documentation may include such things as a doctor's note, hospital records, etc. Documentation supporting the claim of reasonable cause is not limited to those requests that exceed OSA. The need for supporting documentation depends on the circumstances of the Reasonable Cause request. See IRM 20.1.1.3.6.5, Documentation, for further information.
- (13) If RCA determines the penalty should be abated and a signed statement and / or documentation is needed, ask the taxpayer if they can fax the information while they are on the phone. If unable to fax, advise the caller they can either call back when they can fax the information or submit the penalty relief request in writing.
- (14) Suspend RCA so the information is saved and the next employee can access the RCA determination. See IRM 20.1.1.3.1, Unsigned or Oral Requests for Penalty Relief, for further oral statement information.

Note: When available, use Enterprise Electronic Fax (EEfax) in lieu of manual faxing.

Note: If RCA denies the penalty relief request, advise the taxpayer they will receive a letter of determination within a couple of weeks and the letter provides them with a written explanation of the outcome of their request.

Note: The BMFO RCA Tool assists with the reasonable cause requests on income tax forms 1065, 1120 and 1041. The tool also addresses FTP and FTF penalties on 94X forms when no FTD penalty has been assessed. The BMFO RCA tool is mandated for phones when taxpayer is requesting abatement of FTF / FTP penalties based on reasonable cause on Form 1065, U.S. Return of Partnership Income, Form 1120, U.S. Corporation Income Tax Return, and Form 1041, U.S. Income Tax Return for Estates and Trusts.

- (15) If the taxpayer contacts IRS prior to the assessment of the penalties, it may be possible to still consider the request and suppress the penalties. While RCA cannot be used for accounts where there is no TC 150 on the module, it can be used if there is a TC 150, but the penalties have not posted to the account. See IRM 20.1.1.3.6.7, Reasonable Cause Penalty Relief Request Prior to Penalty Assessment, for further guidance.

- (16) Additional penalty information:

If ...	Then ...
1 A Federal Tax Deposit was applied to a different period than the taxpayer designated	Deposits can be moved as shown in the designation. Note: Oral statement ceiling does not apply.
2 Daily Delinquency Penalty applies Note: DDP for Employee Plan (EP) Returns and Form 8955-SSA is listed below	Refer to IRM 21.7.7.6.23.1.6, Abatement Procedures, for more information.
3 Daily Delinquency Penalty for Employee Plan (EP) Returns and Form 8955-SSA applies	Refer to IRM 21.5.11.9, Abatements/ Adjustments on Form 5500/ BMF 8955-SSA Accounts/Direct Filing Entity (DFE), for more information.
4 The oral statement ceiling is exceeded	See IRM 20.1.1.3.6.4, Oral Statement Ceiling Exceeded.
5 Penalty was caused by IRS error	Abate the penalty. Oral statement ceiling does not apply.

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21.5.2.4.9.3
(10-01-2011)
Partnership Penalty

- (1) When a partner requests abatement of a partnership penalty for failure to file Form 1065, U.S. Return of Partnership Income, see IRM 20.1.2.4, Failure to File a Partnership Return - IRC 6698, and also refer to IRM 20.1.2.6.3, Penalty Relief, and IRM 21.7.4.4.2.7, Partnership Penalties.

21.5.2.4.10
(03-28-2012)
Interest Explanation

- (1) IRM 20.2, Interest, provides detailed interest instructions. Interest is mandatory unless there is a legal exception. Read and become familiar with the IRM 20.2, and use this IRM following the general interest procedures when answering telephone calls and related interest questions.

- (2) IDRS Command Code (CC) PICRD can be used to explain credit interest to the taxpayer. CC PICRD provides a computation display of any computer-generated interest (TC 776) allowed on the refund.
- (3) Penalty and Interest Explanation can be provided through IDRS CC PINEX. A PINEX explains how credit and debit interest was computed on an IMF account.

21.5.2.4.10.1
(10-01-2025)
**Ministerial/Managerial
Interest Abatement**

- (1) The taxpayer may request abatement of interest due to a error or delay in the performance of a ministerial or managerial act. Further details can be found in IRM 20.2.7.5, IRC 6404(e)(1), Unreasonable Error or Delay in Performing a Ministerial or Managerial Act.
- (2) Requests for interest abatement received via phone cannot be accepted. Advise the taxpayer to submit the request for interest abatement in writing by filing Form 843, Claim for Refund and Request for Abatement, which can be obtained via IRS.gov, or by submitting a **signed** correspondence having the same required elements (e.g., name, taxpayer identification number, interest period in question, signature under penalties of perjury, and the reason(s) for the abatement, etc.) as shown on the Form 843. Inform the taxpayer to send the request to the service center that they sent their most recent return. Refer to 4 below for items that the taxpayer must include with his claim so that it is considered a complete claim.

Note: This does not include inquiries concerning the computation of interest or restricted interest. See IRM 20.2, Interest, for calculation information and any necessary explanation to the taxpayer.

Note: If the taxpayer seeks interest abatement because their payment was mailed on time but was posted by the IRS as late, classify the case as a payment date adjustment not a ministerial or managerial act and follow the guidance in IRM 21.5.8.4.2 (2).

Caution: If Form 843 is requesting reasonable cause to abate penalties and interest, refer to IRM 20.1.1.3, Criteria for Relief from Penalties. Requests to abate interest for reasonable cause do not fall under IRC 6404(e)(1) criteria and should be disallowed in full. Refer to IRM 20.2.7.14, Request for Interest Abatement. Send a 3180C letter and, refer to IRM 20.2.7.5.3, Interest Abatement Correspondence.

- (3) When a Form 843 requesting interest abatement is received:
 - a. If TC 971 AC 660 is not present on CC TXMOD, input using the received date of the Form 843 in the transaction date field. This TC 971 documents the receipt of the interest abatement claim.

Note: The TC 971 AC 660 is only for use with Form 843 request for abatement. The 971/660 is not to be used with written requests that are accepted in place of the Form 843
 - b. Forward the request to the Interest Abatement Coordinator (IAC) where the alleged delay / error occurred following local procedures. Contact information for the Campus IACs is provided on the *IAC Coordinator List*.

Example: If the request concerns an interest assessment made with an audit (TC 30X), close the case to Examination using activity code "2EXAM-IAC".

Example: If the request concerns an interest assessment made with an ASFR adjustment, close the case to Collection using activity code "2COLL-IAC".

Example: If the request concerns additional interest assessed due to an incorrect payoff, identify the area responsible for the incorrect payoff and forward to the proper IAC. Close the case with the correct activity code (e.g., "2-AM-IAC", "2EXAM-IAC", or "2COLL-IAC").

Exception: Forward all Form 843, Claim for Refund and Request for Abatement, pertaining to Trust Fund Recovery Penalty (TFRP) accounts (MFT 55), to the correct TFRP campus found in *SERP Who / Where - Trust Fund Recovery Penalty (TFRP)* for further determination.

(4) An Interest Abatement referral to the IAC must have the following critical items attached:

- A detailed description as to when, how, and to what length of time IRS caused a delay or how an unreasonable error caused increased interest.
- Supporting documentation letters, payoff letters, and date specific information. This information is of the utmost importance, as it provides the IAC with the points in time in which the interest is determined, should their request prevail.

Note: If Form 843 is incomplete, please follow no consideration procedures in IRM 21.5.3.4.6.3, No Consideration and Disallowance of Claims and Amended Returns.

21.5.2.4.11
(10-01-2025)
Assessments or

(1) Copies of all supporting documentation for each case with an assessment over #

Internal Revenue Service
CFO, Revenue Transactional Analysis Section
Kansas City Campus
ATTN: Chief, Revenue Transactional Analysis Section
Stop S-2 1035
333 W. Pershing Rd.
Kansas City, MO 64108

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Prepare a manual refund with a Form 3753, Manual Refund Posting Voucher. Procedures are included in IRM 21.4.4.5.2, Preparation of the Form 3753, Manual Refund Posting Voucher. If the taxpayer included a Form 8302, Electronic Deposit of Tax Refund of \$1 Million or More, refer to IRM 3.17.79.3.10.1, Direct Deposits of Tax Refunds of \$1 Million or More, or Due to Financial or International Hardships.

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Regardless of any account actions that may change the credit balance.

21.5.2.4.12
(10-01-2004)

Form 8485, Assessment Adjustment Case Record— Purpose and Preparation

- (1) The Form 8485, Assessment Adjustment Case Record, is the worksheet used by employees to record actions taken on taxpayer accounts. The case may be from taxpayer inquiries or in-house transcripts. Employees may use other forms, notices, or transcripts to record information as noted in specific procedures.
- (2) Prepare Form 8485 - Required entries include Fields 1 through 4, 17, and 18 and the following unnumbered boxes at the top of the form:
 - The name of the Tax Examiner
 - Employee number
 - Blocking series
- (3) All other fields are used as applicable:
 - Section II is used to record secondary transaction codes.
 - Section III and IV are used to record the correct credit or item reference numbers.

Note: When a TC 340 or TC 341 is on the account, the interest-to-date is entered at the center of the bottom margin.

21.5.2.4.13
(10-01-2005)

Reinstating Retention Register Accounts

- (1) Modules removed from the MF to Retention Register can be re-established by inputting Command Code (CC) IMFOLB for IMF or CC BMFOLB for BMF. For further information, see IRM 21.2.2.5, Retention Register Research, and IRM 3.17.21.7, Reestablishment of Retention Register Accounts.

21.5.2.4.14
(10-01-2004)

Retention Register, Penalty Computation Effect

- (1) Freezes “G” and “I” are set on the module when it is restored from the Retention Register. This restricts the MF from computing Failure to Pay (FTP) penalty and Interest.

If ...	And ...	Then ...
Your action creates a balance due	the case shows imminent assessment or collection statute expiration	<ul style="list-style-type: none"> • Assess FTP and interest within ten years from the assessment date of the unpaid tax. • Refer to the Statute Function

- (2) Assess the penalty and interest when appropriate.

If	And	Then
1 A TC 150 is posted on the restored module		<ul style="list-style-type: none"> Input Command Code (CC) REQ54 to assess the correct amount of interest, use TC 340. Refer to IRM 20.2, Interest, for detailed information.
2 The restored module does not contain a TC 150	a return is input to generate a TC 150	<ul style="list-style-type: none"> Monitor the account until the TC 150 posts. Request Notice Review to pull, correct, and mail the MF notice in the cycle to show the assessed interest and penalties. Refer to IRM 20.2, Interest, and IRM 20.1, Penalty Handbook, for further procedures. Input of adjusting entries to credit adjustment codes on Retention Register modules, is unnecessary.

21.5.2.4.15
(10-01-2018)
Rules On Hold Codes (HC)

(1) Use caution when inputting hold codes (HC). Some rules to remember are:

- a. Do not hold notices for taxpayers entitled to refunds unless specifically excluded by separate IRM instructions. Write or call the taxpayer to clarify the notice, if necessary.
- b. Transfer any credit in which disposition cannot be determined to Unidentified or Excess Collections, whichever is appropriate.
- c. Ensure that action is taken to bring the module to an even / balance due condition.

Note: If using a hold code sets a freeze condition, resolve the freeze after the adjustment posts to avoid an unnecessary delay in bringing the account to zero balance. For example, the HC "1" sets a -K freeze. If it is not released and a credit balance remains, the refund will be frozen. Input an adjustment (290 .00 HC "0") to release the credit and bring the balance to zero.

- d. Use HC "0" if no other HC is appropriate.

(2) The HC field on the Command Code ADJ54 screen is a required entry. If the adjustment does not otherwise require a HC, input a HC "0". For more information, see *Hold Codes*, in Document 6209, Master File Codes.

Note: A CP 21A, Data Processing Adjustment Notice, or CP 22A, Data Processing Adjustment Notice, is **not** issued if the account balance is zero and an adjustment (Command Code ADJ54) for TC 290.00 is input with ONLY item reference numbers (IRN) changing numerical data - NOT TAX (e.g., IRN 886, 887, 888, 889, 892, 895, 896. etc.). However, a CP 21A / CP 22A is issued if the account was in balance due status before the adjustment was input. If hold code 3 was used, issue correspondence to the taxpayer if a letter was required and a notice was held.

21.5.2.4.16
(10-01-2003)
Priority Codes (PC)

- (1) Use Priority Codes (PC) to post adjustments (Doc Code 47 or 54) to the MF when certain account conditions exist. For more information, refer to *Priority Codes*, in Document 6209, Master File Codes.

21.5.2.4.17
(10-01-2004)
Posting Delay Code (PDC)

- (1) A Posting Delay Code (PDC) range of one (1) to six (6) makes some transactions post later than others when multiple transactions are required to adjust an account. See IRM 21.5.8, Credit Transfers, for the instructions from 1 to 6 cycles, when inputting credit transfers.

Note: Input transactions will not post to MF until the number of cycles (with respect to the first transaction to be posted) have expired.

- (2) PDCs are applicable for IMF, BMF, and IRAF transactions in the following IDRS programs:
 - ADJ54 (Doc. Code 54)
 - INCHG, BNCHG, EOCHG (Doc. Codes 53, 63, 80, and 81)
 - FRM77 (Doc. Code 77 and 78)
- (3) The PDC is not posted with the transaction or shown with the IDRS pending transaction. The pending (PN) MF posting cycle on the IDRS status transaction is extended to account for the PDCs.

21.5.2.4.18
(10-01-2008)
Credit Reference Numbers (CRN), Abstract Codes, and Item Reference Numbers (IRN)

- (1) Use specific functional chapters for instructions on when and how to input numbers for specific types of adjustments. For a detailed listing, refer to *Item Adjustment Codes and Credit Reference Numbers*, in Document 6209, IRS Processing Codes and Information.

21.5.2.4.18.1
(10-01-2024)
CRNs and IRNs For Forms and MFTs

- (1) On Form 1120S, U.S. Income Tax Return for an S Corporation, the IRN 886, Taxable Income is called "Ordinary Income / Loss Amount".
- (2) Refer to Form 720, Quarterly Federal Excise Tax Return, for definitions of the Abstract Numbers valid for MFT 03.
- (3) For Form 4720, Return of Certain Excise Taxes on Charities and Other Persons Under Chapters 41 and 42 of the IRC, the sum of IRNs 151, 152, 153, 154, 182, and 183 must equal the TC 29X amount.
- (4) For Form 941, Employer's QUARTERLY Federal Tax Return, and Form 944, Employer's ANNUAL Federal Tax Return, refer to IRM 21.7.2.4.1, Item Reference Numbers (IRNs) and Credit Reference Numbers (CRNs) — Employment Taxes. For adjusting Form 943, Employer's Annual Tax Return for Agricultural Employees, see paragraph 2 in IRM 21.7.2.4.6.3. For adjusting Form 945, Annual Return of Withheld Federal Income Tax, see IRM 21.7.2.4.8(6), Form 945, Annual Return of Withheld Federal Income Tax.

Exception: If the TC 150 does not equal the posted IRNs on CC TXMODA, see IRM 21.7.2.4.1.3, IRNs Do Not Equal TC 150.

- (5) Instructions for Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, IRN Codes:

- a. Input a "W" followed by a State code for adjustments resulting in a change in wages. A State code is the official postal service state abbreviation.

Example: "WCA" is a wage adjustment for the state of California.

- b. Up to 53 different state codes can be used with the IRN code "W". This IRN code adjusts the taxable wage amount in the MF and generates a credit reduction if the state and tax year shows a reduction.
- c. A state code following a "T" is the portion of the tax increase or decrease attributable to the tax change for each state involved.

Example: "TCA" is a tax adjustment for the state of California.

- (6) For adjustments on the IRAF (MFT 29), the sum of the Abstract Codes 160,162,194, 195, 233, 235, 236, and 237 must equal the TC 29X amount.
- (7) Adjustments involving the input of IRN 221 or 222 require the input of a TC 34X.
- (8) Use IRNs 079 and 999 with a reference amount of zero. The reference amounts for IRN 887 do not reflect dollars and cents and cannot be greater than an amount input in an "nn" format. Refer to IRM 21.6.1.6, Exemption / Dependent Procedures, for more information.

Note: Oral statement is acceptable for item reference numbers, but the reason for the request is considered first. IRM 21.1.3.20, Oral Statement Authority, outlines the authorities. The request for adjustment must be in writing if your situation does not meet these guidelines.

21.5.2.4.19
(11-22-2022)
**Verifying Complete
Adjustments**

- (1) Address all issues before closing the case. **For telephone contacts**, if collection issues are involved, follow instructions in IRM 5.19.1, Balance Due, to collect any balance due, or see IRM 5.19.2, Individual Master File (IMF) Return Delinquency, to secure missing returns. **For correspondence**, if collection issues are involved, follow procedures in IRM 21.3.3, Incoming and Outgoing Correspondence / Letters. Check all correspondence from the taxpayer, verifying that all necessary adjustments have been made and the taxpayer's issue is settled.

Exception: Accounts Management (AM) no longer negotiates payments on balance due accounts or sets demand dates for missing / unfiled returns. For AM telephone contacts, after all account actions have been taken, if a balance due remains on the account or an unfiled return / TDI, follow guidance in IRM 21.1.1.3.1, Accounts Management (AM) Customer Service Representative (CSR) Duties Handling Accounts with Balance Due / Missing Returns, for more details.

- a. Input manual adjustments to penalties and interest only when required. IDRS generates penalty and interest increases / decreases for most adjustments.
- b. Explain penalties or interest to the taxpayer.
- c. Inform the taxpayer of the date used to compute any balance due.
- d. Include any penalty and interest accruals when computing the balance due.

Note: The word **case** pertains to the type of inquiry received. Taxpayer initiated contacts by telephone require resolution of **ALL** account issues. Taxpayer

initiated contacts by correspondence require resolution of **issues raised** by taxpayers in their inquiries. If it becomes necessary to call the taxpayer in order to resolve an issue addressed in the correspondence, then the employee must address any further issue(s) raised by the taxpayer during the call.

- (2) Do not request the original return(s) if sufficient information is available to verify the request for adjustment.
- (3) Take any of the following actions as necessary:
 - a. Obtain further information from the taxpayer.
 - b. Request returns from Files or order transcripts.
 - c. Research IDRS or other applicable systems (e.g., Correspondence Imaging Inventory).

Note: Taxpayers have the option to electronically amend the current tax year and two prior year Form 1040, U.S. Individual Income Tax Return, and Form 1040-SR, U.S. Income Tax Return for Seniors, returns that were originally e-filed through the Modernized e-File Return (MeF) application. The CII cases created by Account Management Services (AMS) do not contain a digital CII image. The amended return documentation is reviewed via the MeF Return Request Display (RRD) application. These cases can be identified on IDRS by Control Base Category Codes. Category Codes **MEFP** and **MEFS** identify MeF Form 1040-X cases assigned to Submission Processing and Category Codes **MEFA** (Form 1040-X MeF), **MEFC** (Carryback Form 1040-X MeF), **MEFI** (International Form 1040-X MeF) and **MEFR** (International Carryback Form 1040-X MeF) for Form 1040-X cases assigned to Accounts Management.

- d. Research IRS publications.
 - e. Research the Internal Revenue Code.
 - f. Research other IRMs, etc.
 - g. Get technical assistance, if needed.
- (4) Do not refer a case to another campus or call site, unless an IRM specifically instructs you to do so. Generally, the call site receiving the contact works the case.
- (5) Close your control base when the case is resolved.

Note: If all case actions have been completed and specific IRM procedures instruct you to monitor the account to ensure proper posting, close the case and establish a monitor base on IDRS using category code "MISC" with the current date as a received date.

21.5.2.4.20
(09-11-2017)
**CP 21/CP 22 – Source
Codes (SC) and Reason
Codes (RC) (3 numeric
positions)**

- (1) The taxpayer is issued an adjustment notice when IRS takes action on the taxpayer's account. The notice (CP 21A, Data Processing Adjustment Notice, or CP 22A, Data Processing Adjustment Notice) is sent with an explanation of the action.

Note: A CP 21A / CP 22A is not issued if the account balance is zero and an adjustment (Command Code (CC) ADJ54) for TC 290.00 is input with ONLY item reference numbers (IRNs) changing numerical data - NOT TAX (e.g., IRN 886, 887, 888, 889, 892, 895, 896, etc.). However, a CP 21A or CP 22A is issued if the account was in balance due status before the adjustment

was input. If hold code 3 was used, issue correspondence to the taxpayer if a letter was required and a notice was held.

- (2) See IRM 21.6.7.4.1, Source and Reason Codes – CP 21A / CP 22A Notices, for further details. Document 6209, IRS Processing Codes and Information, provides the specific language generated by the *Source Codes* and *Reason Codes*.

21.5.2.4.21
(10-01-2004)
**Individual Master File
(IMF) Action for
Command Code ADJ54**

- (1) Enter a source code (SC) and at least one reason code (RC) on Command Code (CC) ADJ54 when inputting:
 - a. TC 290 for an amount with or without a secondary transaction and / or credit / item reference numbers.
 - b. TC 290 for zero with a secondary transaction and / or credit / item reference numbers.
 - c. TC 290 for zero to disallow a claim.
- (2) If the Correspondence Imaging Inventory (CII) Indicator is present on the lower left-hand side of the ADJ54 screen, there is a case open on CII. Before taking any action, check with the employee or unit with the open control.

21.5.2.4.22
(10-01-2004)
Blocking Series (BS)

- (1) Blocking series are used to show the nature of an adjustment. Refer to *Adjustment Blocking Series*, in Document 6209, IRS Processing Codes and Information, for a list of the blocking series used on account adjustments.

Note: While blocking series is a 3-digit number, CC ADJ54 only allows employees to input in a 2-digit format. The blocking series shown in IRMs provide the first 2-digits, but upon posting of the adjustment, IDRS displays a 3-digit blocking series in the DLN. For example, when instructed to use BS 05 (IMF - Tax, Penalty, interest, or freeze release without original IMF returns), the adjustment DLN can post with a number ranging from 050 – 059.

21.5.2.4.22.1
(10-01-2003)
**IMF Blocking Series 99
Special Consideration**

- (1) The original return is not in the case file if you see the following:
 - Reason Code 097, and
 - Blocking Series 99
- (2) Blocking series 99 with reason code 097 is used with Innocent Spouse Relief and Separation of Liability and Equitable Relief cases. This action avoids the issuance of CP 55, Notice to Refile Return, when the tax period is more than 10 years old. The original return has been destroyed.

21.5.2.4.23
(10-01-2025)
**Reprocessing
Returns/Documents**

- (1) The procedures in this subsection are for **reprocessing** documents after the return posted to an incorrect account or tax period. Carefully read and follow all pertinent procedures in this process before obtaining the original return for reprocessing to the correct tax account(s) or tax period. This may include recapturing a erroneous refund. Refer to IRM 21.4.5, Erroneous Refunds. The return(s) may be for current or prior years and may involve statutes or be subject to a penalty assessment. Follow the procedures in IRM 21.5.2.4.23.11, Reprocessing “Dummy” Returns, to determine if the return can be reprocessed using IDRS Command Codes, prior to attempting to secure a copy of the return for reprocessing.

Note: If a return has never been processed (e.g., has not posted to another year or TIN), attach a Form 1725, Routing Slip, or local routing slip, and forward the return as received to Submission Processing. Ensure the IRS received date is entered on the return. If a Correspondence Imaging Inventory (CII) image is used and the return is signed, use the stamp edit tool on CII and notate, "CII IMAGE - Do not correspond for signature" on the return. Refer to IRM 21.5.1.5.5, Processing / Reprocessing CII Tax Returns, for more information about CII returns.

Note: If the return is signed in a SBSE (CSTO Centralized Specialized Tax Operation) scanned case, open the file in **Adobe Acrobat Pro** - to insert **CSTO (OR SBSE) SCANNED IMAGE- Do not correspond for signature** below the signature field and case information (taxpayer name, TIN, tax year, etc.) in the upper-left corner of the first page.

Note: When reprocessing cases with TPP indicators or MFT 32 accounts, follow procedures in IRM 21.5.6.4.9, E- Freeze.

Exception: Taxpayers have the option to electronically amend the current tax year and two prior year Form 1040 and Form 1040-SR returns that were originally e-filed through the Modernized e-File Return (MeF) application. The CII cases created by Account Management Services (AMS) do not contain a digital CII image. Returns that are printed / saved from the MeF Return Request Display (RRD) application and sent for processing are annotated with "**MeF Return - Do not correspond for signature**" below the signature line. Any annotations are made using the Adobe Acrobat Pro software and the annotated documentation must be attached to your CII case. If the Adobe Acrobat Pro software is not available to you, print the amended return documentation from the MeF / RRD application and have the document associated with your CII case via a CIS association sheet.

Exception: Exempt Organizations (EO) are exempt from including the CII Case ID number and CII stamp - "Do not correspond for signature" as their returns are scanned for public inspection. Complete all other edits.

(2) If you identify an IMF return that must be reprocessed while staffing the AM toll-free telephone lines, first address any other actions needed and prepare Form 4442/e-4442. You must also advise the taxpayer that they will receive contact within 30 days. Forward the completed Form 4442 or e-4442 to the campus AM paper function within your directorate (unless IRM specific procedures apply). If your campus AM paper function no longer has Submission Processing, forward the Form 4442 or e-4442 as shown below:

- Andover – forward the form to Kansas City
- Atlanta - forward the form to Kansas City
- Brookhaven – forward the form to Austin
- Fresno - forward the form to Kansas City
- Memphis – forward the form to Kansas City
- Philadelphia – forward the form to Austin
- Puerto Rico - forward the form to Kansas City
- International - forward the form to Austin

Note: If you identify a BMF return that must be reprocessed while staffing the AM toll-free telephone lines, refer to IRM 21.3.5.4.3(6) & (7), How to Transmit/ Route Referrals to Another Office/Function.

Exception: For mixed entities, follow the procedures in IRM 21.6.2.4.2, Mixed Entity Procedures, and for scrambled SSN cases, see IRM 21.6.2.4.3, Scrambled SSN Case Procedures.

Exception: For Form 1040-PR/1040-SS, route inquiries concerning Form 1040-PR and 1040-SS to the IMF International Department at the Philadelphia Campus via e-4442.

- (3) Any returns involving taxes or payments of \$1 billion or more requires special processing and are forwarded to the Philadelphia Campus, Attention TPR 503 - Drop Point - 3-L08.154. For more information, refer to IRM 21.7.12.6.2, Procedures for Individual Taxpayer NMF Accounts Of \$1 Billion or More - Overview.
- (4) When a return unposts or posts to a incorrect account, it must be reprocessed to the correct account. If a refund was incorrectly issued from the account, refer to IRM 21.5.2.4.23.10, Moving Refunds, and IRM 21.4.5, Erroneous Refunds.

Reminder: Check all related accounts (e.g., secondary TINs and receiving account) prior to reprocessing the return or moving any refunds.

- (5) Correct the items listed below to avoid the UNPROCESSABLE CONDITIONS identified during original processing. If the unprocessable condition remains, the return is sent back to the employee that corrected it for reprocessing. Therefore, check each item below prior to releasing the return to Submission Processing.

- Canceled DLNs
- Posting to an incorrect TIN
- Posting to an incorrect tax period

- (6) When editing the return is complete, forward to the Batching function for reprocessing as an original return. If the return does not post, it is returned to the employee that submitted the document for reprocessing.

Reminder: Carefully prepare the returns for reprocessing. Ensure you follow the editing procedures and enter all edit marks in the correct area on the return. Double check before sending the return to Batching for reprocessing.

Note: Clear IMF re-input and reprocessable statute imminent documents through the local Statute Unit prior to following procedures in IRM 21.3.3.3.5, Submission Processing Consolidation (Rampdown). When forwarding a statute imminent return, notate on the routing slip the received date of the case that created the need for reprocessing the document (e.g., 2005 -2012 needs reprocessing – part of Mixed Entity DUPF with received date MM/DD/YYYY).

Exception: Due to the continued impact of COVID-19 and inventory backlog, SP and AM have developed procedures for IMF and BMF 2021 and prior year original delinquent returns to bypass AM Statute clearance and be processed as original returns. As part of these procedures, SP sends original delinquent returns with either a TC 150 already posted, or an IRS received date more than 2 years and 9 months old, to AM Statute for review and additional processing, including manual assessment processing as applicable. In addition, any 2021 and prior year returns

previously cleared by AM Statute will not be returned by SP to AM to be cleared again if the 90-day statute stamp has expired. If a tax return is later found to be barred due to this process change, the barred case will not be charged to SP or AM. The barred case are considered systemic and reported on the quarterly barred statute report under the responsible area "N/A." For further procedures, refer to IRM 25.6.1.8.4, Processing Original Delinquent Returns.

- (7) Control each return or block of **reprocessable** documents re-entered through the Batching function, using one Form 3893, Re-Entry Document Control, for IMF cases or a Form 13596, Reprocessing Returns, for BMF. Complete these forms and place them on the top of the documents being reprocessed. See Exhibit 21.5.2-1, Preparing Form 3893, Re-Entry Document Control, and Exhibit 21.5.2-2, Preparing Form 13596 – Reprocessing Returns, for complete instructions on preparing these forms.

Note: Use one Form 3893 for several documents from the same block unless some of the documents are not reprocessable.

- (8) When reprocessing previously input documents:

If	Then
1 Module contains a TC 150	Do not reprocess a return to that module.
2 Module contains Document Codes 51 or 54	Do not reprocess a return to that module.
3 Return or document did not post.	Re-enter as a Reinput document.
4 Return or document unposted.	Re-enter as a Nullified Unpostable document.

- (9) BMF only – Consider FTD penalties carefully before the following returns are reprocessed:

- Form 941, Employer's QUARTERLY Federal Tax Return
- Form 943, Employer's Annual Federal Tax Return for Agricultural Employees
- Form 944, Employer's ANNUAL Federal Tax Return
- Form 945, Annual Return of Withheld Federal Income Tax
- Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return

Refer to IRM 20.1.4, Failure to Deposit Penalty, for more information.

21.5.2.4.23.1
(06-22-2021)
Reprocessing Electronic Returns

- (1) Prints of electronic returns can be reprocessed to a different account or tax period.
- (2) Requesting graphic prints of IMF and BMF returns filed electronically through Modernized e-File (MeF) is available through the Return Request Display (RRD) via Employee User Portal (EUP) and Command Code (CC) TRPRT. Refer to IRM 21.2.4.3.23, Electronic Returns, and IRM 21.6.6.2.25, Electronic Filing System (e-file), for more information on e-file. The TRPRT graphic is

available regardless of where the return was filed. More information on Command Code TRPRT is located in IRM 21.2.2.4.4.6, TRDB CC TRPRT (Tax Return Print) Input.

Note: Many BMF returns are also available through the Employee User Portal (EUP) as part of the Modernized e-File (MeF). Refer to IRM 21.2.1.22, Modernized e-file (MeF / TRDB), and to IRM 3.42.4.7.1, Modernized e-File (MeF) Programs, for more information.

- (3) The TRPRT print is not considered the original return and is labeled "TRPRT PRINT DO NOT PROCESS". However, the TRPRT print is used to reprocess an electronic return.
- (4) Line through the "TRPRT PRINT DO NOT PROCESS" prior to forwarding the print for reprocessing. Further editing information can be found in IRM 21.5.2.4.23.7, Coding and Editing Procedures.
- (5) If the TC 976 is a MEF partnership return (DLN begins with 93) with 100 partners or more see IRM 21.7.9.4.10.1, TC 976 Return Intended as Original, for further information.
- (6) Taxpayers have the option to electronically amend the current tax year and two prior year Form 1040 and Form 1040-SR returns that were originally filed electronically through the Modernized e-File Return (MeF) application. The CII cases created by Account Management Services (AMS) does not contain a digital CII image; however, the documentation is available within the MeF Return Request Display (RRD) application. When reprocessing an amended return from the MeF / RRD application, line through "**e-file GRAPHIC print - DO NOT PROCESS**" prior to forwarding the document for reprocessing. More editing information can be found in IRM 21.5.2.4.23.7, Coding and Editing Procedures.

21.5.2.4.23.2
(10-01-2025)

Amended or Subsequent Return

- (1) When reprocessing an amended or subsequent return as an original return, complete the following items to reprocess the return:

If	Then
1 Form 1040-X, Amended U.S. Individual Income Tax Return	The return must be signed, forms and supporting schedules attached, and dependents listed.
2 Form 1040-X has the same information in column A and column C	Transfer the information to the Form 1040 or Form 6114, Prior Year and Conversion Form 1040 Edit Sheet.
3 Form 1040-X has only column C completed	Transfer the information to the Form 1040 or Form 6114, Prior Year and Conversion Form 1040 Edit Sheet.
4 Copy B of Form W-2, Wage and Income Tax Statement is attached	The return must be signed, forms and supporting schedules attached, and dependents listed.

Note: The above Form 1040-X, Amended U.S. Individual Income Tax Return, conditions apply only when the amended return is the only return filed and is being reprocessed as the taxpayer's original return. Prior to converting the amended return to an original return, complete a thorough search for the original return under any related or invalid TINs.

- (2) To prepare the document for transcription, transfer the following information onto the current Form 1040, U.S. Individual Income Tax Return, or Form 6114, Prior Year and Conversion Form 1040 Edit Sheet, and attach all current schedules behind the Form 1040.

- a. If valid, transfer the DLN from the subsequent Form 1040. Refer to IRM 21.5.2.4.23.3, DLNs Used for Reprocessing Documents, to determine if the DLN is valid or if a new DLN is required.
- b. Recopy the DLNs.

Note: Some campuses color-code DLNs. If the year is present on Form 1040, recopy the DLN using the color according to local procedures. If the year is not present on Form 1040, recopy the DLNs using the correct color. Refer to Exhibit 21.5.2-1, Preparing Form 3893, Re-Entry Document Control.

- c. Enter positive income not supported by a schedule or Form W-2 on the OTHER INCOME line of the prepared Form 1040.
- e. If a separate to joint return is being processed as the original, verification of the withholding previously allowed on the account being backed out is not needed. Select on the Form 3893 Remarks area: "Withholding of \$XXXX allowed from separate return."
- f. Staple the Form 1040-X and all necessary forms to the back of the Form 1040.
- g. Edit the correct tax period ending at the top of Form 1040.

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- (3) For BMF returns, transfer information on returns filed on mag-tape to the correct form for processing to the correct EIN and Tax Period. Attach a photocopy or printout of mag-tape return behind the form as backup (with DLN voided.)
- (4) When reprocessing employment tax forms, see IRM 20.1, Penalty Handbook, for instruction on possible manual adjustments to deposit penalties and "J" coding of return.

21.5.2.4.23.3
(10-27-2010)
**DLNs Used for
Reprocessing
Documents**

- (1) When reprocessing a document, use the original document locator number (DLN) whenever possible.

Exception: All BMF returns being reprocessed must receive a new DLN. Line through the original DLN as outlined in IRM 21.5.2.4.23.7, Coding and Editing Procedures.

- (2) If the original DLN is canceled, but is correct for the type of document to be reprocessed, it can be reused. Erase any line through on the number. If the DLN is still not legible, rewrite the same DLN above the original and include the list year digit. See *Section 4, Document Locator Number*, in Document 6209, IRS Processing Codes and Information.

- (3) In certain instances, the original DLN is not valid for reprocessing. With a single stroke, line through the DLN (also applies to Form 8453, U.S. Individual Income Tax Transmittal for an IRS e-file Return, if electronically filed) and properly edit the return if:
 - a. The original DLN is incorrect for the type of document to be reprocessed. See IRM 3.10.73.8, Assignment of Document Locator Number (DLN), and applicable subsections for more information on when to request a new DLN.
Example: You are reprocessing a Form 1040-X, Amended U.S. Individual Income Tax Return, as the original return. A Form 1040 is prepared to reprocess the information on the Form 1040-X. The DLN for the Form 1040-X is now invalid to reprocess the Form 1040. Request a new DLN.
 - b. The document was originally processed in another campus or with a DLN now reserved for another campus.
 - c. The document is an early filed tax return and was processed to the incorrect year.
 - d. The Document Code is 47, 51, or 54.
 - e. The document is an electronically filed return.
- (4) Reprocessed documents are input as non-remittance. If a payment was received with the original document, follow IRM 21.5.8, Credit Transfers.

21.5.2.4.23.4
(03-17-2025)
Statute Imminent Documents

- (1) Refer any reprocessable return for which the assessment statute expiration date (ASED) has expired or is imminent, to the Statute Unit. Do not use Form 3893, Re-Entry Document Control, to reinput returns when the statute for assessing tax expires within 6 months, or Form 13596, Reprocessing Returns, to reprocess returns when the statute for assessing tax expires within 90 days. **Do not abate tax on the incorrect module before referring the case to the Statute Function.**

Note: For specific reprocessing conditions applicable to Mixed Entity / Scrambled cases, see IRM 21.6.2.4.6, Tax Year Account Move Conditions Applicable for MXEN, SCRM, SSA2 and NMRG Cases.

- (2) When forwarding a statute imminent return, notate on the routing slip the received date of the case that created the need for reprocessing the document (e.g., 2005 needs reprocessing – part of Mixed Entity DUPF with received date MM/DD/YYYY).
- (3) See IRM 25.6, Statute of Limitations, and Document 7368, Basic Guide for Processing Statute Cases. IRM 25.6, contains Assessment Statute Expiration Date (ASED), Refund Statute Expiration Date (RSED), and Collection Statute Expiration Date (CSED) procedures.

Note: Clear BMF reinput and reprocessable statute imminent documents through the local Statute Unit prior to following transshipping procedures.

Note: Clear IMF re-input and reprocessable statute imminent documents through the local Statute Unit prior to following procedures in IRM 21.3.3.3.5, Submission Processing Consolidation (Rampdown). When forwarding a statute imminent return, notate on the routing slip the received date of the case that created the need for reprocessing the document (e.g., 2005 needs reprocessing – part of Mixed Entity DUPF with received date MM/DD/YYYY).

21.5.2.4.23.5
(10-01-2024)
Accounts with Audit Activity

- (1) When a return has a renumbered Document Code 47 and is processed to an incorrect TIN or tax period, take the following action:
- a. Secure the return and Form 5344, Examination Closing Record, from Files.

b. Input the necessary adjustments to the tax module and prepare the proper reprocessing form to reprocess the return using the original DLN. Form 3893, Re-Entry Document Control, is used for reprocessing an IMF return and Form 13596, Reprocessing Returns, is used to reprocess a BMF return. Refer to Exhibit 21.5.2-1, Preparing Form 3893, Re-Entry Document Control and Exhibit 21.5.2-2, Preparing Form 13596 – Reprocessing Returns for additional information on these forms. If the return is within 6 months of the ASED, follow IRM 21.5.2.4.23.4, Statute Imminent Documents.

c. Forward the Form 5344 to Examination Classification to determine if the audit adjustment is valid on the new module.
- (2) To forward the Form 5344 to Examination Classification:
- a. Use the Form 1725, Routing Slip, and show the correct TIN or tax period.

b. State the incorrect TIN or tax period is zeroed or adjusted, as applicable.

c. The case is to remain controlled to Accounts Management until selected by Examination.
- (3) If the case is not selected by Examination, forward the Form 5344 to the Automated Non-MF Accounting Function to correct the audit assessment and retain the 23C date.
- (4) Exam should return the referred case to Accounts Management within five (5) business days. If the case is not returned, follow-up with Examination to secure the case.

21.5.2.4.23.6
(05-02-2025)
Discriminant Function (DIF) SCORE or CLASSIFICATION “Send Return(s) to Examination for Review (Superseding Returns)”

- (1) The Discriminant Function (DIF) score is a formula used by the IRS to select returns for review that are **Superseding Returns** filed on or before the due date or the extended due date. See (3) for CAT-A criteria. IRM 21.5.3-2, Examination Criteria (CAT-A)- General, shows superseding returns are considered for CAT-A. Amended returns filed after the extended due date are not considered for DIF score and are considered for CAT-A criteria under IRM 21.5.3-2, Examination Criteria (CAT-A)- General, and IRM 21.5.3-3, Examination Criteria (CAT-A)- Credits. Refer to IRM 21.7.9.3.4.1, Business Master File (BMF) Superseding Tax Return Processing Considerations for BMF procedures.
- (2) A superseding return, not processed as an original, has bypassed DIF scoring and is a superseded return if filed on the due date or on or before the extended due date.
- (3) Returns that bypassed DIF scoring should be forwarded to Examination for classification in the following instances:

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- (4) After adjusting the account for the tax increase or decrease, or credit increase or decrease, and adjusting any previously assessed penalties, route the returns to Examination classification when the returns have bypassed DIF scoring and meet the criteria above in (3). Use priority code 1 unless Item Reference Number (IRN) 871 is required. If IRN 871 is required, use priority code 2. See IRM 20.1.2.2.6.3, Wrong Return Posted First. Do not use a hold code unless required to issue a manual refund or separate IRM instructions specifically provides guidance on input of hold code.

Exception: All International Identity Theft (IDT) cases are referred to Exam using CAT-A referral reason "INTERNATIONAL IDT BYPASS DIF" instead of HQ Reserved 6.

Exception: All Domestic Identity Theft (IDT) cases are referred to Exam to CAT-A referral reason " **IDT DIF BYPASS**" instead of HQ Reserved 6.

Note: Do not input TC 971 AC 013 when "selected" by examination.

Note: You must adjust all superseding returns that do not meet CAT-A criteria if the CC AMDISA status is 09 or greater, they are sent to the open AIMS field group after they are adjusted. Superseding returns are not considered for Joint Committee Criteria, regardless of the tax decrease amount. See IRM 21.5.3-1, Claim Processing with Examination Involvement, pertaining to AIMS status 09 or greater with -L freeze.

- (5) ASFR cases are forwarded to the Collection function.

Exception: IRC 6020(b) returns are handled by reviewing IRM 21.5.3.4.10, Returns Prepared Under IRC 6020(b) - Substitute for Return (SFR).

21.5.2.4.23.7
(10-01-2025)
**Coding and Editing
Procedures**

- (1) A return must be complete before being sent for **reprocessing**. A reprocess-able return has already been through Submission Processing initially and is typically complete. However, if the return is missing information (e.g., signatures, schedules, forms) and correspondence has not previously been sent for the missing information, follow the steps below prior to forwarding the return for reprocessing.

- a. Telephone or correspond for the missing information.

Reminder: Check the Correspondence Imaging Inventory (CII) for related cases. Any missing information, such as schedules, may be located on another CII case.

- b. Suspend the case for 45 days (70 days for overseas taxpayers).
- c. If the missing information is received, complete the necessary edits and forward for reprocessing.
- d. If the missing information is not received, complete the necessary edits and enter any applicable Computer Condition Codes (CCC) “horizontally in the upper-center portion of the filing status section of the return” for (tax year 2017 and prior) and to the blank area below “Spouse was born” section for (tax year 2018) prior to forwarding for reprocessing. For tax years 2019 and later, use a blank space at the end of the first page of the return. Enter “Reprocessable” on the top of the return prior to forwarding the return. Refer to *Computer Condition Codes*, for a listing of the different CCCs.

Note: CCC “3” is used to freeze overpayments on IMF returns when the necessary signatures are missing. CCC “3” is also used to prevent credit interest on BMF returns. Code incomplete IMF returns with CCC “U” to prevent the generation of credit interest.

Note: For more guidance, refer to IRM 3.11.13.12.2, Computer Condition Codes.

Note: When CCC “3” is edited, edit it first. Edit all other codes in sequence found.

- (2) Edit all returns carefully using red for IMF and TEGE returns and dark green for BMF returns.

Note: When reprocessing a CII return, edits may be made electronically prior to forwarding to Submission Processing. Refer to IRM 21.5.1.5.5, Processing / Reprocessing CII Tax Returns.

- (3) When reprocessing a BMF return:

- a. Attach a completed Form 13596, Reprocessing Returns. Refer to Exhibit 21.5.2-2, Preparing Form 13596, Reprocessing Returns, for further editing information.

Note: If a return has never been processed (e.g., has not posted to another year or TIN), attach a Form 1725, Routing Slip, or other local routing slip, with the notation “Process as Original” and forward the return as received to Submission Processing. Ensure the IRS received date is entered on the return (See paragraph 3(d) **Note** below for further information about the received date). If a Correspondence Imaging Inventory (CII) image is used and the return is signed, use the stamp tool or Text tool in the CII Document Viewer in CII and notate, “**CII IMAGE - Do not correspond for signature**” on the return and place the CII case ID in the upper left corner on the first page of the return. When reprocessing a return that was initially e-filed through the Modernized e-File Return (MeF) / Request Display (RRD) application, be sure to also line through “**e-file GRAPHIC print - DO NOT PROCESS**” at the top of the first page prior to forwarding the document for reprocessing. Refer to IRM 21.5.1.5.5, Processing / Reprocessing CII Tax Returns, for further information about CII returns. If the return is signed in a SBSE (CSTO Centralized Specialized Tax Operation) scanned case, **Use Adobe Acrobat Pro to add CSTO (OR SBSE)**

SCANNED IMAGE -Do not correspond for signature below the signature field and the (case info, etc.) in the upper left corner on the first page of the return

- b. TIN – if applicable, circle an incorrect TIN and enter the correct information above the circle.
- c. If the return was “G” coded, circle out the “G” code. Circle out any other miscellaneous edits that are no longer necessary, such as annotations referencing duplicate, amended, or similar statements.
- d. Edit the received date and X out any incorrect received dates if necessary. A received date is required on all reprocessed returns. See IRM 21.7.9.4.1.1, Transcript (TRNS) 193 Involving Reprocessing Returns, for more information about the received date.

Note: If a stamped date is missing, handwritten the date (based on envelope stamp date, DLN, etc.) in the middle of the return. State the IRS received date above the date written. Refer to IRM 21.5.1.4.2.4, Received Date -Determination for more guidance.

- e. Circle out the paid preparer information on Form 1041, Form 1065, Form 1120, and Form 1120-S if the “No” box is checked; neither box is checked; or both boxes are checked.

Note: Do not circle out the paid preparer information on other Form 1120 series returns.

Note: If the TC 976 is a MEF partnership return (DLN begins with 93) with 100 partners or more, edit the return with Computer Condition Code (CCC) 6, as described in 1(d) to ensure the Failure to File Electronically penalty is not assessed see IRM 21.7.4.4.2.8.1.1, Large Partnership Penalty for Failing to File Electronically, for more information on this penalty.

- f. Line through the DLN.

Note: Do not block out the DLN as it may be needed for a future reference.

- g. Tax Period – Circle any incorrect tax period and place the tax period in the upper righthand corner of the first page in “YYYYMM” format.
- h. No other edits are required.
- i. Forward to Submission Processing.

(4) When reprocessing an IMF return:

- a. Attach a completed Form 3893, Re-Entry Document Control, to the front of the document. Refer to Exhibit 21.5.2-1, Preparing Form 3893, Re-Entry Document Control.

Note: Form 3893 can only be used for reprocessing a return with a valid DLN, as outlined in IRM 21.5.2.4.23.3, DLNs Used for Reprocessing Documents. If the DLN is not valid, complete all necessary edits and forward to Submission Processing using local routing slip.

Note: If a return has never been processed (e.g., has not posted to another year or TIN), attach a Form 1725, Routing Slip, or local routing slip, with the notation “Process as Original” and forward the return as received to Submission Processing. Ensure the IRS received date is entered on the return. If a CII image is used and the return is signed, use the stamp tool or Text tool in the CII

Document Viewer in CII and notate, **CII IMAGE - Do not correspond for signature** on the return and place the CII case ID in the upper left corner of the first page of the return. Refer to IRM 21.5.1.5.5, Processing / Reprocessing CII Tax Returns, for more information about CII returns.

Note: If the return is signed in a SBSE (CSTO) scanned case, **Use Adobe Acrobat Pro to add CSTO (OR SBSE) SCANNED IMAGE -Do not correspond for signature** below the signature field and the (case info, etc.) in the upper left corner on the first page of the return. If applicable, if the DLN is not on the return, manually input the DLN and line through the TC 976/977 DLN top-right corner of page 1.

Reminder: Notate CII Case ID in the top-left corner of the first page of the return; Line through the TC 976/977 DLN top-right corner of page 1, **only if the DLN is invalid**; Circle in red any references to the return being “Amended”, “Copy”, or “Duplicate”, including the “X” in the Form 1040-X title; Line through e-file GRAPHIC print – DO NOT PROCESS (if applicable); Notate the correct tax year (YYYYMM) to the right of the preprinted year (if applicable); Notate entity info, including Name, Address, & TIN as necessary.

Exception: Exempt Organizations (EO) are excepted from including the CII Case ID number and CII stamp - “Do not correspond for signature” as their returns are scanned for public inspection. Complete all other edits.

Caution: Taxpayers have the option to electronically amend the current tax year and two prior year Form 1040 and Form 1040-SR returns that were originally e-filed through the Modernized e-File Return (MeF) application. The CII cases created by Account Management Services (AMS) do not contain a digital CII image; however, the documentation remains available within the MeF Return Request Display (RRD) application. Make annotations using the Adobe Acrobat Pro software. If the Adobe Acrobat Pro software is not available to you, print the amended return documentation from the MeF / RRD application and have the documents associated with your CII case via a CIS association sheet. When reprocessing a return from MeF / RRD, be sure to line through “**e-file GRAPHIC print - DO NOT PROCESS**” prior to forwarding the document for reprocessing and annotate with “**MeF Return - Do not correspond for signature**” below the signature line, along with the CII Case ID in the upper left corner on the first page of the return. Refer to IRM 21.5.1.5.5, Processing/Reprocessing CII Tax Returns, for more information about CII returns.

Caution: Form 1040-A and 1040-EZ are obsolete. If the taxpayer originally filed a Form 1040-A or 1040-EZ, convert the return to a Form 1040 for reprocessing.

- b. Remittance – Circle the Remittance Processing System, (RPS) money amount, green rocker, or other remittance indicator to show a non-

- remittance return. Transfer the payment to the correct TIN or Tax Period. See IRM 21.5.7, Payment Tracers, and IRM 21.5.8, Credit Transfers, for more information.
- c. Presidential Election Campaign – Circle out unless you are processing to a different tax period. See IRM 21.6.7.4.12, Presidential Election Campaign Fund (PECF).
 - d. A received date is required on all returns.

If ...	And ...	Then ...
1 The return is received after the due date of the tax period		<ul style="list-style-type: none"> Enter the received date in the center of page one for (tax year 2017 and prior) and in the empty space to the right of “Dependents” for tax year 2018 and later. See IRM 21.5.1.4.2.4, Received Date Determination, and IRM 25.6.1.6.13, Determining the Received Date, for received date determination requirements.
2 Return is timely filed		<ul style="list-style-type: none"> Do not edit the received date. See Note following this table.
3 A numbered return is to be reprocessed	was originally a remittance return	Edit the received date as the calendar date of the Julian date in the original DLN.
4 A numbered return is to be reprocessed	was originally a non-remittance return	Edit the received date as the calendar date of the Julian date in the original DLN minus 10 days. NOTE: Do not allow the received date to be earlier than the date the taxpayer signed the return.

Note: When reprocessing a return prior to the due date of the tax period to which it posted, do not use the actual received date. Refer to IRM 21.5.1.4.2.4(3), Received Date-Determination. Mark the center of page one with the corrected received date. Also correct the Return Processable Date (RPD) if more information is secured from the taxpayer.

- e. Tax Period – Circle any incorrect tax period. You must always edit the tax period on prior year returns. If the return is for the current year and the tax period is incorrect, edit the tax period. Enter the tax period using a “YYYYMM” format to the right of the preprinted tax year.
- f. Name, Address, and TIN – Circle any incorrect taxpayer information such as name, address, and / or TIN and enter the correct information above the circle.
- g. Income, Tax, and Credits – Enter the tax information and any credit changes by putting an “X” to the left of the incorrect amounts. The correct amounts are put to the left of the “X”.

Note: Consider previous adjustments to the account when editing the income, tax, and credits. Examples include previous adjustments

due to an amended return or math error changes. Adjustments made by Examination are not edited and are reprocessed as outlined in IRM 21.5.2.4.23.5, Accounts With Audit Activity.

Note: When reprocessing a return from CII, it is not necessary to edit the return for income, tax and credits.

- h. Preparer and Third Party Designee information – Circle this information on TC 150 returns or when the return posted as a TC 976 because there is already a TC 150.

Exception: Do not circle out Third Party Designee information if reprocessing the return to a different tax year or Taxpayer Identification Number (TIN). The Third Party Designee information may be needed to discuss tax issues at a later time.

- i. Miscellaneous Edits – Any previously edited items no longer desired can be edited by a circle. Circle (edit out) Computer Condition Code (CCC) “G”. Refer to *Computer Condition Codes* and *Return Processing Codes* within the Document 6209 for further information on Return Processing Code (RPC) and Computer Condition Codes (CCC) normally input by the Returns Analysis Function.

21.5.2.4.23.8
(10-23-2015)

IDRS Account Actions

- (1) When reprocessing a return as an original, certain account actions are required.
- (2) In order to prevent unpostable code 188, a name line for the year being reprocessed **or** an earlier name line must be established. If the necessary name line does not already exist, establish the name line through Command Code INCHG by inputting the taxpayer’s name, filing status, and the year of the return being reprocessed.
- (3) Input a Transaction Code (TC) 971 Action Code (AC) 017 on the tax module where the return posts (receiving tax module). The TC 971 AC 017 shows that the return for the receiving tax module is being reprocessed from another tax period / TIN (losing tax module) and cross references that account. Refer to IRM 21.5.1.4.8, Transaction Code 971, for further information.

Note: The transaction date for the TC 971 AC 017 is the received date of the return being reprocessed from the losing tax module. Refer to IRM 21.5.1.4.2.4, Received Date – Determination, for more information on determining received dates.

- (4) If a TC 14X is on the IMF module, or if the BMF module shows current status 02 or 03, input a TC 599 with the correct closing code for your function. Accounts Management:

- 094 Taxable return secured
- 096 Non-Taxable return secured (Return shows no tax liability before prepaid credits)

See IRM 2.4.26.3, Command Code FRM49, for format and instructions on inputting these transaction codes.

For further information see Document 6209, IRS Processing Codes and Information, under the *TDI Closing Codes* section. Only one TC 599 is required.

- (5) Check for an extension of time to file (shown by a TC 460). Verify that it should be removed and reinput to the correct tax module. Remove and reinput the extension using Command Code (CC) REQ77 with TC 460 / 462 on the gaining and losing modules, respectively. See IRM 2.4.19, Command Codes REQ77, FRM77 and FRM7A, for format and instructions for inputting a TC 460 / 462.

Caution: Input of TC 460 using CC REQ77 could prevent MF from using the 90% and 100% paid checks (depending upon the DLN blocking series used) when determining the Failure To Pay (FTP) Start Date. Analyze the module for FTP penalty considerations and adjust the penalty if necessary.

- (6) The estimated tax penalty may need addressing on the losing module. Refer to IRM 20.1.3, Estimated Tax Penalties, for information on calculating the estimated tax penalty.
- (7) See IRM 21.4.6, Refund Offset, when a refund offset occurred due to non-tax debt (TC 896 or TC 898 on the module).
- (8) See IRM 21.4.6.5.3, Reasons to Reverse TOP Offset, for further information when there is a TC 896 or TC 898 on the module.

21.5.2.4.23.9
(01-10-2025)

Moving Assessments

- (1) Complete a Form 12810, Account Transfer Request Checklist, to request the assessment be moved from the incorrect account or period to the correct account or period. Include the following information:

- DLN
- TIN
- MFT
- Tax Period
- Complete Entity Information
- Civil Penalty Reference Number (if applicable)
- Abstract or Reference Number (if applicable)
- POA
- MF Transcript of the Account
- Transaction Codes

Caution: Do not request a complete account transfer if the account includes a transaction code (TC) 606. Refer to IRM 3.17.21.6.1, Processing Account Transfers to the Master File (IMF / BMF), for more information. For BMF accounts, penalty and interest accruals must first be brought up to date. The originator must either input a TC 290 for zero, with a priority code 5, or a TC 270 and TC 340 for the accrued amount if the account is restricted (G- or -I freeze). This action must be posted to the account before requesting an account transfer. Any BMF requests received that have not had the action taken to restrict the penalty and interest are rejected back to the originator for resolution. For IMF the originator must either input a TC 290 for zero, with a priority code 5, or a TC 270 and TC 340 for the accrued amount if the account is restricted (G- or -I freeze). This action must be posted to the account before requesting an account transfer.

Reminder: Input the applicable TC 971 codes on the losing and receiving modules.

- (2) Forward the completed Form 12810, Account Transfer Request Checklist, to the following E-mail address (secured E-mail) or e-Fax:

Campus	Forward To	E-mail / eFax	
Andover, Atlanta, Kansas City, and Fresno	Kansas City Submission Processing Campus		# #
Philadelphia, Cincinnati, Brookhaven, Ogden and Memphis	Ogden Submission Processing Campus		# #
Austin	Austin Submission Processing Center		# #

Note: All transfers involving Non-Master File (NMF) are processed at the Kansas City Submission Processing Campus. Refer to IRM 3.17.21.6.3, Transfers to Non-Master File (1), for further instructions.

Note: Transfers involving Form 8288, U.S. Withholding Tax Return for Certain Dispositions by Foreign Persons, are processed at the Ogden Submission Processing Campus.

21.5.2.4.23.10
(01-10-2025)

Moving Refunds

- (1) Use the procedures contained in this subsection to move a refund.

Caution: If reprocessing a return and moving a previously issued refund, enter Computer Condition Code (CCC) O (use red if an IMF return and use green if a BMF return) in the filing status portion of the return for (tax year 2017 and prior) and to the blank area below "Spouse was born" section for (tax year 2018 and later) to prevent a second refund.

- (2) Use a credit transfer instead of Form 12857, Refund Transfer Posting Voucher, to transfer a refund from the incorrect account for IMF and NMF only. This systematically moves the refund without the use of Form 12857. See IRM 21.5.8, Credit Transfers, for more information.

Reminder: Accounts Management employees who have access to the Integrated Automation Technology (IAT) Credit Transfer tool are required to use the tool when inputting credit transfers.

- (3) When inputting an adjustment creating a credit and moving a refund you must use Hold Code 1 to prevent an erroneous refund while waiting for the TC 848/849 to post.

Note: To prevent unpostable code 188, a name line must be established for the year where the TC 849 posts on an earlier year. If the necessary name line does not already exist, establish the name line through Command Code INCHG by inputting the taxpayer's name, filing status, and year. See IRM 21.5.5.4.1, Preventing Unpostables.

- (4) To move the refund (perform a credit transfer), use CC ADD48 to do the following:

- a. Input TC 848 to reverse the TC 846 or TC 840 on the account the refund is being moved from. This is the “from” account. Use the date of the TC 846 or TC 840 as the transaction date for the TC 848.
- b. Input TC 849 to debit the account that the refund is being moved to. This is the “to account.” Use the date of the TC 846 or TC 840 as the transaction date for the TC 849.

Caution: If credit interest (TC 776/770) is posted on the “from” account, reverse it using CC REQ54/ADJ54 to input a TC 772 and include a TC 570, if necessary, to hold the reversed credit interest from refund or offset. Input a corresponding TC 770 on the “to” account.

- c. Input TC 470, if necessary, to hold balance due notices until the TC 848 posts. Monitor both sides of the credit transfer to ensure transactions post. See IRM 21.5.1.4.2.2, Integrated Data Retrieval System (IDRS) - Control Procedures, for monitor control procedures.
 - d. When adjusting the primary module and transferring a refund from the secondary module, input a TC 470 with Closing Code 93 on the primary module to hold the balance due notice generated from the TC 849. If your adjustment included a HC 1, you must open a monitor control base and release the -K freeze with a 290.00, after the adjustment posts.
- (5) If not initiating a credit transfer to reverse the previously issued refund from the incorrect account or moving accounts on BMF, prepare Form 12857, Refund Transfer Posting Voucher.

Note: The use of an IAT Fill Forms tool is mandatory whenever preparing Form 12857 to reverse the previously issued refund from the incorrect account. If moving a refund as part of the erroneous refund process, you can use the fill form option available within the IAT Erroneous Refund tool.

- (6) Form 12857 has two parts:
- Part A lists the information relative to the account the refund needs to be posted “To”
 - Part B has the information relative to the account where the TC 840 / 846 is currently posted and being transferred “From”
- (7) In addition to any other necessary remarks, include the split refund code (SPL-REF-CD on CC TXMOD) in box 9 of the Form 12857. The split refund code is needed to avoid unpostable code 138.
- (8) Form 3809, Miscellaneous Adjustment Voucher, and Form 3753, Manual Refund Posting Voucher, can be used in lieu of Form 12857. It is recommended to use Form 12857.
- (9) Send Form 12857 to the Accounting function to initiate the manual process of posting the TC 840 / 841 using Form 3210, Document Transmittal.

Note: For ID Theft cases, annotate the remarks section of Form 3210 with “ID Theft - Expedite.” Include IDRS prints showing the refund that is being moved and a print showing that the module for the “to” side is established.

Note: For Manual Refund Team Contact Information (Accounting Function), please see Exhibit 21.4.4-3, Accounting Function - Manual Refund Team Contact Information.

- (10) Input TC 470 to hold balance due notices until the TC 840 / 841 post. When the TC 840 / 841 posts, the account balances. Input TC 971 (action code 030) on both accounts to cross reference the TC 840 / 841 refund reversal. Use the transaction date of the TC 846. Refer to IRM 21.6.1.5.3.1, Married Filing Separate, Single, or Head of Household to Married Filing Joint and Both Taxpayers Previously Filed, for further closing code guidance.

Note: Form 12857 is processed manually. The TC 840 and TC 841 may take 6-8 weeks to post to master file.

Reminder: If an incorrect account number is referenced on TC 971 AC 030, enter a new TC 971 AC 030 with the cross reference account number.

21.5.2.4.23.11

(10-01-2024)

Reprocessing "Dummy" Returns

- (1) You may be unable to secure a copy of a return needed for reprocessing. Available Command Codes, such as CCs RTVUE / BRTVU or TRDBV, may provide sufficient information to recreate the return. If enough information is available, a "dummy" return can be completed and forwarded to Submission Processing for posting to the correct account.

Note: Do not request the return from files for reprocessing "dummy" returns. If the Modernized e-file system (MeF) return is available on the AMS system, through the Employee User Portal (EUP) application, you can print and process the return.

Note: If you are in contact with the taxpayer, request a faxed copy of the needed return or if you receive a copy of the return with a correspondence case. This faxed / correspondence copy may be reprocessed by following the applicable steps outlined below. The return information from the faxed returns does not have to be transferred to a new form.

- (2) Prepare the "dummy" return for reprocessing as follows:

- a. Complete a tax return using the available information from the applicable Command Codes.

Reminder: Ensure the tax return being completed is the same as the document submitted by the taxpayer – e.g., if the document submitted was a Form 1040-SR, U.S. Income Tax Return for Seniors, use a Form 1040-SR for creating the "dummy" return. Do not use a Form 1040.

Exception: Form 1040-A and 1040-EZ are obsolete for tax year 2018 or later. If the taxpayer originally filed a Form 1040-A or 1040-EZ, convert the "dummy" return to a Form 1040 for reprocessing.

Reminder: When processing mixed period cases, ensure the tax return is completed using the correct tax year. Refer to IRM 21.5.2.4.23.7, Coding and Editing Procedures, for more information on annotating any corrections needed (e.g., exemption or deduction amount difference).

- b. Write the DLN from the document you could not secure across the top right hand corner of the "dummy" return.

Exception: Some returns require a new DLN. See IRM 21.5.2.4.23.3,

DLNs Used for Reprocessing Documents, for further information.

- c. Attach a print of the Command Code information to the back of the “dummy” return.
 - d. On the signature line, show “Original signed – Dummy return to post information to the correct TIN / Tax Year – Do not correspond for signature” or something similar.
- (3) Once completed, forward the return for reprocessing with the applicable form – Form 3893, Re-Entry Document Control for IMF, or Form 13596, Reprocessing Returns, for BMF. See IRM 21.5.2.4.23, Reprocessing Returns / Documents, and IRM 21.5.1.5.5, Processing/Reprocessing CII Tax Returns, for further information.

21.5.2.4.24
(06-06-2025)
Shipment of Source Documents

- (1) Return to the taxpayer any original documents (e.g., birth certificates, death certificates, driver’s license, Social Security cards, cancelled checks, etc.) upon resolution of the issue, unless the taxpayer shows returning the document is unnecessary.
 - (2) Forward source documents (in separate folders labeled by type) to campus files within five (5) workdays of input.
- Note:** If a source document is discovered not to have been forwarded to campus files within ten (10) workdays of input, complete either Form 10023-B, Attachment (To Be Associated With Return), or Form 9856, Attachment Alert, and include the form within the source document folder.
- (3) Mail / route source documents immediately after Quality Review is complete. If the source document is kept beyond seven (7) workdays for completion of certain ADJ54 transaction cases, input “R” in the remarks field of the input screen. Notify the Files Management Unit immediately of any anticipated shipment delays.
 - (4) Route all adjustment documents to Files Management Unit marked Attn: Files Management Unit. Complete Form 4442 /e-4442, Inquiry Referral, e-4442, or Form 8485, Assessment Adjustment Case Record. Include the IDRS sequence number in the top right corner before placing the documents in the employee folder.
 - (5) Prepare separate adjustment folders for each date and type of input. Label the outside of each folder as follows:
 - a. Employee IDRS Number.
 - b. Input Date.
 - c. Category of source documents. Enter a valid document code based on the transaction (TC) you entered.

Example: A TC 290 adjustment uses “Doc Code 54/ADJ54” : “54” is the document code and “ADJ54” shows the command code used to input the adjustment. Refer to *Document 6209* Section 8A, Transaction codes for a complete list.

- d. Sequence Number (e.g., 01 - 14). Input the IDRS adjustment sequence number and the number of pages in the packet.

Example: "XXX-004" to shows that this was the X IDRS adjustment sequence number on REQ54/ADJ54 on the input date and 004 to advise the Campus Files Unit that there are four pages in the folder.

- e. Quality Review Release Date (e.g., 09/30/21).

Reminder: Local procedures may impose additional or alternate requirements.

- (6) Prepare a separate folder for ADJ54 case actions. Date and sequentially number (legibly and readily available for campus files to recognize) the Form 8485 or other worksheets used to notate the case and account actions taken. This helps campus files maintain the integrity of the cases. Place other transactions (e.g., credit transfers) in a separate "Other Documents" folder and ship daily.
- (7) Remember to insert your source documents into your folder as soon as you complete the IDRS account adjustment. If you forget to insert a document into the folder, **do not** destroy the document. Obtain the DLN and send to campus files to be associated with your case file. If the source document is not included in your folder, the Files Management Unit may contact you requesting the document.

21.5.2.4.25
(10-01-2025)

Request for Alternative Language Products by Taxpayers With Limited English Proficiency (LEP)

- (1) Individuals use *Schedule LEP*, Request for Change in Language Preference, to elect to receive certain types of written correspondence from the IRS in another language. Refer to IRM 22.30.1.8.15.4.1, Improving Access to Services for Persons with Limited English Proficiency (LEP) and Return Preparation Service, for background information on Schedule LEP. Taxpayers can request this preference change :

- Verbally, through oral statement.
- Attaching a *Schedule LEP* to a Form 1040, U.S. Individual Income Tax Return, Form 1040-X, Amended U.S. Individual Income Tax Return, or duplicate return.
- Filing the Schedule LEP by itself.
- Using the Individual Online Account. Refer to IRM 21.2.1.62, Individual Online Account (IOLA), for more information.

Process the request using IDRS CC REQ77 on CC ENMOD. Input a TC 971, Action Code 192, using the correct Miscellaneous Code field based upon the taxpayer's selection in the table below.

Note: For the Miscellaneous Code field input, you must start the corresponding three-digit code in the third position of the "MISC>" field. **Example:** "MISC>xx001" (xx = two blank spaces).

Caution: Ensure you enter the TC 971 AC 192 on the SSN that appears on the Schedule LEP. If the taxpayer who filed the Schedule LEP is listed as the secondary taxpayer on a married filed joint return, ensure you enter the TC 971 AC 192 only on the account of the spouse making the request. Each spouse must make the request for themselves.

Caution: If the name and SSN that appear on the Schedule LEP do not match or if the selection is not clearly marked (i.e., illegible or multiple selections), do

not update the language preference. Send an applicable “C” letter to the taxpayer advising that we could not process the Schedule LEP and to resubmit the corrected schedule.

Reminder: If a language preference change is necessary and the taxpayer requests the change using oral statement, the preference update can be made using IDRS CC REQ77. The taxpayer is not required to submit the Schedule LEP. When inputting the selection on CC REQ77, the MFT and TY should be all zeroes.

Taxpayer Selection	Miscellaneous Code
English	000
Spanish	001
Korean	002
Vietnamese	003
Russian	004
Arabic	005
Haitian Creole	006
Tagalog	007
Portuguese	008
Polish	009
Farsi	010
French	011
Japanese	012
Gujarati	013
Punjabi	014
Khmer	015
Urdu	016
Bengali	017
Italian	018
Chinese (Traditional)	019
Chinese (Simplified)	020

Note: Should an additional change in a language preference be required, i.e., from Spanish back to English, there is no need to input a TC 972 AC 192 reversal. The input of a subsequent TC 971 AC 192 systemically generates a TC 972 AC 192 to reverse the previous transaction.

21.5.2.4.26
(11-01-2024)
**Form 9000, Alternative
Media Preference**

- (1) Individuals use Form 9000, Alternative Media Preference, to elect to receive certain types of written correspondence from the IRS in an accessible format, such as large print, braille or audio. Taxpayers can request this preference change:

- Verbally, through oral statement.
- Attaching a Form 9000 to a Form 1040, U.S. Individual Income Tax Return, Form 1040-X, Amended U.S. Individual Income Tax Return, duplicate return.
- Filing the Form 9000 by itself.
- Using the Individual Online Account. Refer to IRM 21.2.1.62, Individual Online Account (IOLA), for more information.

Process the request using CC REQ77 on CC ENMOD. Input a TC 971, Action Code 592, using the correct Miscellaneous Code field based upon the taxpayer's selection in the table below:

- a. For the Miscellaneous Code field input, you must input the corresponding two-digit code in the first position of the **MISC>** field.

Example: **MISC>01**, for large print.

- b. In the Secondary date field, enter the received date. If the Form 9000 does not have a received date, refer to IRM 21.5.1.4.2.4, Received Date - Determination.

Example: If the received date is December 15, 2022, input 12152022.

Caution: Ensure you enter the TC 971 AC 592 on the SSN that appears on the Form 9000. If the taxpayer who filed the Form 9000 is listed as the secondary taxpayer on a married filed joint return, ensure you enter the TC 971 AC 592 only on the account of the spouse making the request.

Caution: If the name and SSN that appear on the Form 9000 do not match or if the selection is not clearly marked (i.e., illegible or multiple selections), do not update the preference. Send an applicable "C" letter to the taxpayer advising that we could not process the Form 9000 and to resubmit the corrected form.

Reminder: If a media preference change is necessary and the taxpayer requests the change using oral statement, the preference update can be made using CC REQ77. The taxpayer is not required to submit the Form 9000.

Taxpayer Selection	Miscellaneous Code
Standard Print	00
Large Print	01
Braille	02
Audio (MP3)	03
Plain Text File (TXT)	04
Braille Ready File (BRF)	05

Note: Should an additional change of preference be required, i.e., from braille back to standard print, there is no need to input a TC 972 AC 592 reversal. The input of a subsequent TC 971 AC 592 systemically generates a TC 972 AC 592 to reverse the previous transaction.

- (2) Advise the taxpayer that only certain notices are issued in the alternative media format. If they receive a letter that is not in their requested format, provide them with instructions on how to request it that it be converted. See IRM 21.3.1.9, Request for Copy for Notice in an Alternative Media Format, for further information.

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Exhibit 21.5.2-1 (05-02-2024)**Preparing Form 3893, Re-Entry Document Control**

Prepare a Form 3893, Re-Entry Document Control, to reprocess the tax return. Complete all required blocks on Form 3893 as follows:

- a. File Type – Check the appropriate box for IMF or Other (for IRAF).
- b. Block 1 – Leave blank.
- c. Block 2 – Enter the first eleven digits of the document locator number (DLN).
- d. Block 3 – Leave blank.
- e. Block 4 – Document count not to exceed 100.
- f. Block 5 – Leave blank.
- g. Block 6 – Leave blank.
- h. Block 7 – Leave blank.
- i. Block 8 – Leave blank.
- j. Block 9 – Enter only if MFT 05, 06, 15, or 29; otherwise leave blank.
- k. Block 10 – Leave blank.
- l. Block 11 – Check appropriate box.
- m. Block 12 – Enter the 14th digit of the DLN from the source document. If the year digit is not shown, determine the correct year from the DLN color or from other information on the document.

If the Color is ...	Then the Year Digit is ...
Green	0 or 5
Purple	1 or 6
Red	2 or 7
Black	3 or 8
Blue	4 or 9

- n. Block 13 – Leave blank.
- o. Block 14 – For all documents notate information needed to clarify the reason for processing or to preserve the audit trail. Include “Process as Original.”
- p. Block 15 – Always check “Non-remittance”.
- q. Block 16 – Enter digits 12 and 13 of the DLN.
- r. Block 17 – Enter your name or employee number, telephone number, and the current date. Mark the appropriate box for your organization.
- s. Block 18 – Leave blank.
- t. Block 19 – Mark the appropriate box to explain the action taken.

Exhibit 21.5.2-2 (05-02-2024)**Preparing Form 13596 – Reprocessing Returns**

Prepare a Form 13596, Reprocessing Returns, to reprocess a BMF return. Complete all required blocks on Form 13596 as follows:

- a. Enter the employee number and date in the first two boxes.
- b. Correcting the TIN – Enter the correct TIN, if the TIN shown on the return is incorrect.
- c. Correcting yearly or quarterly returns – Enter the correct period for the return being reprocessed. If correcting a yearly return, use the “YYYYMM” format. If correcting a quarterly return, use “YYYY” format and check the appropriate quarterly box.

Caution: Some returns may have a tax period ending prior to the last day of the month. Use the following table to determine the correct tax period for the 52 - 53 week return.

If the tax period ended	Then
Less than 7 days before the end of the month	that month is the end of the tax period
Within the first 4 days of the month	the previous month is the end of the tax period

- d. CP 190, *Notification that an amended return was received but an original return was not received* – box is checked if reprocessing a TC 976 document as the original return.
- e. Reasonable cause – check the appropriate box if reasonable cause is being allowed.
- f. Remarks – enter any remarks, as needed to help process the return correctly. Include “Process as Original” in the remarks.