



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

21.5.3

AUGUST 13, 2025

EFFECTIVE DATE

(10-01-2025)

PURPOSE

- (1) This transmits a revised IRM 21.5.3, Account Resolution - General Claims Procedures.

MATERIAL CHANGES

- (1) IRM 21.5.3.1 Added Form 843 guidance. Corrected note to align with IRM 21.5.1.5.2, Cases Currently Assigned in CII. (IPU 25U3300 issued 05-19-2025).
- (2) IRM 21.5.3.1 Added bullet for FTI guidance. Added bullet for data accuracy.
- (3) IRM 21.5.3.1.4 Updated the Program Controls to Program Management.
- (4) IRM 21.5.3.1.5 Added FTI / PII to the acronym table.
- (5) IRM 21.5.3.1.6 Added IRM links IRM 25.6.1.10, Claims, Abatements and Refunds and IRM 4.19.16, Claims.
- (6) IRM 21.5.3.3 Added General Claims Research procedures by adding paragraph 2 with TAS information.
- (7) IRM 21.5.3.3.1 Changed amended time frames to match 21.4.1.4.1.1, Return Not Found. (IPU 24U1169 issued 11-29-2024).
- (8) IRM 21.5.3.3.1 Updated the Form 1040-X timeframe back to 16 weeks. Added 1040- X phone guidance procedures. (IPU 25U0124 issued 01-29-2025).
- (9) IRM 21.5.3.3.1 Clarified note about processing Form 1040-X's. (IPU 25U0145 issued 01-31-2025).
- (10) IRM 21.5.3.3.1 Clarified procedures in the note. Added a note for guidance on incorrect assessments. Removed conflicting paragraph. (IPU 25U0365 issued 03-17-2025).
- (11) IRM 21.5.3.3.1 Removed repetitive sentence. Added re-opening case procedures to align with IRM 21.5.1.5.1, CII General Guidelines. (IPU 25U3300 issued 05-19-2025).
- (12) IRM 21.5.3.3.1 Added guidance for Locating Amended Returns by updating verbiage from note 4.
- (13) IRM 21.5.3.4 Clarified overpayment guidance. Added note for 290 for .00 clarification. (IPU 24U1169 issued 11-29-2024).
- (14) IRM 21.5.3.4 Added clarification to the third exception. (IPU 25U0124 issued 01-29-2025).
- (15) IRM 21.5.3.4.1 Updated the name for the BMF interest contact. Added note for 25% Omission. (IPU 24U1169 issued 11-29-2024).
- (16) IRM 21.5.3.4.1 Updated verbiage in 1a to align with the statute function. Added barred increase procedures. Added guidance for suspended cases. (IPU 25U0124 issued 01-29-2025).
- (17) IRM 21.5.3.4.1 Added 25% Omission Note to paragraph 1e for clarification. (IPU 25U0145 issued 01-31-2025).

- (18) IRM 21.5.3.4.1 Added IRM reference for additional guidance. Updated paragraph 1(e). (IPU 25U0365 issued 03-17-2025).
- (19) IRM 21.5.3.4.1 Added IRM references for 178C and 324C letters. (IPU 25U3300 issued 05-19-2025).
- (20) IRM 21.5.3.4.1 Reworded sentences for clarity. (IPU 25U3348 issued 05-30-2025).
- (21) IRM 21.5.3.4.1 Added signature guidance.
- (22) IRM 21.5.3.4.1.1 Added a caution note to the IRM for RIVO freezes. Updated procedures for signature requirement. (IPU 24U1169 issued 11-29-2024).
- (23) IRM 21.5.3.4.1.1 Added IRM reference for additional guidance. Updated suspense time frames to 45 days (IPU 25U0365 issued 03-17-2025).
- (24) IRM 21.5.3.4.1.1 Removed signature paragraph per counsel stating the signature is required for processing all claims. (IPU 25U3348 issued 05-30-2025).
- (25) IRM 21.5.3.4.1.1 Added credit increase with no tax increase procedures. Added signature guidance.
- (26) IRM 21.5.3.4.2 Added guidance for when to suspend/close your case. Added 290 for .00 reminder. Added change to suspense timeframes. (IPU 25U0124 issued 01-29-2025).
- (27) IRM 21.5.3.4.2 Added procedure guidance to call or correspond with the taxpayer. Clarified procedures for the appropriate C letter/Form 8009. Removed suspense timeframe in paragraph 4 to align with another IRM. (IPU 25U0365 issued 03-17-2025).
- (28) IRM 21.5.3.4.2 Added time frame to align with IRM 21.5.1.5.6, Incomplete CII Claims. (IPU 25U3300 issued 05-19-2025).
- (29) IRM 21.5.3.4.2 Reworded (2)(a) to say "Call or correspond with the taxpayer or their representative for any missing information."
- (30) IRM 21.5.3.4.3 Added note about RFSCDT procedures. (IPU 24U1169 issued 11-29-2024).
- (31) IRM 21.5.3.4.3 Added a reminder note for tax increase procedures. (IPU 25U0124 issued 01-29-2025).
- (32) IRM 21.5.3.4.3 Reworded paragraph 7 to make it a concise statement.
- (33) IRM 21.5.3.4.4 Updated signature clarification. (IPU 25U0124 issued 01-29-2025).
- (34) IRM 21.5.3.4.4 Removed signature paragraph per counsel stating the signature is required for processing all claims. (IPU 25U3348 issued 05-30-2025).
- (35) IRM 21.5.3.4.4 Added signature clarification. Updated verbiage and procedures for electronic signature claims. Removed note in paragraph 4.
- (36) IRM 21.5.3.4.4.1 Updated partnership claims signature requests.
- (37) IRM 21.5.3.4.5 Updated paragraph with math verification procedures. Added sentence to paragraph 6. Updated procedures for recalculating column C figures. (IPU 25U0365 issued 03-17-2025).
- (38) IRM 21.5.3.4.5 Added procedures to align with IRM 21.5.1.4.12, Tolerances. (IPU 25U3300 issued 05-19-2025).
- (39) IRM 21.5.3.4.5 Removed exception per exam reach in. (IPU 25U3348 issued 05-30-2025).

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- (40) IRM 21.5.3.4.5 Updated verbiage for clarification, Added math verification example. Updated CAT-A Criteria procedures.
 - (41) IRM 21.5.3.4.6.1 Added a caution note to the IRM for RIVO freezes. Clarified capturing prints. (IPU 24U1169 issued 11-29-2024).
 - (42) IRM 21.5.3.4.6.1 Added example to partial disallowance procedures if the result is a balance due. Added reminder about claim amount. (IPU 25U0124 issued 01-29-2025).
 - (43) IRM 21.5.3.4.6.1 Clarified one of the examples. Clarified letters used by abatement coordinators. (IPU 25U0365 issued 03-17-2025)
 - (44) IRM 21.5.3.4.6.1 Added procedures for using Hold Code 3. Added BMF blocking series. Updated procedures for IAC letters. Added 105C/106C guidance. Added ERC Blocking Series for partial disallowance. Removed incorrect reminder in for disallowance procedures. Updated links and examples. (IPU 25U3300 issued 05-19-2025).
 - (45) IRM 21.5.3.4.6.1 Reworded sentences for clarity. Removed ERC note for Blocking Series. (IPU 25U3348 issued 05-30-2025).
 - (46) IRM 21.5.3.4.6.1 Moved 106C note to the correct paragraph.
 - (47) IRM 21.5.3.4.6.1.1 Added a link to timeframes IRM. (IPU 24U1169 issued 11-29-2024).
 - (48) IRM 21.5.3.4.6.2 Added a note clarifying appeals procedures. (IPU 24U1169 issued 11-29-2024).
 - (49) IRM 21.5.3.4.6.2 Added links and guidance to employee retention credit procedures. (IPU 25U0124 issued 01-29-2025).
 - (50) IRM 21.5.3.4.6.2 Switched paragraph 4 box 3 link back to the office of appeals. (IPU 25U3300 issued 05-19-2025).
 - (51) IRM 21.5.3.4.6.2 Added new procedures for the new paperless appeals process. (IPU 25U3348 issued 05-30-2025).
 - (52) IRM 21.5.3.4.6.2 Updated exception verbiage and removed IRM reference that is no longer valid.
 - (53) IRM 21.5.3.4.6.3 Added capture instructions for the Letter 916C. (IPU 24U1169 issued 11-29-2024).
 - (54) IRM 21.5.3.4.6.3 Updated Letter 916C procedures to add hold code 1 or 4 if there is a credit balance. Added Form 94X no consideration procedures. (IPU 25U0124 issued 01-29-2025).
 - (55) IRM 21.5.3.4.7 Clarified exception note about TC 971 AC 013. (IPU 24U1169 issued 11-29-2024).
 - (56) IRM 21.5.3.4.7 Updated procedures for exam classification cases. Removed note for technical assistance. (IPU 25U0365 issued 03-17-2025).
 - (57) IRM 21.5.3.4.7 Added reminder about assessing tax increase prior to sending it to CAT-A. (IPU 25U0365 issued 05-19-2025).
 - (58) IRM 21.5.3.4.7 Removed reminder due to inaccuracy.(IPU 25U3348 issued 05-30-2025).
 - (59) IRM 21.5.3.4.7 Updated CAT-A procedures and verbiage.
 - (60) IRM 21.5.3.4.7.1 Added link for Form 7202 guidance. (IPU 25U0145 issued 01-31-2025).
 - (61) IRM 21.5.3.4.7.1 Added note about math verification. (IPU 24U1169 issued 11-29-2024).
 - (62) IRM 21.5.3.4.7.1 Removed repetitive sentence.

- (63) IRM 21.5.3.4.7.2 Updated verbiage to align with updated exam procedures.
- (64) IRM 21.5.3.4.10 Removed contradictory sentences in paragraph 1. (IPU 25U3300 issued 05-19-2025).
- (65) IRM 21.5.3.4.10.1 Added link for IRN 871 procedures. (IPU 25U3300 issued 05-19-2025).
- (66) IRM 21.5.3.4.16.1 Added a sentence about referring cases to statute due to cases with erroneous abatements being backed out in error. (IPU 25U3300 issued 05-19-2025).
- (67) IRM 21.5.3.4.16.7 Updated name of the FRP letter. Added Fax number for FRP MEFA. (IPU 25U3300 issued 05-19-2025).
- (68) IRM 21.5.3.4.17 Updated EIP CAT-A criteria. (IPU 24U1169 issued 11-29-2024).
- (69) IRM 21.5.3.4.17 Changed Dif Score to Dif bypass. (IPU 25U0124 issued 01-29-2025).
- (70) IRM 21.5.3.4.17 Added note for guidance for 2019 Amended EIP returns. (IPU 25U0365 issued 03-17-2025).
- (71) IRM 21.5.3.4.17 Added a reminder about RSED. (IPU 25U3300 issued 05-19-2025).
- (72) IRM 21.5.3.4.18.1 Added link for decedent returns. Added IRN 872 guidance. (IPU 24U1169 issued 11-29-2024).
- (73) IRM 21.5.3.4.18.1 Added link for SHOTS video for IRN 872 clarification. (IPU 25U0365 issued 03-17-2025).
- (74) IRM 21.5.3.4.18.1 Added direct deposit note procedures. (IPU 25U3300 issued 05-19-2025).
- (75) IRM 21.5.3.4.18.1 Added reminder note for IRN 872 procedures. Added amended claims date guidance. (IPU 25U3348 issued 05-30-2025).
- (76) IRM 21.5.3.4.18.1 Remove Shots Video per PGLD guidance
- (77) IRM 21.5.3.4.18.2 Updated procedures when a payment was received but the TPP return was not verified. (IPU 24U1169 issued 11-29-2024).
- (78) IRM 21.5.3.4.18.2 Added TPP guidance. (IPU 25U0124 issued 01-29-2025).
- (79) IRM 21.5.3.4.18.2 Updated IRM title to add Paper. (IPU 25U0365 issued 03-17-2025).
- (80) IRM 21.5.3.4.18.2 Added Letter 5071C guidance. Added guidance about a TPP scenario without the E- freeze or the TC 971 AC 129. Changed timeframe to reflect TPP alert issued on 4/9/2025. (IPU 25U3300 issued 05-19-2025).
- (81) IRM 21.5.3.4.18.2 Added Letter 916C procedures. (IPU 25U3348 issued 05-30-2025).
- (82) IRM 21.5.3.4.18.2 Removed 916C procedures for clarity. Added Link for Direct Deposits. Removed repetitive note under Letter 5071C. Added TPP guidance.
- (83) IRM 21.5.3.4.18.3 Added a caution note to the IRM for RIVO freezes. (IPU 24U1169 issued 11-29-2024).
- (84) IRM 21.5.3.4.18.3 Added an exception for the TC 971 AC 123 MISC Form 1040-X. (IPU 25U3300 issued 05-19-2025).
- (85) IRM 21.5.3.4.18.3 Removed exception per RICS.

- (86) IRM 21.5.3.4.18.4 Added exception and RIVO guidance. (IPU 25U0365 issued 03-17-2025).
- (87) IRM 21.5.3.4.18.4 Updated exception with collaboration with HQ TPP.
- (88) IRM 21.5.3.4.18.5 Added link to IRM 3.11.6.16.17 Prisoner Return. Added procedures for amended claims in the IF/THEN chart.
- (89) Exhibit 21.5.3-1 Updated Table One of the if/then chart to include the received date of the amended return for the transaction date. Added note for AIMS status procedures. Added superseded procedures. Added HC 1 guidance. (IPU 24U1169 issued 11-29-2024).
- (90) Exhibit 21.5.3-1 Added EGC link for exam classification. Added blocking series and hold code procedures. (IPU 25U0124 issued 01-29-2025).
- (91) Exhibit 21.5.3-1 Added a note about math verification procedures. Added a reminder about inputting the TC 971 AC 013. Added HC guidance. Added link for MEFA cases. (IPU 25U3300 issued 05-19-2025).
- (92) Exhibit 21.5.3-1 Added note for classifiers to note if the credits were approved for FRP cases (IPU 25U3348 issued 05-30-2025).
- (93) Exhibit 21.5.3-1 Added -Z Freeze guidance. Updated various thresholds and CAT-A criteria per HQ classification. Removed FRP note for classifiers.
- (94) Exhibit 21.5.3-2 Added link to IRM 4.19.11-1, CII CAT-A HQ Reserved Codes. (IPU 25U3348 issued 05-30-2025).
- (95) Exhibit 21.5.3-2 Updated CAT-A criteria. Updated Bundled claims criteria. Removed CAT-A criteria under the American Recovery and Reinvestment Act of 2009. (IPU 24U1169 issued 11-29-2024).
- (96) Exhibit 21.5.3-2 Removed a note to a IRM that no longer exists. Added guidance for International CSRs using HQ Reserved 15. Added CAT-A math verification worksheet guidance. Updated broken links. (IPU 25U0124 issued 01-29-2025).
- (97) Exhibit 21.5.3-2 Updated referral reasons. Reworded 1B sentence. (IPU 25U0365 issued 03-17-2025).
- (98) Exhibit 21.5.3-2 Added sentence in the exception in Box 45 regarding assessments of accuracy penalties. Reworded paragraph 1B to the original verbiage. Removed Box 36 and renumbered criteria since these cases are obsolete. Added PRN Numbers for Civil Penalties. Added note for math verification. (IPU 25U3300 issued 05-19-2025).
- (99) Exhibit 21.5.3-3 Updated CAT-A criteria for Adoption Credit, American Opportunity Tax Credit and the Premium Tax Credit, Bundled Claims. Added Clean Vehicle Criteria to match the 21.6 IRM reference. (IPU 24U1169 issued 11-29-2024).
- (100) Exhibit 21.5.3-3 Updated correct threshold for Schedule K-1 in Box 24 and Box 26. (IPU 25U0124 issued 01-29-2025).
- (101) Exhibit 21.5.3-3 Updated criteria for Return Preparer Misconduct and Clean Vehicle Credit per HQ CAT-A classification.
- (102) Exhibit 21.5.3-3 Updated referral reasons. (IPU 25U0365 issued 03-17-2025).
- (103) Various editorial changes were made throughout this IRM including updating broken links and IRM references.

EFFECT ON OTHER DOCUMENTS

IRM 21.5.3, General Claims Procedures, dated September 17, 2024 (effective October 1, 2024) is superseded. The revision incorporates IRM Procedural Updates (IPU). IPU 24U1169 (effective 11/29/2024), IPU 25U0124 (effective 1/29/2025), IPU 25U0145 (effective 1/31/2025), IPU 25U0365 (effective 03/17/2025), IPU 25U3300 (effective 05/19/2025), IPU 25U3348 (effective 05/30/2025).

AUDIENCE

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

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Director, Accounts Management
Taxpayer Services Division

21.5.3

General Claims Procedures

Table of Contents

21.5.3.1 Program Scope and Objectives

21.5.3.1.1 Background

21.5.3.1.2 Authority

21.5.3.1.3 Roles and Responsibilities

21.5.3.1.4 Program Management and Review

21.5.3.1.5 Terms & Acronyms

21.5.3.1.6 Related Resources

21.5.3.2 What Are Claims for Credit, Refund, and Abatement?

21.5.3.3 General Claims Research

21.5.3.3.1 Locating Amended Returns (Form 1040-X)

21.5.3.4 General Claims Procedures

21.5.3.4.1 Tax Increase or Credit Decrease Processing

21.5.3.4.1.1 Tax Increase and Credit Increase Processing

21.5.3.4.2 Tax Decrease or Credit Increase Processing

21.5.3.4.3 Tax Decrease and Statute Consideration

21.5.3.4.4 Signature Requirements for Claims

21.5.3.4.4.1 Special Handling of Signature Requests

21.5.3.4.5 Math and Master File Verification of Claims and Amended Returns

21.5.3.4.6 No Consideration and Disallowance of Claims and Amended Returns

21.5.3.4.6.1 Disallowance and Partial Disallowance Procedures

21.5.3.4.6.1.1 Disallowance Procedures When the Original Return Has Not Posted

21.5.3.4.6.2 Appeals and Responses to Letter 105C and Letter 106C

21.5.3.4.6.3 No Consideration Procedures

21.5.3.4.7 Processing Claims and Amended Returns with Examination Involvement

21.5.3.4.7.1 Claims Sent to Examination Campus Classification

21.5.3.4.7.2 Claims Returned from Exam Classification

21.5.3.4.7.3 Protective Claims

21.5.3.4.7.3.1 Processing Protective Claims

21.5.3.4.7.3.2 Affordable Care Act (ACA) protective claims filed for California et al. v. Texas et al.

21.5.3.4.8 Carryback/Carryforward Claims and Applications

21.5.3.4.8.1 Claim of Right Adjustments to Income

21.5.3.4.9 Competent Authority Cases

21.5.3.4.9.1 Refund Claims Under U.S. Tax Treaty Provisions and Special Rules for Canadian Registered Retirement Savings Plans (RRSP) and Registered Retirement Income Fund (RRIF)

-
- 21.5.3.4.10 Returns Prepared Under IRC 6020(b) - Substitute for Return (SFR)
 - 21.5.3.4.10.1 Non-Filer Returns
 - 21.5.3.4.11 Reimbursement of Bank Charges – Form 8546
 - 21.5.3.4.12 Category B Criteria (BMF Only)
 - 21.5.3.4.13 Unprocessed Return
 - 21.5.3.4.14 May Department Store and Sequa Underpayment Interest Issue
 - 21.5.3.4.15 Net Rate Interest Netting Claims
 - 21.5.3.4.15.1 Pre-Enactment Net Rate Interest Netting Claims
 - 21.5.3.4.15.2 Post-Enactment Net Rate Interest Netting Claims
 - 21.5.3.4.16 Other Inquiries and Adjustments
 - 21.5.3.4.16.1 Account Adjustments, Administrative Errors
 - 21.5.3.4.16.2 Civil Cases (Department of Justice Cases)
 - 21.5.3.4.16.2.1 Action Required on Civil Cases
 - 21.5.3.4.16.3 Voluntary Contributions to Reduce the Public Debt
 - 21.5.3.4.16.4 Taxpayer Request IRS Preparation of Return
 - 21.5.3.4.16.5 Timely Filed Blank Return
 - 21.5.3.4.16.6 Taxpayer Inquiries Requiring Referral to Other Functions
 - 21.5.3.4.16.7 Identifying Frivolous Returns/Correspondence and Responding to Frivolous Arguments
 - 21.5.3.4.16.8 Renegotiation of Government Contracts
 - 21.5.3.4.16.9 Receipt of Deposits
 - 21.5.3.4.16.10 Request for a Return of Deposit
 - 21.5.3.4.16.10.1 How to Identify a Deposit on the Tax Module
 - 21.5.3.4.16.10.2 When Not to Return a Deposit
 - 21.5.3.4.16.10.3 Honoring Request for Return of Deposits
 - 21.5.3.4.16.11 Non-Negotiable Remittances
 - 21.5.3.4.16.12 Late Election by Real Estate Professionals - Revenue Procedures 2011–34
 - 21.5.3.4.17 Amended Economic Impact Payment (EIP) Return
 - 21.5.3.4.18 Electronically Filed Amended Returns
 - 21.5.3.4.18.1 Direct Deposit for Amended Returns
 - 21.5.3.4.18.2 Electronically or Paper Filed Amended Returns with Taxpayer Protection Program (TPP) Involvement
 - 21.5.3.4.18.3 Electronically Filed Amended Returns with Potential Withholding Mismatch TC 971 AC 123
 - 21.5.3.4.18.4 Electronically Filed Amended Returns with Potential Bogus EIN/False Income TC 971 AC 123
 - 21.5.3.4.18.5 Electronically Filed Amended Returns for Full Year Prisoners TC 971 AC 123

Exhibits

- 21.5.3-1 Claim Processing with Examination Involvement
- 21.5.3-2 Examination Criteria (CAT-A) – General

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- 21.5.3-3 Examination Criteria (CAT-A) – Credits
21.5.3-4 Fraud Referral Claims

21.5.3.1
(10-01-2025)
Program Scope and Objectives

- (1) **Purpose:** This IRM contains the guidelines for identifying claims and the processing steps necessary to complete the case and the required taxpayer notification. Claims are usually filed on Form 1040-X, Amended U.S. Individual Income Tax Return, Form 1120-X, Amended U.S. Corporation Income Tax Return, Form 843, Claim for Refund and Request for Abatement, Form 8849, Claim for Refund of Excise Taxes, or one of the Form 94XX series returns, but may be made in an informal written inquiry. Accounts Management (AM) expedites the resolution of all disaster claims. Claims include:

- Claims for Credit
- Claims for Refund
- Requests for Abatement

Note: When working a Form 843 submitted for Form 1042-S, see IRM 21.8.1.12.14.1, Claims for Tax Withheld at Source, and/or IRM 21.8.2.12.2.2, Claims for Tax Withheld at Source.

Note: If Form 843 is only requesting reasonable cause then refer to IRM 20.1.1.3, Criteria for Relief From Penalties. Requests for reasonable cause abatement do not fall under IRC 6404(e)(1) criteria.

- (2) **Audience:** The primary users of this 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 (PPI) is the program owner of this IRM.
- (5) **Primary Stakeholders:** The primary stakeholders are organizations that AM 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 concerning general claims
 - Efficiency in resolving general claims
 - Continuous assessment for program vulnerabilities and opportunities for improvement
 - Effective communication with customers
 - Ensure data accuracy for accurate filings and compliance with tax laws.
 - Protecting federal tax information (FTI) related to a taxpayer's claim for refund or abatement, often including personally identifiable information (PII).

The *FY2025 Program Letter and Operating Guidelines* provides additional information regarding these and additional program goals.

21.5.3.1.1
(09-07-2017)
Background

- (1) Employees in the AM organization respond to phone calls as well as process amended returns, claims, duplicate filed returns, loose forms, correspondence, etc., and address all other internal adjustment requests.

21.5.3.1.2
(10-01-2019)
Authority

- (1) Refer to IRM 1.2.1.13, Policy Statements for Customer Account Services Activities, for information.
- (2) 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 additional information about the TBOR, see *Taxpayer Bill of Rights*.

21.5.3.1.3
(10-01-2021)
Roles and Responsibilities

- (1) The Chief, Taxpayer Services oversees all policy related to this IRM which is published annually.
- (2) The Accounts Management Director oversees the instructions to the employees contained in the IRM content.
- (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 general claims procedures.
- (5) Employees resolve general claims requests following procedures in this IRM.

21.5.3.1.4
(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. For reports concerning quality, inventory, and aged listings, refer to IRM 1.4.16, Accounts Management Guide for Managers. The overage report can be viewed by accessing Control Data Analysis, Project PCD, and are on the Control-D/Web Access server, which has a login program control.
- (2) **Program Effectiveness:** Program effectiveness is determined by Accounts Management's employees successfully using IRM guidance to perform necessary account actions and duties. The following are used to ensure program effectiveness:
 - National Quality Review System (NQRS)
 - Centralized Evaluative Review (CER)
 - Managerial Reviews
- (3) **Annual Review:** Review the processes included in this manual annually to ensure accuracy and promote consistent tax administration. This may be included under responsibilities for a manager.

21.5.3.1.5
(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

Acronym	Definition
AMS	Account Management Services
CII	Correspondence Imaging Inventory
CFOL	Corporate Files on Line
CR	Contact Representative
DLN	Document Locator Number
ICT	Image Control Team
MeF	Modernized e-File
RICS	Return Integrity and Compliance Services
RPD	Return Processable Date
RRD	Return, Request, Display Application
TE	Tax Examiner
TPI	Taxpayer Initiated Inquiry
TPP	Taxpayer Protection Program
TS	Taxpayer Services
FTI	Federal Tax Information
PII	Personally Identifiable Information

21.5.3.1.6
(10-01-2025)
Related Resources

- (1) Related resources for this IRM include (list is not all inclusive):
- *Taxpayer Services - 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)
 - IRM 4.19.16, Claims
 - IRM 25.6.1.10, Claims, Abatements and Refunds
 - *Correspondex Letters*

21.5.3.2
(02-02-2024)
What Are Claims for Credit, Refund, and Abatement?

- (1) A claim is a request for refund, or a request for an adjustment of tax paid or credit not previously reported or allowed. This includes protective claims and requests for abatement of interest/penalty.
- Formal claims are generally submitted on the appropriate income tax return, such as

- Form 1040, U.S. Individual Income Tax Return, or
 - Form 1040-X, Amended U.S. Individual Income Tax Return, or on Form 843, Claim For Refund and Request for Abatement.
 - An informal claim is a claim that is submitted in a manner other than on the standard forms requesting changes to obtain the correct and accurate reflection of a tax liability or tax credit. Under limited circumstances, informal claims can also include oral statements made by the taxpayer if the IRS has documented those statements in writing.
- (2) **Claim for refund:**
- Can be an amended return or written request that decreases tax, decreases a penalty, and/or increases a credit where all or a portion of the prior tax and disputed penalty assessments have been paid, and a refund is requested.
 - Must involve overpayments. A claim for refund may relate to any item of income, loss, exclusion, deduction or credit involving a specific amount of tax and/or penalties. To request a refund or credit of an overpayment, a taxpayer must file a valid claim for refund prior to the Refund Statute Expiration Date (RSED).
- (3) **Abatement request:**
- Can be an amended return or other written request that decreases tax, decreases a penalty, and/or increases a credit claimed on the return and results in the reduction of the module balance.
 - Taxpayers who have an unpaid module balance, but believe their assessed liability exceeds the correct amount, can file an amended return or other request for abatement. A request for abatement results in an accounting decrease in an assessed tax and/or penalty liability that remained unpaid.
- Caution:** If a request for abatement is filed and the module balance becomes partially or fully paid at a later date, continue to treat it as a request for abatement unless a new, timely claim for refund is filed.
- (4) The Internal Revenue Code (IRC) does not provide a specific right for a taxpayer to file a claim for abatement. However, IRC 6404(a) authorizes IRS to abate the unpaid portion of any assessment which is:
- Excessive in amount,
 - Assessed after the expiration of the applicable limitations period, or
 - Erroneously or illegally assessed.
- Exception:** Specific rules apply to requests for interest abatement. See IRC 6404(e), Treas. Reg 301.6404-2, and IRM 21.5.2.4.10.1, Ministerial/Managerial Interest Abatement, for additional information on a request for interest abatement.
- (5) **Claims do not include:**
- Requests for adjustments that increase the balance on an account, such as tax increases or credit decreases. See IRM 21.5.3.4.1, Tax Increase or Credit Decrease Processing, for additional information.

- Requests to correct math errors. Refer to IRM 21.5.4.4.3, Processing Responses to Math Error Notices, for information on resolving math error replies.
 - IRS-initiated adjustments.
 - Tentative refunds on Form 1045, Application for Tentative Refund, and Form 1139, Corporation Application for Tentative Refund, are not claims for refund and do not have appeal rights. See IRM 21.5.9.5.16.4, Carryback Application with Exam Criteria.
- (6) Form 8379, Injured Spouse Allocation, is not a separate claim, but instead is the avenue used by the non-debtor spouse to provide additional information regarding their share of the overpayment shown on a jointly filed original tax return, Form 1040, U.S. Individual Income Tax Return, or a jointly filed amended return, Form 1040-X, Amended U.S. Individual Income Tax Return. There is no separate statutory deadline by which to request the allocation of separate interests in a joint refund. The request must either be made with a timely claim or, if submitted separately, be made within the IRC 6511 period applicable for that year (generally 3 years from the due date of the original return (including extensions) or within 2 years from the date the tax was paid, whichever is later, but note that there are numerous exceptions which extend the IRC 6511 period). See IRM 21.4.6.5.4.10, Time Period for Submitting Form 8379, for additional details.

21.5.3.3
(10-01-2025)
**General Claims
Research**

- (1) There is no independent section on research. Research steps are provided in the specific processing procedures. Also, refer to IRM 21.5.3.4, General Claims Procedures, for additional research information.
- (2) Taxpayers have the right to quality service, which means they have the right to receive prompt, courteous, and professional assistance in their dealings with the IRS. Verify all information about a taxpayer with that taxpayer, as well as other relevant sources, to the greatest extent possible before taking adverse action based on that information. Only collect what you need, no more, no less. Notify taxpayers before final action to the greatest extent possible.
- (3) Refer taxpayers to the Taxpayer Advocate Service (TAS) by submitting Form 911 Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance Order), or e-911 when you cannot resolve the taxpayer's issue the same day and case meets TAS criteria as outlined in IRM 13.1.7, Taxpayer Advocate Service (TAS) Case Criteria. The definition of "same day" is within 24 hours. "Same day" cases include cases you can completely resolve in 24 hours, as well as cases in which you have taken steps within 24 hours to begin resolving the taxpayer's issue. Do not refer "same day" cases to TAS unless the taxpayer asks to be transferred to TAS and the case meets TAS criteria. Refer to IRM 13.1.7.5, Same Day Resolution by Operations. When referring cases to TAS, use Form 911 (or Form e-911), Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance Order), and forward to TAS.
- (4) It is important that all IRS employees handle potential TAS cases with the taxpayer's best interest in mind. Provide the Taxpayer Advocate Service (TAS) toll-free number, 877-777-4778 or TTY/TDD 800-829-4059, to the taxpayer and advise the taxpayer that TAS is available if they are not satisfied with the service received. For additional information, refer to IRM 21.1.3.18, Taxpayer Advocate Service (TAS) Guidelines.

- (5) If you receive a call regarding a Form 94XX claiming the Employee Retention Credit (ERC), see paragraph (5) in IRM 21.7.2.7.2, Employee Retention Credit (ERC).

21.5.3.3.1
(10-01-2025)

Locating Amended Returns (Form 1040-X)

- (1) Submission Processing (SP) controls amended returns (Form 1040-X, Amended U.S. Individual Income Tax Return) on IDRS.

Reminder: Follow IRM 21.4.1.4, Refund Inquiry Response Procedures, and IRM 21.5.6.4.2, -A Freeze, for answering Form 1040-X status inquiries. Processing time frames for amended returns is up to 16 weeks from the received date. Refer to the *Where's My Amended Return?* page on IRS.gov.

Exception: Refer to (3) in IRM 21.4.1.4.1.1, Return not Found. If the taxpayer filed their amended return more than 16 weeks prior to the date of the inquiry and there is no indication of receipt, apologize for the delay and advise the taxpayer to refile the amended return.

Note: Taxpayers have the option to electronically amend 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) are automatically segmented between SP and AM. The amended return documentation is reviewed via the MeF Return Request Display (RRD) application. Employees can identify which return on RRD contains the amended return documentation by locating the document with a literal "A" in the DLN column. Refer to IRM 21.2.1.22, Modernized e-file (MeF/TRDB), and IRM 21.2.2.4.4.9, Modernized e-File Return Request Display (RRD), for additional information.

- (2) SP controls the Form 1040-X to a specific group's IDRS number until the case is adjusted or routed by the SP Tax Examiner. See IRM 3.11.6.3, Controlling CII Cases on the Correspondence Imaging Inventory (CII) System, for specific group IDRS numbers and non-referral information. SP inputs a Transaction Code (TC) 971 and Action Code (AC) 120 as part of the process.

Note: The definition of the action code 120 reads: "Amended return/claim in Submission Processing." Advise the taxpayer to send in a newly signed copy of their Form 1040-X with evidence of original filing of the form, if no additional actions have been taken following a TC 971 AC 120, and it has been more than 16 weeks since the date of the TC 971 AC 120.

Note: A TC 971 AC 120 and TC 971 AC 010 is automatically input when an electronic amended return is accepted, and AMS has created a case. Cases assigned to SP can be identified by Control Base Category Codes **MEFP** and **MEFS**.

Exception: Balance due returns generally post in cycle 22. Allow an additional 3 cycles, from the posting of the TC 150, for the amended return to be processed. If the additional time has elapsed, send a Form 4442 to Submission Processing to expedite the processing of the amended return.

- (3) If the SP Tax Examiner (TE) routes the Form 1040-X to another function, the SP TE enters TC 971 with the appropriate AC (e.g., 971(012) - forwarded to Collections, 971(013) - forwarded to Examination, 971(015) - forwarded to Underreporter/AUR). SP closes the open control using category code MISC.
- (4) If the Form 1040-X is missing forms, schedules, signature or other information, the Form 1040-X is returned to the taxpayer with the appropriate "C" letter or Form 8009-A, We Need More Information to Process Your Amended Return. The account reflects a TC 971 and AC 270. The date of the AC 270 is the date the action occurred returning the Form 1040-X. If three weeks have passed from the date of the AC 270 and the taxpayer has not received the rejected form, inform the taxpayer to refile the completed amended return. A completed Form 1040-X must include all schedules, forms and signature. SP does not have access to AMS or the Correspondence Imaging Inventory (CII) and does not have the capability of leaving a case note.

Note: If a call reveals a Form 1040-X, DUPF, or similar case whose -A freeze has been lifted but is still unprocessed or incorrect, assign the case to yourself. Correct it on the call when possible; otherwise, request after-call time from your team lead or manager and reopen the case per IRM 21.5.1.5.1, CII General Guidelines (17) and (21).

Note: If the case is out of the CSR's scope, prepare a Form 4442 to the correct department to resolve. The timeframe for referrals is 30 days. Refer to IRM 21.3.5.4, Referral Procedures for further guidance. .

Note: For guidance about incorrect assessments made on the taxpayers account, refer to IRM 21.5.3.4.16.1, Account Adjustments, Administrative Errors.

- (5) The activity field in the IDRS control base contains pertinent information on the status (e.g., SP batch information).
- (6) On cases meeting AM criteria, SP routes the Form 1040-X to the Image Control Team (ICT) for scanning into CII. A TC 971 AC 010 is automatically added by CII when the IDRS control is established.

Note: The definition of the action code 010 reads: 010 Amended return/claim in Accounts Management. Advise the taxpayer to send in a newly signed copy of their amended return if no additional actions have been taken following a TC 971 AC 010, Form 1040-X received by AM, and no open control, no image on CII and it has been more than 16 weeks since the date of the TC 971 AC 120.

Note: A TC 971 AC 120 and TC 971 AC 010 are automatically input when an electronic amended return is accepted, and AMS has created a case. Cases assigned to AM can be identified by Control Base Category Codes **MEFA** (Form 1040-X MeF), **MEFC** (Carryback 1040-X MeF), **MEFI** (International 1040-X MeF) and **MEFR** (International Carryback 1040-X MeF).

- (7) The "Where's My Amended Return" (WMAR) application provides automated online and toll-free telephone services. Advise the taxpayer that the best way to get the most current information about their amended return for the current tax year and up to three prior tax years is by using the "Where's My Amended Return?" (WMAR) application. Access is available online from the home page

on IRS.gov. If the taxpayer does not have access to the internet, WMAR can be accessed by telephone at 866-464-2050 (must use a touch-tone phone). Access is fast, accurate, and available 24 hours a day, 7 days a week from any computer with internet access, and the information provided is specific to each taxpayer who uses the tool. By entering their SSN/ITIN, Date of Birth and Zip Code into the WMAR application, the taxpayer can find out the status of their Form 1040-X Amended Return(s). WMAR is designed to track the status of amended returns as they are processed. This provides the taxpayer with a consistent message and reduces the number of amended return status calls. IDRS transaction codes (TC) (e.g., 971/AC XXX, 29X, 846) are used to update WMAR messages.

- (8) WMAR does NOT provide the status of Form 843 Claims, carryback claims (which are filed on a Form 1040-X), an original Form 1040 marked as amended and worked as a CP 36, and amended returns with a foreign address.

21.5.3.4
(01-29-2025)
**General Claims
Procedures**

- (1) This subsection discusses general claims procedures. Always begin by following the procedures for disclosure in IRM 21.1.3, Operational Guidelines Overview.
- (2) The general sequence you follow is:
- Apply rules for disclosure. See IRM 11.3.1, Introduction to Disclosure.
 - Determine if the claim is allowable.
 - Determine if the claim is complete and processable.
 - Determine if special handling or referral to another function is required. Information regarding referrals to other areas can be found in the appropriate issue specific IRMs.

Note: To determine if a claim is received timely, see IRM 25.6.1.6.15, When a Document Is Treated As Filed Under the IRC.

- (3) When a claim is submitted, determine if it is complete. Ensure all the following requirements are met before a claim or amended return is considered complete:
- a. Filed on a permitted form or in an informal written inquiry that includes everything necessary to input a correct adjustment.
 - b. Contains sufficient required information to permit the mathematical verification of the amount shown on the claim.
 - c. Contains the name, address, and Taxpayer Identification Number (TIN) of the taxpayer and is signed by the taxpayer (if a joint return, both taxpayers) or authorized representative under penalties of perjury (also known as the jurat).

Reminder: Do not attempt to secure the return or request additional information from the taxpayer if enough specific information is available with the claim or with the various Integrated Data Retrieval System (IDRS) command codes.

Reminder: Refer to IRM 21.5.1.5.6, Incomplete CII Claims, for additional information regarding CII claims that are incomplete.

- (4) Once the claim is determined to be complete and processable, determine if:

- a. Statute date is still open.

Exception: Taxpayers may still be entitled to a refund on some claims for abatement/refund filed after the normal Refund Statute Expiration Date (RSED). Refer to IRM 25.6.1.10.3.1.2, Submission of Additional Information Necessary to Make a Determination on the Claim After the RSED, for additional information.

- b. There are any freezes on the tax account.

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- c. Examination involvement is evident, such as a -L freeze (Transaction Code 420/424), etc.

Note: For additional Examination information, see Exhibit 21.5.3-1, Claim Processing with Examination Involvement, Exhibit 21.5.3-2, Examination Criteria (CAT-A) – General, and Exhibit 21.5.3-3, Examination Criteria (CAT-A) – Credits.

- d. Taxpayer requests full or partial disallowance.
- e. It is a disaster claim. (AM expedites resolution of all claims marked as disaster).
- f. It is a protective claim. Refer to IRM 21.5.3.4.7.3.1, Processing Protective Claims.
- g. It is a Competent Authority Case. Refer to IRM 21.5.3.4.9, Competent Authority Cases.
- h. A Tax Treaty is involved. Refer to IRM 21.5.3.4.9.1, Refund Claims Under U.S. Tax Treaty Provisions and Special Rules for Canadian Registered Retirement Savings Plans (RRSP) and Registered Retirement Income Fund (RRIF).
- i. The return was prepared under IRC 6020(b).
- j. Taxpayer previously filed an Offer in Compromise that was accepted by IRS. An accepted offer can be identified by a TC 780 with a corresponding TC 604 on each tax module accepted in the offer. If a TC 780 is identified for the tax period listed on the Form 1040-X claim it cannot be considered because the debt was already settled under IRC 7122 when the offer was accepted. Follow the procedures in IRM 21.5.3.4.6.3, No Consideration Procedures.

- (5) Route Third-Party Claims to the appropriate insolvency function. It is IRS's position that third parties not liable for the underlying tax may not file a refund action, see Rev. Rul. 2005-50. However, remedies may be available under IRC 6325(b) and IRC 7426. Third parties may allege:

- a. a payment of another's taxes because the IRS improperly maintained a lien against the third-party's property, or
- b. the taxes were paid under protest, or under compulsion of law, or with notice that the third-party intends to sue to test the validity of the collection, or
- c. any reference to Williams or United States v. Williams, 514 U.S. 527 (1995) or IRC 6325(b)/IRC 7426(a).

- (6) Route Exempt Organization (EO) claims resulting in a refund to the Ogden Campus Examination function for Audit Information Management System (AIMS) input. See IRM 21.7.7, Exempt Organizations and Tax Exempt Bonds, for instructions.
- (7) When a return was prepared under IRC 6020(b), work the case if it involves a duplicate filing condition on a Business Master File (BMF) account. If the case involves an Individual Master File (IMF) account, the case may be worked in AM, Examination, or Compliance Services Collection Operations (CSCO). Refer to IRM 21.5.3.4.10, Returns Prepared Under IRC Section 6020(b) - Substitute for Return (SFR), for more specific information.
- (8) A Form 8379, Injured Spouse Allocation, is filed by the non-debtor spouse to claim their portion of a tax refund. The refund was (or is expected to be) applied to offset a past-due obligation of the debtor spouse, such as a premarital Federal tax debt, State income tax debt, or a non-tax debt such as one due to another Federal agency, child support, or unemployment compensation. Refer to IRM 21.4.6.6.4, Injured Spouse Inquiries, for complete information concerning Injured Spouse procedures.
- (9) Suspend numbered returns (returns with a Document Locator Number) while awaiting the taxpayer's reply to a request for additional information when the return is not complete or processable. If the information was previously requested, and the taxpayer did not reply, DO NOT request the information again.

Example: Missing information can include forms, schedules, signatures, etc.

- (10) Master File (MF) uses the amended claims date field, "AMD-CLMS-DT" to apply the Omnibus Budget Reconciliation Act of 1993 (OBRA) 45 Day Rule. See IRM 21.5.1.4.2.4, Received Date – Determination, to determine the received date of an amended return or claim.
- (11) Unless specifically excluded by separate IRM instructions, input the amended claims date on the CC ADJ54 screen. Make sure the AMD-CLMS-DT field is completed for all overpayment adjustments resulting from claims or amended returns, including the adjustments input by the Code and Edit Function (CC ADJ54–TC 29X and Blocking Series 200–299), regardless of whether the 45-day period is met. See IRM 20.2.4.8.3.2.1, Amended Claims Date Processing, paragraphs (2) and (3) for additional information on the amended claims date.

Note: Generally, a completed CP 09, Earned Income Credit-You May Be Entitled to EIC, CP 08, You May Qualify for a Refund From the Additional Child Tax Credit (ACTC), or CP 27, EIC Potential for T/P Without Qualifying Children, is deemed an IRS-initiated adjustment and does not require the input of an amended claims date.

Exception: Claims do not include requests to correct math errors or other IRS-initiated adjustments. An overpayment adjustment to a tax module involving either a math error or IRS initiated adjustment and a non-math error or IRS initiated adjustment requires the input of two separate adjustments. Refer to IRM 20.2.4.8.3.3, 45-Day Rule and IRS Initiated Adjustments, and IRM 21.5.4.4.3, Processing Responses to Math Error Notices, for additional information.

Exception: **Do Not** use an amended claims date when adjusting cases identified with the notation “Identified by the ERC Strategy Team.”

Exception: When inputting an adjustment on Xmend or REQ54 to release a freeze, **Do Not** use an amended claims date when adjusting cases that results in a 290 for .00, unless credits are added and interest should be paid to the taxpayer.

- (12) When an overpayment results from a claim or amended return and the refund is issued within 45 days of the later of the received date or processable date of the claim or amended return, no interest is allowed from the received date of the claim or amended return to the refund schedule date. Interest is allowed from the credit availability date to the received date of the processable claim or amended return (less the applicable back-off period for computer-generated/systemic refunds). Refer to IRM 20.2.4.8.3.2, 45-Day Rule and Amended Returns and Claims, OBRA 1993, for additional information.

Caution: Interest on an overpayment may be computed from **other than** its availability date when the original tax return was filed late (IRC 6611(b)(3)) or in unprocessable form (IRC 6611(g)). See IRM 20.2.4.5, Delinquent Returns, and IRM 20.2.4.6, Unprocessable Returns.

Exception: Public Law 111–147 (HIRE Act), added IRC 6611(e)(4) to increase the interest-free processing period from 45 days to 180 days on any overpayment resulting from tax deducted and withheld under Chapter 3 (withholding of tax on non-resident aliens and foreign corporations) or Chapter 4 (taxes to enforce reporting on certain foreign accounts) of the Internal Revenue Code. Refer to IRC 6611(e)(4) and IRM 20.2.4.8.4, 180-Day Rule, for additional information.

- (13) When an overpayment results from a claim or amended return and the refund is not issued within 45 days of the later of the received date or processable date of the claim or amended return, interest is allowed from the credit availability date to the refund schedule date (less the applicable back off period for computer-generated/systemic refunds). Refer to IRM 20.2.4.7.5.420.2.4.8.3.2, 45-Day Rule and Master File (Amended Returns and Claims), for additional information.

Caution: Interest on an overpayment may be computed from **other than** its availability date when the original tax return was filed late (IRC 6611(b)(3)) or in unprocessable form (IRC 6611(g)). See IRM 20.2.4.5, Delinquent Returns, and IRM 20.2.4.6, Unprocessable Returns.

- (14) For additional information related to interest free periods related to Net Operating Loss carrybacks, including guidance in figuring the 45-day interest free period, refer to IRM 21.5.9.5.7, Carryback Interest. Refer to the *Carryback 45-Day Interest-Free Charts* to review a current carryback interest-free chart.
- (15) If an amended return is filed changing income and one of the Premium Tax Credit data elements, as shown in IRM 21.6.3.4.2.12.7, Premium Tax Credit (PTC) - Adjusting the Account, are on the module, see IRM 21.6.3.4.2.12.6, Premium Tax Credit Amended Returns.

- (16) If an amended return is filed with Form 8857, Request for Innocent Spouse Relief, do not forward the case to Innocent Spouse (IS). Work the case following normal procedures (inputting adjustment). If a TC 971 AC 065 is not present on the account, fax Form 4442 to the Innocent Spouse function stating TC 971 AC 065 is required due to receipt of Form 8857 available on CII.

21.5.3.4.1
(10-01-2025)

**Tax Increase or Credit
Decrease Processing**

- (1) If the amended return requests a tax increase or credit decrease and:
- It is within 90 days (from today) of the Assessment Statute Expiration Date (ASED) or the ASED has expired, see IRM 25.6.1.5, Basic Guide for Processing Cases With Statute of Limitations Issues, prior to forwarding it to the statute function.
 - More than 90 days (from today) remain on the ASED, only input tax increases or credit decreases upon receipt of an amended return, if you have enough information to process the return. A signature is required for processing. If the case can't be processed due to missing information, follow paragraph 3. If the case can be processed, adjust the account accordingly.

Note: If the amended return reflects a tax increase **and** a credit increase, refer to IRM 21.5.3.4.1.1, Tax Increase and Credit Increase Processing.

Note: If the case meets 25% Omission criteria, follow IRM 25.6.1.9.5.3, 25% Omission, for further guidance.

- If it is an IRC 965 case and the account has more than 90 days (from today) remaining on the ASED, reassign the case, per *SERP - AM Site Specialization Temporary Holding Numbers - Who/Where*. If the ASED has expired or is within 90 days (from today), forward the case to the Statute function. For additional information on how to identify cases with IRC 965 involvement, refer to IRM 21.5.13, IRC 965 Transition Tax Procedures – Accounts Management.
- The adjustment to the module, other than an employment tax module, is going to result in a deficiency **AND** there is a posted TC 830 or TC 836 present, **AND** there is a posted TC 150 on the subsequent year, the starting date for computing interest on the deficiency may need to be altered pursuant to Rev. Rul. 99-40. Refer to IRM 20.2.5.7.2, Revenue Ruling 99-40 and Credit Elects (May/Sequa), and IRM 21.5.3.4.14, May Department Store and Sequa Underpayment Interest Issue, for additional information. To ensure Rev. Rul. 99-40 is considered, contact your site's interest coordinator, based on the table below, via Enterprise Electronic Facsimile (EEFAX), for a determination **PRIOR TO** inputting the tax increase and/or credit decrease. Within the EEFAX, complete and attach a *Complex Interest Assistance Request Form* detailing the adjustment and be sure to include the CII case ID number and the literal "Rev. Rul. 99-40" in the subject line of the EEFAX. Monitor the case, **take no further actions** until you receive guidance from the Interest Specialist via secured e-mail, and then attach the returned Complex Interest Assistance Request Form to your CII case and proceed with the necessary adjustment.

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- (2) The case involves a tax increase and/or credit decrease was received after the ASER, refer to paragraphs 9 and 10 in IRM 25.6.1.9.9.1, Procedures for Expedient Assessments. Do not refer or suspend these case types to the statute function.
- (3) If more than 90 days (from today) remain on the ASER and the amended return requests a net zero change (TC 290 for .00), input the adjustment even without all required elements. Advise the taxpayer of the action taken.

Note: If the amended return reflects a tax increase **and** a credit increase, refer to IRM 21.5.3.4.1.1, Tax Increase and Credit Increase Processing.

- (4) Call or write the taxpayer requesting any missing information using the appropriate letter, such as the Letter 178C, Amended (Unnumbered) Return Incomplete for Processing. For further guidance on Letter 178C follow IRM 3.11.6.11.4, Corresponding on Net Refund and Zero-Balance Returns, (Letter 178C). If requesting information using Letter 324C, Amended (Numbered) Return Incomplete for Processing: Form 1040-X, 1120-X follow IRM 3.11.6.11.3, Corresponding on Net Balance Due Returns, (Letter 324C). Refer to paragraphs (1), (3) and (4). Suspend the case for 45 days (70 days for overseas taxpayers). Once the timeframe passes and there is no response, follow no consideration procedures. See IRM 21.5.3.4.6.3, No Consideration Procedures for further guidance.

Caution: Do not follow paragraph 2 in IRM 3.11.6.11.3, Corresponding on Net Balance Due Returns, (Letter 324C). You can not input tax increases without a valid signature.

- (5) If the taxpayer responds, the correspondence is treated as a new case. Link the correspondence to your case that the request for missing information originates. Review the response to assess whether it substantiates the request for missing information and adjust accordingly if appropriate. Advise the taxpayer of the action taken.

21.5.3.4.1.1
(10-01-2025)

Tax Increase and Credit Increase Processing

- (1) If an amended return showing a tax increase and credit increase is received without all necessary information, process using the chart below:

Note: If the statute of limitations is imminent, follow the procedures in IRM 25.6.1.5, Basic Guide for Processing Cases With Statute of Limitations Issues.

Caution: Use a hold code 4 to prevent the release of a refund when inputting a TC 290 to partially or fully disallow a claim **AND** there is a RIVO freeze/ marker holding the original refund.

If ...	And ...	Then ...
1 The amount of the tax increase exceeds the amount of the credit increase (e.g., account balance will increase),	The return is missing information to support the tax increase and all supporting documentation for the credit(s) is available.	<ol style="list-style-type: none"> 1. Input the adjustment. 2. Call or write the taxpayer requesting any missing information. Refer to IRM 21.5.1.5.6, Incomplete CII Claims (2) for additional guidance. 3. Close the case. 4. When the taxpayer responds, associate the missing information with the amended return. <p>Exception: When the return is missing a signature, DO NOT input the adjustment until the missing signature is received. Call or write the taxpayer for a signature. If you can not reach the taxpayer by phone to request the information, refer to IRM 21.5.1.5.6, Incomplete CII claims (10) or (11) for guidance.</p>
2 The amount of the tax increase exceeds the amount of the credit increase (e.g., account balance will increase) OR the amount of the credit exceeds the amount of tax increase (e.g., adjustment results in an overpayment)	The required supporting documentation for the credit(s) is not available,	<ol style="list-style-type: none"> 1. Call or write the taxpayer requesting any missing information. Refer to IRM 21.5.1.5.6, Incomplete CII Claims (2) for additional guidance. 2. When corresponding in writing, suspend the case for 45 days (70 days for overseas taxpayers). 3. If no information is received, input the tax increase only. Do not allow the credit increase. <p>Note: Follow math error procedures, or disallowance procedures as appropriate, when inputting the tax increase. Refer to IRM 21.5.4.4, Math Error Procedures Processing.</p> <ol style="list-style-type: none"> 4. Correspond with the taxpayer explaining the difference in the adjustment using the appropriate letter. See <i>AM Frequently Used IMF Letters</i>.

If ...	And ...	Then ...
3 The amount of the credit increase exceeds the amount of the tax increase (e.g., adjustment results in a refund)	The return is missing information (such as signatures), and all required supporting documentation for the credit(s) is available	<ol style="list-style-type: none"> 1. Call or write the taxpayer requesting any missing information. Refer to IRM 21.5.1.5.6, Incomplete CII Claims (2) for additional guidance. 2. When corresponding in writing, suspend the case for 45 days (70 days for overseas taxpayers). 3. Use hold code 4 to freeze the overpayment. 4. Inform the taxpayer that the adjustment was made and the refund is being held pending receipt of the missing information. 5. When the taxpayer replies, associate the missing information with the amended return and release the refund.
4.: There is a credit increase with no tax increase (e.g., adjustment results in a refund)	The return is missing information (such as signatures), and all required supporting documentation for the credit(s) is available,	<ol style="list-style-type: none"> 1. Call or write the taxpayer requesting any missing information. Refer to IRM 21.5.1.5.6, Incomplete CII Claims (2) for additional guidance. 2. When corresponding in writing, suspend the case for 45 days (70 days for overseas taxpayers). 3. Use hold code 4 to freeze the overpayment. 4. Inform the taxpayer that the adjustment was made and the refund is being held pending receipt of the missing information. 5. When the taxpayer replies, associate the missing information with the amended return and release the refund.

Reminder: For guidance on substantiating federal income tax withheld, refer to IRM 21.6.3.4.2.2, Withholding Credit.

Caution: If the adjustment results in a deficiency AND there is a posted TC 830 or TC 836 present, refer to paragraph “d” within IRM 21.5.3.4.1, Tax Increase or Credit Decrease Processing, before proceeding.

21.5.3.4.2
(05-19-2025)
Tax Decrease or Credit Increase Processing

- (1) Reject incomplete claims or amended returns requesting tax decreases or credit increases, except as outlined in (2) below. Refer to IRM 21.5.1.5.6, Incomplete CII Claims, for additional information on processing incomplete CII claims.

Note: See IRM 21.5.3.4.3, Tax Decrease and Statute Consideration, for tax decreases or credit increases on statute year claims.

- (2) If the amended return is reporting a tax decrease or credit increase comprised of additional income and additional deductions, but does not include the necessary schedules/documentation for the deductions, process the claim as a potential tax increase as follows:

- a. Call or correspond with the taxpayer or their representative for any missing information.
- b. Suspend the case for 45 days (70 days for overseas taxpayers).
- c. If no reply, compute the adjustment for the additional income and input any applicable tax increase.

Note: The tax increase can only be input if math error procedures apply. If math error procedures do not apply, do not input the tax increase without allowing the additional deductions.

- d. Do not allow the deductions shown on the amended return. Follow math error procedures as outlined in IRM 21.5.4.4, Math Error Procedures Processing.
- e. Correspond with the taxpayer explaining the difference in the adjustment.

Note: Refer to IRM 21.5.1.5.6, Incomplete CII Claims, for additional information on processing incomplete CII claims.

Example: Taxpayer files an amended return reporting \$10,000 of additional income and Schedule A deductions of \$15,000. The amended return is missing the necessary Schedule A. Correspond with the taxpayer for the missing Schedule A. If no reply, adjust the account for the \$10,000 of additional income and increase the tax accordingly. Explain the difference in adjustment to the taxpayer.

- (3) Unnumbered claims or amended returns can be returned to the taxpayer with the request for missing information.

Caution: Take extreme care to ensure that only the material relative to the taxpayer(s) to which the correspondence is addressed is enclosed in the envelope. Refer to IRM 21.3.3.4.24, Breaches of Personally Identifiable Information (PII) Caused by Manual Stuffing Errors, for additional information.

Do not return numbered claims or amended returns.

Note: If using a copy of a numbered return to respond to a taxpayer inquiry, or sending a copy back for any reason, make sure the Document Locator Number (DLN) is not visible.

- (4) When rejecting a claim or amended return:

If not returning the claim to the taxpayer

- Use the appropriate "C" letter or Form 8009-A, We Need More Information To Process Your Amended Return, to request the missing forms, schedules, signatures, or other information. See the table below for additional information regarding missing signatures.
- If using the "C" letter to request the missing information and not returning a CII print of the amended return and the claim involves a tax decrease or credit increase follow IRM 21.5.1.5.6, Incomplete CII Claims (10) for further guidance. Make sure the letter is captured. Suspend the case for 45 days (70 if overseas taxpayers). If the taxpayer does not respond within the timeframe, close your case.

- If using the Form 8009-A to request the missing information or including a CII print of the amended return as an attachment to a "C" letter and the claim involves a tax decrease or credit increase IRM 21.5.1.5.6, Incomplete CII Claims (11) for further information.
- Request **all** information necessary to complete the claim or amended return.
- Input a TC 290 for .00 to release the "-A" freeze, if applicable.

Reminder: When inputting an adjustment on Xmend or REQ54 to release a freeze, **Do Not** use an amended claims date when adjusting cases that results in a 290 for .00 unless credits are added and interest should be paid to the taxpayer.

If returning the claim to the taxpayer

- Use the appropriate "C" letter or Form 8009-A, We Need More Information To Process Your Amended Return, to request the missing forms, schedules, signatures, or other information. See the table below for additional information regarding missing signatures.
- Request **all** information necessary to complete the claim or amended return.
- Circle out the received date on the claim or amended return, if the claim is being returned to the taxpayer.
- Input a TC 971, AC 270. Input the current date for the transaction date (TRANS-DT). It is not necessary to input TC 290 for .00 on an IMF account. Input of the TC 971, AC 270, releases the -A freeze on an IMF account. **BMF accounts require the input of a TC 290 to release the -A freeze.**
- If using the "C" letter to request the missing information and not returning a CII print of the amended return and the claim involves a tax decrease or credit increase follow IRM 21.5.1.5.6, Incomplete CII Claims (10) for further guidance. Make sure the letter is captured. If using the Form 8009-A to request the missing information or including a CII print of the amended return as an attachment to a "C" letter and the claim involves a tax decrease or credit increase IRM 21.5.1.5.6, Incomplete CII Claims (11) for further information.

Note: If the original return has not posted, do not return the claim to the taxpayer. Follow the procedures as outlined in IRM 21.6.7.4.2, Locate an Original Return (TC 150). For BMF follow procedures in IRM 21.7.9.4.10, Transcript 190, Amended Return-No Original Posted.

Note: Taxpayers have the option to electronically amend 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. CII cases created by Account Management Services (AMS) does not contain a digital CII image. If a copy of the amended return is sent back to the taxpayer, you need to print the amended return documentation from the MeF Return Request Display (MeF/RRD) application. Any annotations need to be made using the Adobe Acrobat Pro software, and the updated document is saved as a PDF and attached to the 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 annotated document associated with your CII case via a CIS association sheet.

- Suspend the case for 45 days (70 days for overseas taxpayers)
- If the taxpayer does not respond, close your case.

Refer to IRM 21.5.1.5.6, Incomplete CII Claims, for additional information on processing incomplete CII claims.

(5) Missing signature information is shown in the table below:

Note: If a signature is missing due to extenuating circumstances, see IRM 21.5.3.4.4.1, Special Handling of Signature Requests.

Note: It is unnecessary to correspond for signatures on amended 2019 or later Form 1040 and Form 1040-SR MeF filed tax returns, as they were originally accepted through the E-File system.

If ...	And ...	Then ...
1 The signature is missing from a tax return	You are in telephonic communication with the taxpayer or the taxpayer's authorized representative	A faxed signature is acceptable. Offer the taxpayer the option of providing a faxed jurat.
2 The taxpayer is willing to provide a faxed signature Note: Refer to IRM 21.1.3.9, Mailing and Faxing Tax Account Information, for additional information regarding faxes.		<ol style="list-style-type: none"> 1. Validate that you are speaking to the taxpayer or the taxpayer's authorized representative. Follow the normal disclosure procedures as discussed in IRM 21.1.3.2, General Disclosure Guidelines, and in IRM 21.1.3.3, Third Party (POA/TIA/F706) Authentication. 2. Advise the taxpayer the faxed signature is treated as the taxpayer's signature, and becomes a permanent part of the tax return. 3. Fax a print of the IDRS Letter 12C, selective paragraph "r" (jurat) to the number provided by the taxpayer. Notate on the Letter 12C print, the form number, tax period, taxpayer's name from the return or claim, and the TIN. 4. Give the taxpayer your fax number
3 The taxpayer signs and returns the jurat		Attach/associate the faxed jurat statement to the claim or amended return.

21.5.3.4.3 (10-01-2025)

Tax Decrease and Statute Consideration

- (1) Take care when processing statute year claims to prevent erroneous abatements and to prevent the generation of RSED-STAT transcripts. Details regarding the 2 and 3-year time frames for submitting a claim are referenced in IRM 25.6.1.10.3.3.2, Limitations on the Amount of a Claim.

Note: For IRC 965 cases reporting a tax decrease on a statute year, reassign the cases to the applicable IRC 965 (IMF or BMF) IDRS holding number, per the *AM Site Specialization Temporary Holding Numbers*. For additional information on how to identify cases with IRC 965 involvement, refer to IRM 21.5.13, IRC 965 Transition Tax Procedures – Accounts Management.

- (2) Refer to IRM 25.6.1.10.3.3, Claims for Credit or Refund - General Time Period for Submitting a Claim, for claims or amended returns received after the RSED has expired. Special handling is required for any refund claims (tax decreases or credit increases) received for the tax years 2016 and 2017, where the period of limitation to file claims for credit or refunds were extended.

Note: Per Notice 2023-21, more taxpayers are eligible for credit or refund if they file an amended income tax return for 2019 and 2020. Due to the postponed due dates of July 15, 2020 for 2019 income tax returns, and May 17, 2021 for 2020 income tax returns, taxpayers have three years from the date they filed their original return to claim a credit or refund if their original return was filed by the postponed due dates. See IRM 25.6.1.10.3.3, Claims for Credit or Refund – General Time Period for Submitting a Claim.

Note: Input the claim received date. If both the current date and the RFSCDT are later than the RSED, OVERRIDE-CD S must also be input. See IRM 3.11.6.17.1(9), Processing Statute Cases, for more information regarding input of the RFSCDT on CC ADJ54.

- (3) If additional information is necessary to process a tax decrease/no tax change claim or amended return; and the Refund Statute Expiration Date (RSED) on the account expires within 180 days from today or has expired, but was received prior to the RSED, follow the steps below:
 - a. Call or correspond with the taxpayer and enclose a blank copy of the missing form or schedule.
 - b. Advise the taxpayer that a response is needed within 30 days (60 days for overseas taxpayers).
 - c. Suspend the case for 45 days (70 days for overseas taxpayers).
- (4) If the taxpayer submits the information after the RSED but within 45 days (75 days for overseas taxpayers) of the IRS request, then allow the claim as referenced in IRM 25.6.1.10.3.1.2, Submission of Additional Information Necessary to Make a Determination on the Claim After the RSED.
- (5) If there is no reply or the request for additional information is not received by the requested response date and the **RSED has expired**, disallow the claim. See IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures.
 - a. Send Letter 105C, include appeal rights and the right to file suit.
 - b. Input TC 290 for .00, blocking series 98 or 99, as appropriate and the applicable reason code.

Note: Use blocking series 99 with CC TRPRT or CC IMFOLR/BMFOLR print attached if the original return was filed electronically. Do not use blocking series 98.

- (6) If there is no reply and the **RSED is not expired**, follow the “No Consideration” procedures as outlined in IRM 21.5.3.4.6.3, No Consideration Procedures.

Reminder: If there is a no statute issue stamped on the document, that means that there is no assessment being requested. If an assessment is requested, the statute stamp is good for 90 days from the date stamped.

- (7) If the account has a balance due and there are no payments, credits, and/or offset cycle date payments made during the look-back period, no refund/offset is possible. Even though a refund can't be given, the claim document must be used to input an adjustment that reduces or fully eliminates the balance due.

21.5.3.4.4
(10-01-2025)
**Signature Requirements
for Claims**

- (1) The taxpayer must sign the claim or amended return requesting an adjustment; or include a valid Power of Attorney (POA) pursuant to Treas. Reg. 1.6012-1(a)(5) or Treas. Reg. 301.6402-2(e). An electronically signed, printed or stamped signature on a paper-filed individual amended return is **not** acceptable.
- (2) The IRS accepts a wide range of electronic signatures, however, they must meet all the five core requirements in IRM 10.10.1.3.1, Requirements for Legally Binding Electronic Signatures. For claims that do not meet the requirements in IRM 10.10.1.3.1, Requirements for Legally Binding Electronic Signatures, employees must follow the guidance in IRM 10.10.1.6, Deviating from the e-Signature Policy Requirements to determine the specific interactions that allow for a deviation.
- (3) A hand-printed signature is acceptable. Both spouses must sign if the adjustment relates to a joint return. See IRM 21.5.3.4.4.1, Special Handling of Signature Requests, for exceptions. Refer to the table in IRM 21.5.3.4.2, Tax Decrease or Credit Increase Processing, for acceptance of faxed signatures.

Note: If Form 1040-X isn't signed, however a Form 1040 matching the correct amount column of Form 1040-X is attached and signed, accept the signature and continue processing the return.

- (4) Signature requirements for penalty abatements are referenced in IRM 20.1, Penalty Handbook.
- (5) Internal Revenue Procedure, Rev. Proc. 2005-39, outlines the use of facsimile signatures by corporate officers or duly authorized agents when filing certain employer information returns. The facsimile signature may be in the form of a rubber stamp, mechanical device, or computer software program. The Revenue Procedure includes the following tax forms:
 - Form 94X series, including Form 941X, Form 943X, Form 944X, and Form 945X.
 - Form 1042, Annual Withholding Information Return for U.S. Source of Foreign Persons.
 - Form 8027, Employer's Annual Information Return of Tip Income Allocated Tips.
 - Form CT-1, Employer's Annual Railroad Retirement Tax Return and Form CT-1X.
 - Form 941-SS, Employer's QUARTERLY Federal Tax Return.

For more detailed information, refer to Rev. Proc. 2005-39.

- (6) For signature requirements involving Tax Increase or Credit Processing, refer to IRM 21.5.3.4.1.1, Tax Increase and Credit Processing for further guidance.

21.5.3.4.4.1
(10-01-2025)
**Special Handling of
Signature Requests**

- (1) The following table illustrates procedures to follow when a signature is missing due to extenuating circumstances:

If ...	Then ...
1 One spouse is deceased	<ol style="list-style-type: none"> Surviving spouse may sign and indicate the date of death. The Taxpayer's personal representative, who may or may not be court-appointed, must sign the return. If court-appointed, the personal representative must also attach a court certificate (e.g., letters of administration or letters testamentary) showing they represent the deceased and have the right to sign. If there is no court-appointed personal representative, the person in charge of the decedent's property must sign the return as personal representative. A POA may sign for a deceased taxpayer if they have a court certificate from the municipal government or Register of Wills attesting that the POA may continue to represent taxpayer after death. See IRC 6013(a)(3) and Treas. Reg. 1.6013-1(d) for additional information.
2 Taxpayer is deceased and filing status is other than Married Filing Joint	<p>The Taxpayer's personal representative, who may or may not be court-appointed, must sign the return. If court-appointed, the personal representative must also attach a court certificate (e.g., letters of administration or letters testamentary) showing they represent the deceased and have the right to sign. If there is no court-appointed personal representative, the person in charge of the decedent's property must sign the return as personal representative.</p> <p>Note: If the personal representative is filing a claim for refund on Form 1040-X, Amended U.S. Individual Income Tax Return, or Form 843, Claim for Refund and Request for Abatement, the personal representative must attach Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer</p> <p>. If the court certificate has already been filed with the IRS, attach the Form 1310 with the wording "Certificate Previously Filed" at the bottom of the form.</p>
3 Taxpayer is divorced or separated and filing a claim or amended return requesting a tax decrease for their portion of a refund on a previously filed joint return	<p>Only the spouse who owns or has interest in the refund must sign. Refer to IRM 21.6.1.5.8, Allocating Married Filing Joint Cases.</p>
4 One spouse is a Prisoner of War (POW) or Missing in Action (MIA)	<p>One spouse can sign if a statement attesting to those facts is attached.</p>

If ...	Then ...
5 A claim or amended return is filed to request a refund or credit of tax other than income tax	Only the spouse who owns or has an interest in the refund must sign, unless credit is used as a credit against income tax. Note: This includes claims for overpayments of Excise Tax, Employment Tax, etc.
6 A dependent child cannot sign	The parent or guardian may sign as “parent or guardian of minor child.”
7 A corporate claim is filed	Any of these officers may sign the claim: <ul style="list-style-type: none"> • President • Vice President • Treasurer • Assistant Treasurer • Chief Accounting Officer • Other corporate officer with authority to sign Note: The signature on the claim is evidence that the officer is authorized to sign.
8 A partnership that elected out of the Bipartisan Budget Act of 2015 (BBA) files an amended return.	Any one partner may sign, see IRM 4.31.5.9, Entity Amended Return Statutes.
9 A partnership subject to the BBA files an Administrative Adjustment Request.	The Partnership Representative must sign. See IRM 4.31.9.7.7.1, Basic Requirements for AARs.
10 Taxpayer files a sole-proprietor claim	The owner may sign
11 An exempt organization files a claim	Any of these officers may sign: <ul style="list-style-type: none"> • Executive Director • Director/President • Vice President • Treasurer • Assistant Treasurer • Chief Accounting Officer • Any other officer with authority to sign Note: The signature on the claim is evidence that the officer is authorized to sign.
12 The taxpayer is mentally or physically incompetent.	A court-appointed conservator, guardian, or other fiduciary must sign the return. A court-appointed fiduciary must attach a court certificate showing their appointment as a fiduciary for the taxpayer. If the fiduciary is not court-appointed, the fiduciary must file Form 56, Notice Concerning Fiduciary Relationship.

21.5.3.4.5
(10-01-2025)

**Math and Master File
Verification of Claims
and Amended Returns**

- (1) Master File verification is required on **all** amended returns prior to:
 - Inputting an adjustment
 - Initiating correspondence
- (2) Master File verification requires, but is not limited to, the comparison of the Adjusted Gross Income (AGI-Line 1), Taxable Income (TXI-Line 5), and Total Tax (TC 150 -Line 11) on Form 1040-X, in Column A with CC IMFOL or CC TXMOD.
 - a. If Line 1, 5 and 11, Column A or any combination of these lines does not match CC TXMOD and no math error (MTH-ERR) is present, math verification is required.
 - b. Be sure to consider all adjustments previously made on the account. Work the duplicate or amended return without requesting the original return, if possible.

Caution: The American Rescue Plan Act of 2021 allows the taxpayer to exclude up to \$10,200 (MFJ - \$10,200 for each spouse) of Unemployment Compensation from income for the tax year 2020. Taxpayers may file a Form 1040-X with an incomplete Column A or incorrect Column A due to a systemic recovery performed on these accounts. Refer to IRM 21.6.6.2.47, Unemployment Compensation Exclusion (UCE) due to American Rescue Plan Act (ARPA) of 2021, and the *2020 Unemployment Compensation Exclusion FAQs* found on *IRS.gov* for additional information regarding the exclusion.

- (3) Math verification is required when:

- Column A entries do not match CC TXMOD or CC IMFOL/BMFOL (no math error code is present)
- IMF Amended or Supplemental "G" coded returns must be math verified.

Note: Refer to IRM 21.5.1.4.12, Tolerances, for additional math verification procedures.

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- (4) Math verification includes doing the following:

- a. Verifying the math on the entire Form 1040-X, or other forms used to amend the original figures, including any additional forms, schedules, and worksheets related to the change.
- b. Verifying the taxpayer modified entries using the forms, schedules, and worksheets attached to the claim, taxpayer remarks and/or IDRS research.
- c. Verifying the corrected tax computation.
- d. Verifying any additional taxes (self-employment tax, additional tax on Individual Retirement Account distributions, Schedule H tax etc.,) as reported by the taxpayer are calculated correctly.

- (5) If math verification is required and an error is discovered, re-compute the correct amounts using the information supplied and IDRS research. After "perfecting" the total tax and:
 - a. The difference between the taxpayer's total tax and your recomputed figures. #
 - b. The difference between the taxpayer's total tax and your recomputed figures. Set a math error on the account if the total tax is greater than the taxpayer reported. Refer to IRM 21.5.4.4.1, Setting the Initial Math Error Action, for additional information. #
- (6) Verify all income-based items (e.g., earned income tax credit, additional child tax credit, taxable social security benefits, Schedule A deductions, etc.) on claims involving an income change. Verify any forms, schedules and worksheets that are related to the change.

Exception: Math verification isn't required when the entry is off by a dollar due to rounding, or if the error can be identified as a misplaced entry that results in no difference between the taxpayer's expected refund or balance due and the overall adjustment being made.

Advise the taxpayer of any resulting change. This is not a Master File check or math verification. This **must** be done even if the tax or credit adjustment is

- (7) Request legal interpretation assistance from the Examination Classifiers if a claim cites reliance on a court case, the Internal Revenue Code, Internal Revenue Regulation, Revenue Ruling, Revenue Procedure, or other legal issue, if needed, and written guidance is not already available for the issue. See IRM 21.5.3.4.7, Processing Claims and Amended Returns With Examination Involvement, and IRM 21.5.3-2, Examination Criteria (CAT-A), for additional information.
 - (8) If discrepancies exist between the taxpayer's reported liabilities on an overpaid/amended Form 8697, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts, and the related accounts, the case is automatically eligible for Examination. Route your controlled case to CAT-A Examination Classification. Close your control base on IDRS.
- (1) Review claims and amended returns that are processable to determine if the taxpayer's request is allowable. Unallowable claims and amended returns are disallowed, partially disallowed, or not considered, based upon the facts and circumstances of each case.
 - (2) When reviewing the claim or amended return:

21.5.3.4.6
(04-25-2024)

**No Consideration and
Disallowance of Claims
and Amended Returns**

If ...	Then ...
Issue being considered is not allowable based on law or regulation	<ol style="list-style-type: none"> 1. Disallow the claim 2. Follow procedures in IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures.
<p>Claim or amended return is not filed timely</p> <p>Note: Specific statute information can be found in IRM 25.6.1.5, Basic Guide for Processing Cases with Statute of Limitations Issues</p> <p>, and IRM 25.6.1.10.3.3(3), Claims for Credit or Refund – General Time Period for Submitting a Claim, regarding due dates for tax year 2019 and 2020 returns.</p>	<ol style="list-style-type: none"> 1. Disallow the claim 2. Follow procedures in IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures.
<p>Amended return is filed to decrease the balance due (e.g., does not result in a refund), does not contain adequate explanation or documentation for the adjustment, and meets CAT-A criteria</p> <p>Note: See the information on requests for abatement in (3) below this table.</p>	<ol style="list-style-type: none"> 1. Do not forward to CAT-A 2. Follow the procedures in IRM 21.5.1.5.6, Incomplete CII Claims, and request the missing information.
Examination Classification notifies you to disallow an issue in full or in part on cases referred as CAT-A criteria or for technical advice.	<ol style="list-style-type: none"> 1. Disallow the claim 2. Follow procedures in IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures.
Examination Classification notifies the function to not consider or reject a claim for additional information or documentation	Follow the procedures in IRM 21.5.3.4.6.3, No Consideration Procedures. Also, see IRM 21.5.3.4.7.2, Claims Returned from Exam Classification, and IRM 21.5.3.4.3, Tax Decrease and Statute Consideration.
The issue was previously examined in a tax return or refund claim of the taxpayer and the taxpayer makes a written request for an immediate notice of claim disallowance	Follow the procedures in IRM 21.5.11.21.8.1, How to Determine if Claim Should be Disallowed.

If ...	Then ...
Taxpayer did not respond to a request for missing information	<p>Treat claim as a no consideration and follow procedures in IRM 21.5.3.4.6.3, No Consideration Procedures.</p> <p>Note: If the statute of limitations is imminent or expired, refer to IRM 21.5.3.4.3, Tax Decrease and Statute Consideration.</p>

Caution: Only disallow claims after complete research and all contacts have been made for any missing information.

- (3) A request for abatement is a request for reduction of tax, penalty, and interest that has not been paid. This includes penalty adjustment requests. **Do not follow no consideration procedures and do not deny requests** solely for nonpayment of tax. Process the claims using normal adjustment procedures. If Examination (CAT-A) criteria apply and the request for abatement contains sufficient documentation/explanation to support the adjustment, forward the request to Exam (CAT-A) for consideration.

21.5.3.4.6.1
(10-01-2025)

**Disallowance and Partial
Disallowance
Procedures**

- (1) Actions for inputting the adjustment on **fully disallowed** claims:

- Input TC 290 for .00 with applicable reason code. Refer to Document 6209, IRS Processing Codes and Information, Section 8C, Master File Codes.
- If the original return was filed by paper, use blocking series 98.
- If the original return was filed electronically, use blocking series 99. .

Note: If the original return was filed electronically, use blocking series 99 and attach a CC IMFOLR/BMFOLR print. CII users must utilize the “capture” feature to attach CC IMFOLR/BMFOLR prints. Capture all pages of the CC IMFOLR/BMFOLR print. Do not use blocking series 98.

- Attach a copy of the disallowance letter with the original return, if the copy is returned for association using Form 9856, Attachment Alert.

Note: Copies of disallowance letters forwarded to the Centralized Print Site are not returned for association. These letters are available on Control-D, if needed at a future date.

Note: BMF only uses reason codes for specific types of cases, refer to the appropriate IRM for further guidance, as applicable.

Caution: Use a hold code 4 to prevent the release of a refund when inputting a TC 290 to partially or fully disallow a claim **AND** if there is a RIVO freeze/marker holding the original refund.

- (2) Actions for inputting the adjustment on **partially disallowed** claims:

- Input TC 29X for appropriate tax change, along with applicable reason code. See *Reason Codes*, in Document 6209, IRS Processing Codes and Information, Section 8C

Caution: BMF only uses reason codes for specific types of cases, refer to the appropriate IRM for further guidance, as applicable.

- If the original return was filed electronically, use blocking series 00.
- If the original return was filed by paper, use blocking series 18.
- If partially disallowing a claim results in a balance due or zero-balance, send a Letter 105C and input the adjustment following Letter 106C adjustment procedures following the note below:

Note: If partially disallowing a claim that results in the taxpayer receiving a refund, use a hold code 3 and send the taxpayer a Letter 106C stating the changes.

Note: If the original return was filed electronically, use blocking series 00 and CII users must use the “capture” feature to attach CC IMFOLR/BMFOLR prints. Do not use blocking series 18.

Example: If the taxpayer files an amended return that reports a tax increase and a credit increase, but the credit increase was not allowed, the result of the amended return is considered a partial disallowance. The adjustment will create a balance due. Consider any credits on the module when determining if the adjustment creates a balance due.

(3) Send the taxpayer a disallowance letter for fully disallowed or partially disallowed claims:

- Letter 105C, Claim Disallowed, is used for fully disallowed claims.
- Letter 106C, Claim Partially Disallowed, is used for partially disallowed claims **except** Letter 105C is used if partially disallowing a claim results in a balance due or zero-balance.

For further guidance processing statute disallowances, follow IRM 3.11.6.17.1, Processing Statute Cases.

- Other disallowance letters are used as applicable or as identified in the subject specific IRM.

Example: Letter 3477C, Interest Suspension Provisions Under IRC 6404(g), is used for interest suspension claims under IRC 6404(g). Letter 3010C, Full Disallowance of Interest Abatement Request with Appeal Rights, Letter 3022C, Disallow (Partial) Interest Abatement Request, Letter 3180C, Interest Abatement Full Disallowance - Final Determination, or Letter 3181C, Interest Abatement Partial Disallowance - Final Determination, are used for interest abatement cases under IRC 6404(e).

- Letters are sent certified or registered mail and include a complete agency address.
- Letters must contain the specific reason for the disallowance of the claim for refund or request for abatement as well as the claim amount.

Note: If the claim is being disallowed due to statute issues, the disallowance letter must include the received date of the original/ amended return or postmark date of the envelope and the date the claim should have been filed to be considered timely for the specific tax year.

Note: This explanation is required under IRC 6402(l), which states, “In the case of a disallowance of a claim for refund, the Secretary shall provide the taxpayer with an explanation for such disallowance.”

- An IRC section, if provided by Examination, is cited.
- Use the appropriate signature title for your Director. See *SERP - Correspondence Signature Codes - Who/Where*.
- **When disallowing claims for refund, the letter must include appeal rights and the right to file suit.** See IRM 21.5.3.2, What are Claims for Credit, Refund and Abatement? for information regarding claims for refund.
- **When disallowing a request for abatement, the letter must include appeal rights and information about the actions required in order to file suit.** See IRM 21.5.3.2, What are Claims for Credit, Refund and Abatement?, for information regarding requests for abatement. When disallowing a request for abatement the letter, provide information to the taxpayer that they can pay the tax they owe and file a claim for refund generally within 3 years from the date the return was filed, or 2 years from the date the tax was paid, whichever is later. Use the following paragraph when disallowing a request for abatement using Letter 105C or Letter 106C:
If you disagree with our determination and want to file a suit in court, you must first pay the tax you owe and then file a claim for refund. Your claim must generally be filed within 3 years from the date you filed your return or 2 years from the date you paid your tax, whichever is later.

Exception: For interest abatement cases, first send a full or partial disallowance (Letter 3010C for full disallowance or Letter 3022C for a partial disallowance) including appeal rights only. If no appeal is taken from Letter 3010C or Letter 3022C, send, by certified mail, a Notice of Final Determination Letter 3180C (full disallowance) or Letter 3181C (partial disallowance), which includes the right to file suit. IRC 6404(h)(1)(A) provides that a taxpayer can file a petition with the Tax Court at any time after the earlier of the date IRS mailed its final determination not to abate interest, or the date which is 180 days after the taxpayer filed its claim for abatement. IRC 6404(h)(1)(B) provides that a petition cannot be filed later than 180 days after IRS mailed its final determination.

If using CII, save the PDF (105C/106C letter) and attach it to the case with the Attach File button on the actual tax period involved, instead of capturing the “request completed” screen. See IRM 21.5.1.5.1, CII General Guidelines, for additional information. Be advised that the current date (date input) is displayed on the PDF print of the 105C/106C letter. This date is not the date on the letter issued to the taxpayer. If you need to determine the date on the letter, use the taxpayer’s copy,

the copy attached to the disallowance DLN, or the copy that is accessible on Control D.

Attach a copy of the disallowance letter with the original return, if the copy is returned for association.

Note: Copies of disallowance letters sent to the Centralized Print Site are not returned for association. These letters are available on Control-D, if needed at a future date.

21.5.3.4.6.1.1
(11-29-2024)

- (1) The following procedures apply when it is necessary to disallow a claim prior to the posting of the taxpayer's original return:

**Disallowance
Procedures When the
Original Return Has Not
Posted**

If ...	And ...	Then ...
1 Original return has not posted	Normal processing time has elapsed	Request a signed copy from taxpayer.
2 Return does not post	You cannot secure a copy from taxpayer	IMF – Refer to IRM 21.6.7.4.2, Locate an Original Return (TC 150). BMF – Refer to IRM 21.7.9, BMF Duplicate Filing Conditions, for CP 190 procedures.
3 Signed copy is received	No TC 150 posted	Verify the entity information and process the copy as an original return.
4 Original return has not posted	Normal processing time has not elapsed,	1. Input TC 930 to file the claim or amended return and the disallowance letter. Refer to IRM 21.5.1.4.4.2, TC 930 Push Codes, for additional information. 2. When the return posts, the original return and the disallowed claim or amended return and letters are returned to the originator for input of the TC 290 for 00.
5 Claim is not related to a specific tax return	Claimant is not required to file an income tax return	1. Input TC 290 for .00. 2. Use Blocking Series (BS) 44 (IMF is MFT 30, BMF is MFT 02) to file these claims. See IRM 4.24.22.4.5, Form 8849, Claim for Refund of Excise Taxes, for Form 8849, Claim for Refund of Excise Taxes, procedures.

Note: Refer to IRM 21.4.1.4, Refund Inquiry Response Procedures, (3) for timeframes.

21.5.3.4.6.2
(10-01-2025)

**Appeals and Responses
to Letter 105C and Letter
106C**

- (1) A response to Letter 105C, Claim Disallowed, and Letter 106C, Claim Partially Disallowed, is treated as a new case using the guidelines in this subsection.
Note: If the taxpayer calls in regarding their 105C/106C response, provide the 120-day appeal timeframe per the Independent Office of Appeals (Appeals).
- (2) If the taxpayer is confused and asking questions, attempt to resolve before continuing.

If ...	And ...	Then ...
1 Taxpayer resubmits the same claim or resubmits a claim without new or additional information	Does not request an appeal	Review the claim to make sure it was disallowed appropriately. If it was incorrectly disallowed or documentation, such as IRPTR, etc., is now available to substantiate the claim as originally submitted, follow normal adjustment procedures. If there is no information to allow the claim, close the case as a no consideration. Follow the procedures in IRM 21.5.3.4.6.3, No Consideration Procedures.
2 Taxpayer sends additional information	Determination can be made to allow the claim Note: An original return with a math error is not a claim.	Follow normal adjustment procedures.
3 Taxpayer sends additional information	Determination cannot be made to allow the claim	Do not send another disallowance letter. Follow the procedures in IRM 21.5.3.4.6.3, No Consideration Procedures, and explain what additional information is needed to make a determination. Exception: If disallowance was advised by Examination Classification CAT-A.

#

If ...	And ...	Then ...
4 Taxpayer resubmits the same claim or resubmits a claim without new or additional information and a determination cannot be made to allow the claim	Submits a statement requesting an appeal, where no prior Appeals consideration was made and was not previously closed with finality.	<ol style="list-style-type: none"> As of June 1 2025, the new paperless appeals initiative will allow Taxpayer Services to submit a case to Appeals electronically by accessing the Electronic Case receipt Share Point site. CSR's must ensure the taxpayer's original disallowed claim and the taxpayer's original return (or return print), copy of disallowance letter, and taxpayer's statement of appeal are included in the package forwarded to Appeals. Note: A copy of the disallowance letter may be obtained from Control-D, if it is not with the information submitted by the taxpayer or attached to the disallowance DLN. If unable to obtain a copy of the letter, document all attempts to secure letter prior to forwarding to Appeals. CSR's must submit appeals packets to their lead or manager for review. Inform the taxpayer when case is sent to an Appeals office. Refer to IRM 21.3.3.4.2.1, Use of 86C Letter - Referring Taxpayer Inquiry/Forms to Another Office. Note: Do not refer the taxpayer to the Appeals Customer Service Line unless the taxpayer's case has previously been forwarded to Appeals. Taxpayer account research (e.g., IDRS, AMS, and/or CII) is necessary to determine if the case has been forwarded. Note: Do not refer the case back to Appeals if the taxpayer resubmits a claim without new or additional information AND you can determine the initial disallowance was correct. Send a letter to the taxpayer telling them the same claim was previously submitted. Only leads or managers send the completed Appeals packets to the Campus Appeals Coordinator at their appropriate campus/directorate. Notate the case was reviewed for completeness on the CII case. Appeals coordinators can be found at: <i>Campus Appeals Coordinators</i>. The Campus Appeals Coordinator must refer to the SHOTS video, <i>Appeals Electronic Case Receipts</i>, for guidance on submitting appeals packets.

If ...	And ...	Then ...
		<p>7. The Campus Appeals Coordinator transfers the case to Appeals by accessing the Appeals Electronic Case Receipts SharePoint site at: <i>Electronic Case Receipts</i>. The Campus Appeals Coordinator must take the following actions:</p> <ul style="list-style-type: none"> • Select Add New Electronic Case Receipts. • Select the appropriate Business Unit from the drop down list. Select either “Campus Claims International” or “Campus Claims All Others” in the Type of Case field. • Input the taxpayer name, TIN, MFT(s), and tax period(s) being appealed. <p>Note: The MFT and Tax Period fields permit multiple entries for the same taxpayer.</p> <ul style="list-style-type: none"> • Input the requestor’s name or SEID in the Requestor field and then select that name in the pop-up box so the Requestor, Email, Telephone, and POD fields auto-populate. • Click Add Attachment and use the Choose File button to browse and select the case file contents to be uploaded. <p>Note: Files selected for upload should be in PDF format. Each file should not exceed 25 pages. While the size of files is limited to 25 pages, penalty appeals coordinator(s) may attach and upload an unlimited number of files. Click the Submit button when all information has been input and all files necessary to work the case have been added as attachments.</p> <p>Note: It is important that only Campus Appeals coordinator(s) submit cases through the Appeals Electronic Case Receipts SharePoint site as they are most familiar with the documents that need to be transmitted to Appeals. Cases that are sent to Appeals without all necessary documents or control bases must be returned by Appeals as premature referrals with jurisdiction released.</p> <p>Caution: Do not route cases to Appeals through CII.</p> <p>Note: See IRM 20.1.1.4, Methods of Appealing Penalties, for penalty appeal procedures.</p>

- (3) Form 94XX cases reflecting Employee Retention Credit (ERC) adjustment requests are being released to be worked by AM after having been analyzed by Research, Applied Analytics & Statistics (RAAS). These cases must be delivered to AM with instructions on how the ERC portion of the claim or adjustment is to be handled. For claims with Employee Retention Credit (ERC) criteria that have been partially or fully disallowed, see IRM 21.7.2.7.11, Replies to 105C Disallowance and 106C Partial Disallowance Letters issued disallowing ERC claims.
- (4) For Employee Retention Credit (ERC) claim guidance on COVID-19 related employment tax credits and other administrative tax relief applicable to employment taxes, see IRM 21.7.2.7, COVID-19 Related Employment Relief.

21.5.3.4.6.3
(01-29-2025)
**No Consideration
Procedures**

- (1) Send the taxpayer a “no consideration” letter.
 - Letter 916C, Claim Incomplete for Processing; No Consideration, is used for “no consideration” or rejected claims.
 - **Letter must advise the taxpayer why the claim is not being considered.**
- (2) If the case is suspended for missing information or needing additional information and no reply is received, treat the case as a no consideration and issue a Letter 916C.
- (3) Input a TC 290 for .00 with the reason code(s) for the items being claimed. Refer to IRM 21.6.7-1, Reason Codes, for additional information on reason code literals. Input the adjustment using the *appropriate blocking series*. Do not use blocking series 98 or 99. Refer to IRM 21.6.7.4.1.2, Source Code (SC), to determine the appropriate Source Code. Capture the 916C letter on CII. If there is a credit on the account, use a hold code 1 or 4 so the credit does not refund out.
- (4) Refer to *Document 6209* for further guidance on Source Codes, Reason Codes, Hold Codes and Priority Codes.
- (5) Input blocking series 15 (or blocking series 00 if the original return is attached) when a Form 94XX is being “no considered”. Refer to IRM 21.7.2.4.4, Adjusted Employer’s Federal Tax Return or Claim for Refund for further guidance.

Note: BMF only uses reason codes for specific types of cases, refer to the appropriate IRM for further guidance, as applicable.

21.5.3.4.7
(10-01-2025)
**Processing Claims and
Amended Returns with
Examination
Involvement**

- (1) Review all claims and amended returns for Examination involvement. Exam involvement may include:
 - An open Transaction Code (TC) 420 or an open “-L” freeze – see (5) below.
 - Category A (CAT-A) criteria as outlined in Exhibit 21.5.3-2, Examination Criteria (CAT-A) – General.
 - Category A (CAT-A) criteria as outlined in Exhibit 21.5.3-3, Examination Criteria (CAT-A)- Credits.
 - Both an open TC 420 and CAT-A criteria.

Refer to Exhibit 21.5.3-1, Claim Processing with Examination involvement, for additional details regarding the processing of claims with Examination involvement.

- (2) If the claim or amended return contains CAT-A criteria and the -L freeze not present or -L freeze with AIMS status of 08 or less or 90, refer to CAT-A classification.

Note: Whenever possible, multiple claims from the same taxpayer should be handled by the same employee and referred to Exam at the same time. If using Correspondence Imaging Inventory (CII), link the different cases prior to referring and indicate “**same issue-multiple years**” or some similar designation.

- (3) AM retains an open control in background (B) status on all cases referred to Examination. Update the activity code to **CAT-A** to identify the location of the claim and status.

Note: If using CII, the case is automatically recontrolled to Examination and placed in suspense status until returned from Examination or automatically purged from the Examination queue. No additional contact with Examination is required.

- (4) If the case is being forwarded to Exam (this includes Form 8862, Information to Claim Certain Credits After Disallowance).

- Input TC 971, AC 013, using the received date of the amended return for the transaction date.

Exception: On Command Code (CC) DDBCK “selected” cases, if the account does not contain a TC 971 AC 010, CC DDBCK systemically inputs the TC 971 AC 013. If the account contains a TC 971 AC 010, manually input the TC 971 AC 013 after the claim is returned from Exam Classification, if not present on the account.

- Notify the taxpayer if required as outlined in IRM 21.3.3.4.2.1, Use of 86C Letter - Referring Taxpayer Inquiry/Forms to Another Office.
- Check the appropriate boxes when completing the “Exam Referral Data” section and the “Action” section.

Note: When CC DDBCK indicates “selected,” route to Examination Classification. Indicate that the case was selected through CC DDBCK and an AIMS database has been opened. See IRM 21.6.3.4.2.7.14, Earned Income Tax Credit (EITC) and Command Code DDBCK, for additional information about CC DDBCK. If this case is being handled in CII, see IRM 21.5.1.5.8, Examination Selected Inventory and Command Code DDBCK, for information on routing the case.

- (5) Research IDRS using CCs TXMOD, AMDISA, IMFOLT, and BMFOLT, to determine whether a case is established on AIMS. If the case is under audit, a -L freeze is present. See Exhibit 21.5.3-1, Claims Processing with Examination Involvement, for processing instructions. Follow these procedures even if an open IDRS control base to a CI-FDC campus is present (Do not route to CI).

Exception: Refer to IRM 21.4.6.5.4.11, Injured Spouse Exam, CI and RIVO Cases.

21.5.3.4.7.1
(10-01-2025)
**Claims Sent to
Examination Campus
Classification**

- (6) Refer to IRM 21.7.7, Exempt Organizations and Tax Exempt Bonds, for procedures.

- (1) Sort all claims with Examination criteria received by the Document Perfection Operation (Code and Edit) or Accounts Management (AM) into one of two categories, Category A and Category B (BMF only). For more information of Category B, refer to IRM 21.5.3.4.12, Category B Criteria (BMF Only).

Exception: Refer cases with an open audit to an Area Office.

- (2) Do not send cases to Exam Classification that do not meet CAT-A criteria. For additional information on Category A criteria, refer to Exhibit 21.5.3-2, Examination Criteria (CAT-A) – General, and Exhibit 21.5.3-3 Examination Criteria (CAT-A) – Credits.

Note: Classification of cases meeting CAT-A criteria is outlined in IRM 4.19.11, Examination Classification of Work.

- (3) CAT-A criteria denotes high audit potential. Route complete and timely cases meeting CAT-A criteria to Classification prior to resolution. Before routing the claim to Examination:

- a. Ensure pages one and two of the Form 1040-X or Form 1120-X are complete and contain the required signatures,

Note: Taxpayers have the option to electronically amend 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. It is unnecessary to correspond for signatures on amended Form 1040 and Form 1040-SR MeF filed tax returns, as they were originally accepted through the e-file system.

- b. Attach all needed forms and schedules relating to the claim,

Note: CAT-A criteria is required to be math verified. Employees must attach their math verified worksheets to the claim.

Reminder: If the case is involving Form 7202 refer to IRM 21.6.3.4.2.15, Form 7202, Credits for Sick Leave and Family Leave, for further CAT-A math verification guidance.

- c. Attach CC IMFOL or CC BMFOL transcript(s) for the year(s) involved, if needed, and
d. Forward to the lead or manager for review.

Note: CII processing automatically forwards the case for review.

- (4) The dollar amount in the criteria cited refers to the amount of the tax decrease or credit increase unless otherwise noted.
(5) If the taxpayer calls about an amended return in Exam Classification, refer to IRM 21.4.1.4, Refund Inquiry Response Procedures.

21.5.3.4.7.2
(10-01-2025)
**Claims Returned from
Exam Classification**

- (1) Examination Classification returns claims as **disallowed**, **accepted** or **selected**.

- (2) If CAT-A Classification determines the claim can't be processed as filed (the issue is not allowable) or lacks documentation to properly consider the items, and the claim must be disallowed in part or in full, use the citations of law provided by the classifier and request missing Forms/Schedule/Worksheets (when applicable). Refer to IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures, for additional information. Statute exceptions are outlined in IRM 21.5.3.4.3, Tax Decrease and Statute Consideration.
- (3) When Examination **accepts** a claim, but the amount of the claim is not computed or is computed incorrectly:
 - a. Re-compute the allowable amount,
 - b. Correct if necessary, and
 - c. Advise the taxpayer of any changes to the amount claimed.
- (4) When the Examination Classifier **accepts** (or allows) the claim, do the following:
 - a. Input necessary adjustments.
 - b. Release the TC 470 (if appropriate).

Note: Most adjustments release the TC 470. Refer to Document 6209, IRS Processing Codes and Information, for exceptions.
 - c. Notify the taxpayer the adjustment has been made.
- (5) When the Examination Classifier **selects** a claim, it remains in Examination for an audit. Examination may need to transfer a claim to another office. The Examination site receiving the transfer claim may accept or deny the claim. Claims not selected for audit (e.g., "surveyed") are not routed back to the originating campus.

Note: Refer to IRM 21.5.1.5.8, Examination Selected Inventory and Command Code DDBCK, for information regarding the routing of CC DDBCK selected claims processed through CII.

- (6) Until selected, all claims referred to Examination Classification remain under AM control on CII. The IDRS control base is systemically reassigned to the colocated Campus Exam Classification IDRS number. When a case is selected by Examination or the classifier provides instructions to route the claim, take appropriate actions to close the case (i.e., inputting TC 971, AC 013 using the received date of the amended return for the transaction date, inputting any required letters to the taxpayer as outlined in IRM 21.3.3.4.2.1, Use of 86C Letter - Referring Taxpayer Inquiry/Forms to Another Office, and clicking the Close button on your CII case).

21.5.3.4.7.3
(10-03-2022)

Protective Claims

- (1) Protective Claims may be informal claims, formal claims, or amended returns for credit or refund normally based on expected changes in a:
 - Current Regulation,
 - Pending legislation or,
 - Current litigation.
- (2) Any claim based on a pending court case or decision is considered a Protective Claim. A protective claim can be identified with a literal "protective claim" or similar language or verbiage related to current regulation or pending or current litigation on the claim itself. These claims are filed to protect the claim-

ant's right to recover internal revenue tax before the expiration of the statute of limitations. For this reason, they are all considered to meet CAT-A criteria.

21.5.3.4.7.3.1
(05-05-2023)

Processing Protective Claims

- (1) Send all Protective Claims to Examination Classification. If the claim is processable, Exam Classification must make a determination on the claim.

Note: Prior to forwarding to Examination Classification, ensure the claim is complete and timely.

Exception: For protective claims citing "California v. Texas," "Texas vs. The U.S.," "Fifth Circuit Court & Individual Mandate," "ACA Penalty Relief," "Health Care Penalty," or "Shared Responsibility Payment", do not refer the claim to CAT-A. Refer to IRM 21.5.3.4.7.3.2, Affordable Care Act (ACA) protective claims filed for California et al. v. Texas et al., for additional information on how to process the claim.

- (2) Do not suspend Protective Claims in Accounts Management inventory, unless the claim is being held for additional information to become processable.
- (3) Protective Claims must be processable before sending to Examination Classification. A protective claim:
 - must have a written component;
 - must identify and describe the contingencies affecting the claim;
 - is sufficiently clear and definite to alert the IRS as to the essential nature of the claim;
 - must identify a specific year or years for which a refund is requested.
- (4) Screen all Protective Claims for:
 - Statute timeliness,

Note: Refer to IRM 25.6.1.10.3.3, Claims for Credit or Refund – General Time Period for Submitting a Claim, for additional information.
 - Signatures.
- (5) If the claimed amount of refund is \$1 or some other nominal amount when there is no valid condition, such as some pending event or circumstance, and it is possible to determine the amount of the overpayment with accuracy, then reject the claim using no consideration procedures as referenced in IRM 21.5.3.4.6.3, No Consideration Procedures.

21.5.3.4.7.3.2
(07-27-2022)

Affordable Care Act (ACA) protective claims filed for California et al. v. Texas et al.

- (1) On June 17th, 2021, the Supreme Court issued a decision in California et al. v. Texas et al., a constitutional challenge filed by several states and individuals, to the validity of the Affordable Care Act. The Court dismissed the case on the grounds that the plaintiffs did not have the standing to challenge the law. As a result of the Supreme Court's ruling, IRS does not allow any protective claims for refunds held in suspense. Instead of issuing disallowance notices to all taxpayers who filed these protective claims, the IRS issued a generalized announcement, *IRS Statement — Supreme Court Ruling CALIFORNIA ET AL. v. TEXAS ET AL. and IRS Disposition of Protective Claims for Refund*, informing taxpayers of the disposition of such claims. In FY22, Accounts Management began to perform a mass closure of correspondence cases that were previ-

ously suspended to CAT-A or reassigned to a local IDRS holding number. These cases were automatically closed within the CII application and included a CII case note stating the following: "As a result of the Supreme Court's ruling in California et al. v. Texas et al., IRS does not accept any claims for refund of taxes that rely on legal theories advanced by the plaintiffs in that litigation. Refer to IRS Statement — Supreme Court Ruling CALIFORNIA ET AL. v. TEXAS ET AL. and IRS Disposition of Protective Claims for Refund on IRS.gov for additional information."

- (2) If you have a CII case filed as a protective claim citing "California v. Texas," "Texas vs. The U.S.," "Fifth Circuit Court & Individual Mandate," "ACA Penalty Relief," "Health Care Penalty," or "Shared Responsibility Payment", see the If/Then chart below on how to proceed.

If ...	And ...	Then ...
1 Your claim is a Duplicate Filing or Amended Return	The claim was only filed for the ACA protective claim	<ol style="list-style-type: none"> 1. Release any applicable freeze codes (i.e., – A Freeze) and input the following CII case note: "As a result of the Supreme Court's ruling in California et al. v. Texas et al., IRS will not accept any claims for refund of taxes that rely on legal theories advanced by the plaintiffs in that litigation. Refer to IRS Statement — Supreme Court Ruling CALIFORNIA ET AL. v. TEXAS ET AL. and IRS Disposition of Protective Claims for Refund on IRS.gov for additional information." 2. Close your CII case.
2 Your claim is a Duplicate Filing or Amended Return	The claim filed contains an additional request, unrelated to the ACA claim, that requires consideration (i.e., adjustment to AGI, Credits or Withholding)	<ol style="list-style-type: none"> 1. Follow standard procedures to address the additional concerns and partially disallow the ACA protective claim portion of the claim. Issue a Letter 106C, Claim Partially Disallowed, including the following into an open paragraph. "As a result of the Supreme Court's ruling in California et al. v. Texas et al., IRS will not accept any claims for refund of taxes that rely on legal theories advanced by the plaintiffs in that litigation. Refer to IRS Statement — Supreme Court Ruling CALIFORNIA ET AL. v. TEXAS ET AL. and IRS Disposition of Protective Claims for Refund on IRS.gov for additional information." 2. Refer to IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures, for additional information regarding issuing a Letter 106C. 3. Close your CII case.

If ...	And ...	Then ...
3 Your claim is correspondence	The claim was only filed for the ACA protective claim	<ol style="list-style-type: none"> 1. Input the following CII case note. “As a result of the Supreme Court’s ruling in California et al. v. Texas et al., IRS will not accept any claims for refund of taxes that rely on legal theories advanced by the plaintiffs in that litigation. Refer to IRS Statement — Supreme Court Ruling CALIFORNIA ET AL. v. TEXAS ET AL. and IRS Disposition of Protective Claims for Refund on IRS.gov for additional information.” 2. “Close your CII case. <p>Note: Even if CII issued an interim letter, a closing letter is not required. The IRS statement serves as the formal communication advising the taxpayers of the disposition of their claims.</p>
4 Your claim is correspondence	The claim filed contains an additional request, unrelated to the ACA claim, that requires consideration (i.e., adjustment to AGI, Credits or Withholding)	<ol style="list-style-type: none"> 1. Follow standard procedures to address the additional concerns and partially disallow the ACA protective claim portion of the claim. Issue a Letter 106C, Claim Partially Disallowed, including the following into an open paragraph. “As a result of the Supreme Court’s ruling in California et al. v. Texas et al., IRS will not accept any claims for refund of taxes that rely on legal theories advanced by the plaintiffs in that litigation. Refer to IRS Statement — Supreme Court Ruling CALIFORNIA ET AL. v. TEXAS ET AL. and IRS Disposition of Protective Claims for Refund on IRS.gov for additional information.” 2. Refer to IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures, for additional information regarding issuing a Letter 106C. 3. Close your CII case.

If ...	And ...	Then ...
5 Your case is a response to a previously filed ACA protective claim that was closed		<ol style="list-style-type: none"> 1. Issue a Letter 105C, Claim Disallowed, including the following into an open paragraph. “As a result of the Supreme Court’s ruling in California et al. v. Texas et al., IRS will not accept any claims for refund of taxes that rely on legal theories advanced by the plaintiffs in that litigation. Refer to IRS Statement — Supreme Court Ruling CALIFORNIA ET AL. v. TEXAS ET AL. and IRS Disposition of Protective Claims for Refund on IRS.gov for additional information.” 2. Refer to IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures, for additional information regarding issuing a Letter 105C. 3. Close your CII case.

21.5.3.4.8
(10-01-2024)

**Carryback/Carryforward
Claims and Applications**

- (1) See IRM 21.5.9, Carrybacks, for instructions on processing carryback/carryforward claims and applications. Employees not trained on carryback cases refer to IRM 21.5.9.2.1, Identifying Carryback Applications and Claims, and IRM 21.5.9.2.2, Identifying Carryforward Claims, to determine if the case should be reassigned to Carrybacks. If the case should be reassigned, see *SERP - AM Site Specialization Temporary Holding Numbers - Who/Where*.
- (2) A carryback is a deduction that can be applied or **carried** to offset tax or taxable income in a preceding taxable year. A taxpayer who has an overpayment of tax as a result of a Net Operating Loss (NOL), Net Capital Loss (NCL), Unused Credits, or a Claim-of-Right adjustment can file an application or claim, also referred to as a TENT or RINT, for adjustment or refund.
- (3) Tentative carryback adjustments are filed on Form 1045, Application for Tentative Refund, and Form 1139, Corporation Application for Tentative Refund. They include restricted interest claims that may otherwise be filed on a Form 1040-X, Amended U.S. Individual Income Tax Return, Form 1120-X, Amended U.S. Corporation Income Tax Return, an amended Form 1041, U.S. Income Tax Return for Estates and Trusts, Form 1120-C, U.S. Income Tax Return for Cooperative Associations, and Form 990-T, Exempt Organization Business Income Tax Return (and proxy tax under IRC 6033(e)).

Note: An application for a tentative refund is not treated as a formal claim for credit or refund.

- (4) Taxpayers may carry a NOL or excess business credit forward to the current tax year. Taxpayers eligible to carryback a NOL may elect to forgo the carryback period and carry the entire NOL forward. Most Carryforwards do not require special processing guidance. To determine if the Carryforward should be worked by the carryback team, refer to IRM 21.5.9.2.2, Identifying Carryfor-

ward Claims. If the case should be reassigned, reassign the case using *SERP - AM Site Specialization Temporary Holding Numbers - Who/Where*.

21.5.3.4.8.1

(10-01-2011)

**Claim of Right
Adjustments to Income**

- (1) Taxpayers requesting a Claim of Right adjustment may use Form 1040-X, Amended U.S. Individual Income Tax Return, or Form 1120-X, Amended U.S. Corporation Income Tax Return. A reference to IRC 1341 identifies such claims. See IRM 21.5.9, Carrybacks, for adjustments and IRM 21.6.6.2.10, Claim of Right - IRC 1341, Repayment of Income Previously Reported.
- (2) Taxpayers claiming “compensation for personal labor is not taxed by Title 26, IRC Section 1341”, and are taking a deduction on Schedule A, or removing the amount from their gross income, are identified as frivolous claims. Route these claims as indicated in IRM 21.5.3.4.16.7, Identifying Frivolous Returns/ Correspondence and Responding to Frivolous Arguments.

21.5.3.4.9

(10-01-2015)

**Competent Authority
Cases**

- (1) Rev. Proc. 2015-40 provides the procedures which allow a U.S. taxpayer to request assistance from the U.S. Competent Authority on issues arising under a tax treaty between the U.S. and a foreign country.
- (2) The Deputy Commissioner (International), LB&I acts as the U.S. competent authority charged with administering the provision of tax treaties, interpreting and applying the treaties, and reaching mutual agreements in specific cases. The U.S. competent authority conducts the competent authority process through two offices, the Advance Pricing and Mutual Agreement Program (APMA) and the Treaty Assistance and Interpretation Team (TAIT). APMA has primary responsibility for cases arising under the business profits and associated enterprises articles of U.S. tax treaties. TAIT has primary responsibility for cases arising under all other articles of U.S. tax treaties. TAIT also has primary responsibility for cases arising under U.S. tax treaties with respect to estate and gift taxes. APMA and TAIT each can consider cases arising under the permanent establishment articles of U.S. tax treaties, and both offices coordinate and collaborate on such cases and on any other cases as appropriate.
- (3) Send written requests for, or any inquiries regarding, competent authority assistance for APMA or TAIT to:
For request to APMA:
Deputy Commissioner (International)
Large Business and International Division
1111 Constitution Avenue, NW
Washington, DC 20224
SE:LB:IN:ADCI:TPO:APMA:M3-370 (Attention: APMA)

For request to TAIT:
Deputy Commissioner (International)
Large Business and International Division
1111 Constitution Ave., N.W.
Washington, DC 20224
SE:LB:IN:ADCI:TAIT:M4-365 (Attention: TAIT)
- (4) Direct any questions regarding Competent Authority requests to the attention of APMA or TAIT, as appropriate, at the above address.
- (5) Generally, non-resident aliens or foreign corporations must contact the Competent Authority in their foreign government with their inquiries.

21.5.3.4.9.1
(04-22-2014)

Refund Claims Under U.S. Tax Treaty Provisions and Special Rules for Canadian Registered Retirement Savings Plans (RRSP) and Registered Retirement Income Fund (RRIF)

- (1) Forward claims or amended returns claiming benefits under a United States Tax Treaty to the Accounts Management Operation (International) at the Cincinnati, Ogden or Philadelphia Campus. Refer to IRM 21.8.2.2.1, Campus Consolidation and Program Centralization, for additional information.
- (2) Form 8891, U.S. Information Return for Beneficiaries of Certain Canadian Registered Retirement Plans, with an edited caption at the top of the form stating RRSP, Canadian RRIF, Rev. Proc. 2002-23, or Notice 2003-75, must also be forwarded to the Philadelphia Campus.

Exception: Do not forward claims filed by resident aliens or U.S. citizens that are taking the election under Rev. Proc. 2002-23 to defer U.S. tax on income accruing in the Canadian Registered Retirement Savings Plan (RRSP). Form 8891 or Registered Retirement Income Fund (RRIF) may be used to make by this election.

- (3) For retroactive elections, a resident alien or U.S. citizen that has a RRSP or RRIF and chooses to take the election under Rev. Proc. 2002-23 to defer U.S. tax on income accruing in the RRSP or RRIF must file a Form 1040-X and attach the election to it. Take the following action:
 - a. Process the amended return as normal.
 - b. If no changes appear on the amended return, input TC 290 for .00 to refile the document.
 - c. If the election is filed as a loose document, attach it to the original return, TC 150 DLN.

Note: If the original return was filed electronically, input TC 290 for .00 to refile the loose document.

21.5.3.4.10
(05-19-2025)

Returns Prepared Under IRC 6020(b) - Substitute for Return (SFR)

- (1) An IRS employee prepares a return under IRC 6020(b) when a taxpayer fails to file. The taxpayer is given the opportunity to file a valid voluntary return to correct the proposed assessment, or to agree to the proposed assessment. Subsequent posting of the taxpayer's original return creates a duplicate filing condition.

Exception: IMF cases with a previously posted TC 29X and TC 599 CC 89 or only TC 599 CC 89 on the module and all BMF 6020(b) duplicate filing cases are worked in Accounts Management. See IRM 21.7.9.4.1.6, Duplicate Filing Conditions Involving Returns Prepared Under IRC 6020(b), for information regarding BMF 6020(b) duplicate filing identifiers and procedures.

Note: If the taxpayer requests a copy of the SFR return, refer to IRM 3.5.21.4.1.8, Request for Copies of Substitute for Return (SFR). If the taxpayer requests income information or a transcript, refer to IRM 21.2.3, Transcripts, and the applicable subsections.

- (2) If the case reflects examination involvement (e.g., -L freeze, regardless of AIMS status), **Do not route to Examination Classification CAT-A**. Refer to IRM 21.5.3.4.10.1, Non-Filer Returns, for procedures on how to adjust the account.

- (3) If the case does not reflect examination involvement, adjust the account to the taxpayer's figures. **Do not route to Examination Classification CAT-A.**

Reminder: If the adjustment is a net decrease use priority code 1. Use priority code 2 if no tax was previously assessed when adjusting the account. If the taxpayer filed a superseding return with tax shown greater than on the return that created the transaction code (TC) 150 transaction, follow IRM 20.1.2.2.6.3, Wrong Return Posted First.

21.5.3.4.10.1

(10-01-2025)

Non-Filer Returns

- (1) Non-Filer Returns (NFR) are forwarded to the IMF AM paper function for processing. The returns can typically be identified by:

- A TC 976 Duplicate return.
- **Note:** Not all NFR returns include a Transaction Code (TC) 976 on the module.
- A TC 150 Substitute Return (SFR) with Project Code 0277.
- AIMS status less than 90 (open TC 420/424).
- AIMS Status 90 with Disposal Code 01 or any Non-Examined Disposal Code. Refer to *Examination Disposal Codes*, in Document 6209, for a complete list of Non Examined Disposal Codes.
- Some cases also have the letters "NFR" across the front of the return.

- (2) These NFR cases are worked using category code "XRET".

Exception: If the dummy TC 150 posted as single (FS1), head of household (FS4), or married filing separate (FS3) and the taxpayer is now filing as married filing joint (FS2), work the case using category code "SPJT." If the NFR case is considered International, change the category code to reflect IXRT.

- (3) Adjust the account following normal procedures.

- Update the return processable date, if the NFR return is complete.
- Input TC 290 to assess any tax.
- Use the appropriate *priority code* and *hold code*, in Section 8c of Document 6209, IRS Processing Codes and Information.
- Input all appropriate credits.
- Input all appropriate reference numbers.
- Use a blocking series that indicates the original return is with the adjustment (e.g., 00, 77, or 99). This return is the taxpayer's original filing.
- Update the Assessment Statute Expiration Date (ASED) with TC 560 using command code REQ77. Refer to IRM 25.6.1.6.14, Criteria for Establishing a Statute of Limitations Period, for information regarding the ASED.
- Assess any applicable Failure to File or Estimated Tax Penalties. Priority code 2 may be utilized to assess the failure to file (FTF) and failure to pay (FTP) penalties as outlined in IRM 5.18.1.9.2.3.17, Penalties. Compute the estimated tax penalty manually. Refer to IRM 20.1.2, Failure to File/Failure to Pay Penalties, and IRM 20.1.3, Estimated Tax Penalties, for additional information on assessing penalties.
- Refer to IRM 21.5.2.4.23.6, Discriminant Function (DIF) SCORE or CLASSIFICATION "Send Return(s) to Examination for Review", to determine if a DIF Score referral is needed.

Reminder: If the Refund Statute Expiration Date (RSED) is expired, input the Refund Statute Control Date (RFSCDT) with the adjustment. Refer to IRM 5.18.1.9.2.3.16.1, Refund Statute Expiration Date (RSED), for additional information.

Reminder: Use item reference number 871 when necessary. Refer to IRM 20.1.2.2.6.2, Incorrect Tax Shown Recorded, and IRM 20.1.2.2.6.3, Wrong Return Posted First, for additional information.

- (4) The Taxpayer Advocate Service (TAS) may issue an Operations Assistance Request (OAR) on these cases. Any OARs are also be handled by the IMF AM paper function until the TC 976 issue has been resolved.

21.5.3.4.11
(10-01-2019)
**Reimbursement of Bank
Charges – Form 8546**

- (1) Taxpayers file Form 8546, Claim for Reimbursement of Bank Charges, when they have been charged for erroneous levies placed on their accounts or claim reimbursement checks.

If the issue involves	Then route request to
A lost or misapplied payment	Campus Accounting Attn.: Dishonored Check File (DCF)
Erroneous levy	Appropriate ACS Support (ACSS) Site
DDIA processing error on the part of IRS	ACS Support (ACSS) Stop 5050, P-4 333 W. Pershing Road Kansas City, MO 64108

- (2) If an inquiry is received, send the taxpayer a Form 8546, Claim for Reimbursement of Bank Charges. Use the appropriate “C” letter and close your case unless there are other issues to address.
- (3) For further information, refer to IRM 3.17.10.5, Reimbursement of Bank Charges Due to Service Loss or Misplacement of Taxpayer Checks, IRM 5.11.4.9, Reimbursing Bank Charges Because of Erroneous Levies, and IRM 5.19.6.12.8, Erroneous Levy, Reimbursement of Bank Charges.

21.5.3.4.12
(10-01-2004)
**Category B Criteria
(BMF Only)**

- (1) Category B Criteria applies to claims for the Form 1120 series (except Form 1120-IC DISC Form 1041, Form 1041-N, and Form 1041-QFT that have a B adjustments with:
- Blocking Series 62 (with original return) or,
 - Blocking Series 63 (without original return).
- (2) Exempt Organizations (EO) and Employee Plans Master File (EPMF) claims are not subject to Category B criteria. See IRM 21.7.7.6.16, EO Claim Procedures, for other EO claim procedures. See IRM 21.5.11, Employee Plan Accounts, for Employee Plans (EP) claim procedures. These are all worked in Ogden.

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21.5.3.4.13
(06-15-2022)
Unprocessed Return

- (1) When an unprocessed return is received as a taxpayer inquiry and no return is posted, forward the return to be processed as an original return. If the taxpayer's figures are incorrect, a notice is generated.

Note: For CII cases, refer to IRM 21.5.1.5.5, Processing/Reprocessing CII Tax Returns, for additional information.

- (2) When the return is posted and the taxpayer submits a corrected return, input the appropriate adjustment, provided enough information is available.

Note: If you cannot determine taxpayer's intent, call or correspond with taxpayer, then input any necessary adjustment.

21.5.3.4.14
(04-22-2022)
May Department Store and Sequa Underpayment Interest Issue

- (1) Give the following information to taxpayers calling or writing about the filing of a claim/request citing the *May Department Stores v. U.S.* or *Sequa Corp. v. U.S.* interest cases:
- Rev. Rul. 99-40 provides guidance as to when a credit elect is applied against an estimated tax installment.
 - The date the credit elect is applied to satisfy an unpaid estimated tax installment determines when underpayment interest begins on a subsequent underpayment for the overpayment year.
 - Taxpayers may file a Form 843, Claim for Refund and Request for Abatement, or submit an informal claim citing the underpayment tax year that Rev. Rul. 99-40 applies to (Rev. Rul. 99-40 supersedes Rev. Rul. 88-98).
 - If the taxpayer used the annualized installment method for determining the estimated tax liability for the immediately succeeding tax year (Computer Condition Code "8" for BMF or "P" for IMF), ask the taxpayer to include with their request a copy of the Form 2210, Underpayment of Estimated Tax by Individuals, Estates and Trusts, or Form 2220, Underpayment of Estimated Tax by Corporations, that is applicable to the original return for that tax year.
- (2) These claims/requests are processed following the information outlined in IRM 20.2.5.7.2, Rev. Rul. 99-40 and Credit Elects (May/Sequa).

Note: Upon claim/request receipt, coordinate with your site's *Interest Specialist*, on the Interest Knowledge Base, to figure the correct start date(s) and amount(s) for the interest computation and input the necessary adjustment.

21.5.3.4.15
(10-01-2020)
Net Rate Interest Netting Claims

- (1) IRC 6621(d) allows for the netting of credit and debit interest during time periods where a taxpayer had overlapping credit and debit interest accruals between two or more tax modules.
- (2) If the taxpayer has made a request for the application of the net interest rate of zero for interest accruing before October 1, 1998, then that taxpayer does not have to make a separate request for the portion of the overlapping period identified in that request that impacts interest for periods beginning after July 22, 1998 (e.g., interest accruing on or after October 1, 1998). See Rev. Proc. 2000-26.

21.5.3.4.15.1
(12-16-2014)

**Pre-Enactment Net Rate
Interest Netting Claims**

- (1) Net rate claims involving pre-enactment interest periods (interest accruing prior to October 1, 1998) are worked in Ogden Accounts Management. However, if one of the tax periods addressed on the claim is:

- a. Currently open in Examination, use CC AMDISA information and forward the claim to the appropriate office. Input Transaction Code (TC) 971, AC 013, for the tax period(s) addressed on the claim that is open on AIMS.
- b. In the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) suspense, use CC AMDISA information and forward the claim to the appropriate TEFRA unit for association. Input TC 971, AC 013, for the tax period(s) addressed on the claim that is open on AIMS.

Reminder: Notify the taxpayer if required, as outlined in IRM 21.3.3.4.2.1, Use of 86C Letter - Referring Taxpayer Inquiry/Forms to Another Office.

- (2) Taxpayers have been instructed to file Form 843, Claim for Refund and Request for Abatement, with a note at the top: "Request for Net Interest Rate of Zero Under Rev. Proc. 99-43."
- (3) Claims identified as pre-enactment net rate interest claims (whether notated or not) are transmitted to Ogden AM using Form 3210, Document Transmittal. Include the following information:
 - a. The name, address, and telephone number of the sender.
 - b. The Taxpayer Identification Number (TIN), type of tax, and type of return at issue.
 - c. The taxable periods for which the taxpayer overpaid and underpaid the tax liability.
 - d. Whether the underpayment is outstanding and, if not, when the taxpayer paid the tax.
 - e. If the overpayment is not outstanding, when the taxpayer received a refund of tax.
 - f. The period(s) for which the taxpayer's overpayment and underpayment overlapped and the overlapping amount.
 - g. Whether the equivalent amounts of underpayments and overpayments for the period(s) have previously been used in a request to obtain the net interest rate of zero.
 - h. Provide a computation to the extent possible, of the amount of interest to be credited, refunded, or abated.
 - i. Address to: Internal Revenue Service, Net Rate Interest Claim, P.O. Box 9987, Mail Stop 6800, Ogden, UT 84409.

Flag the Form 3210, Document Transmittal, "EXPEDITE-NET RATE CLAIM." Send the IDRS Letter 86C or equivalent, informing the taxpayers claim was referred to Ogden AM.

- (4) The transmitting offices must follow-up on any non-receipted Form 3210 three weeks after transmission to ensure controls have been established in Ogden AM. Control the tax module(s) involved to IDRS number "0435500002," case category "INTC", when received in Ogden AM.

Note: If claim is received through CII, route the claim to Ogden by selecting the Ogden Central printer in CII. A Form 3210 is not needed if routing through CII. Include the information from (3) in the case notes on CII.

21.5.3.4.15.2
(10-01-2015)
**Post-Enactment Net
Rate Interest Netting
Claims**

- (1) Rev. Proc. 2000-26 provides guidance on the application of IRC 6621(d) for interest periods beginning after July 22, 1998 (interest accruing on or after October 1, 1998). This revenue procedure is not relevant to interest accruing on or after January 1, 1999, for taxpayers other than corporations because the underpayment and overpayment rates for interest accrued after that date for taxpayers that are not corporations are equal.
- (2) For post-enactment net rate claims, taxpayers have been instructed to send Form 843, Claim for Refund and Request for Abatement, to the IRS campus where their most recent federal tax return was filed. The taxpayer should label the top of the Form 843: "Request for Net Interest Rate of Zero Under Rev. Proc. 2000-26." Consider the instructions in IRM 21.5.3.4.15.1, Pre-Enactment Net Rate Interest Netting Claims, before allowing the claim. Refer to IRM 20.2.14.6.1.1, Post-Enactment Date Interest Periods, for processing net rate adjustments.

21.5.3.4.16
(12-20-2010)
**Other Inquiries and
Adjustments**

- (1) Certain items submitted by taxpayers must be referred to other functions for additional review and action.

If ...	Then Refer to ...
1 Altered Remittance Complaint	The Treasury Inspector General for Tax Administration (TIGTA). Note: Contact TIGTA at 800-366-4484 for referral instructions.
2 Renegotiation of Government Contracts	Examination
3 Reimbursement of IRS Administrative and/or Legal Expenses per IRC 7430	Appeals – Refer to the various section of IRM 8 (Appeals), for additional information.

- (2) The remaining subsections provide information on various other inquiries and adjustments.

21.5.3.4.16.1
(05-19-2025)
**Account Adjustments,
Administrative Errors**

- (1) Abate any incorrect assessment made on taxpayer's account due to an IRS error.
- (2) Adjust penalty and interest charges generated by the incorrect assessment if it cannot be computer adjusted.
- (3) Close any erroneous filing requirements caused by misapplied tax returns posting to the wrong account.
- (4) If the taxpayer received an erroneous billing, apologize for the error in your reply. **IMF ONLY:** If you do not write a letter, enter Source Code 4 with your adjustment.
- (5) If the year in question is a statute year, suspend the case to Statutes in CII.

21.5.3.4.16.2
(10-01-2019)
**Civil Cases (Department
of Justice Cases)**

- (1) A court decision may necessitate an adjustment to a taxpayer's account, including abatement of the assessed civil penalties. Refer to IRM 21.5.3.4.16.2.1, Action Required on Civil Cases, for additional processing information.

Note: The civil penalty is assessed on MFT 55 for IMF or MFT 13 for BMF.

- (2) Refund checks are issued in care of the U.S. Attorney's Office or the Assistant Attorney General - Department of Justice, or as stated in the case file.
- (3) Process these cases expeditiously. Civil cases involving a refund (or abatement of the civil penalty) to the taxpayer received from the Office of Chief Counsel or the Department of Justice must include the following documents:
- A transcript of account (if not attached, obtain a complete transcript of the account),
 - A Department of Justice letter authorizing the refund, and
 - Form 2285, Concurrent Determinations of Deficiencies, (when restriction is invalid).
- (4) Cases received by the insolvency function are processed by the Office of Chief Counsel, or the Department of Justice. In these cases, you receive a memorandum authorizing the refund.
- (5) All civil cases with the Department of Justice require managerial review. Managers must certify that the refund check amount and payee listed are correct.

21.5.3.4.16.2.1
(10-01-2019)
**Action Required on Civil
Cases**

- (1) The following actions are required for case resolution and account adjustments to close the Civil Cases:
- a. Use Corporate Files On Line (CFOL) command codes. Check CC IMFOL/BMFOL, CC MFTRA, IDRS, or NMF records for debit balances. Offset any overpayment after the adjustment, if necessary.
 - b. Adjust the account(s) using the amount(s) specified with a refile blocking series.

Note: If the original return was filed electronically, use blocking series 00 with the TRPRT print attached. Do not use blocking series 18. See *Blocking Series*, in Document 6209, Section 4-14

- c. Prepare Form 3753, Manual Refund Posting Voucher, or Form 1331-B, Notice of Adjustment, for the over-assessment amount, plus interest.
- d. Prepare Form 3753 and enter the name of the taxpayer followed by "C/O U.S. Attorney" or "C/O Assistant Attorney General" and the address in the "Make Check Payable To" box. Enter "Civil Case" in the remark's box.

Note: Do not schedule refunds of court costs. See IRM 3.17.79.3.13, Refunds Based on Court Decisions.

- e. Input a TC 521 input for each module that contains a TC 520 with CC 073. Only the Refund Litigation Coordinator for the campus which initially opened the case may enter TC 521. Close all open control bases.
- f. Prepare Form 3460, Transmittal Memo Accounting Control Documents, labeled "Manual Refund" and route to the Accounting Function.
- g. Complete any remaining necessary processing and schedule the refund by the end of the sixth workday after the receipt at the campus.

- h. Notify the originator in the Chief Counsel's office when the adjustments and refunds have completed processing or if any irregularity or delay is encountered while processing the case.

21.5.3.4.16.3
(10-01-2002)

**Voluntary Contributions
to Reduce the Public
Debt**

- (1) Taxpayers may contribute to reduce the public debt in the form of a separate check or request that all or part of an overpayment be applied to reduce the public debt. For processing instructions, refer to IRM 3.14.1.6.4.4.7, Contributions to Reduce the Public Debt.

21.5.3.4.16.4
(03-25-2020)

**Taxpayer Request IRS
Preparation of Return**

- (1) Statements made by taxpayers disclosing their gross income and related deductions may be accepted as a tentative return provided the taxpayer later files proper forms without unnecessary delays.
- (2) For tax years 2018 and later, if an IMF return cannot be prepared on a Form 1040 series (without any attachments) or for tax year 2017 and prior, Form 1040EZ, Income Tax Return for Single and Joint Filers With No Dependents, inform the taxpayer that the request for the IRS to prepare the return will be accepted as a timely filed return (if the correspondence was received by the due date), but that they must also promptly file the required return. Send the taxpayer the proper forms and schedules. Instruct the taxpayer to attach a copy of the IRS correspondence to the taxpayer's return to avoid any late filing penalties. Do not prepare a dummy return for processing.
- (3) If the information can be filed on the forms stated above, prepare the return for the taxpayer to sign and file as indicated below:
 - a. Attach all forms.
 - b. Use filing status of single with one exemption unless the information furnished by the taxpayer indicates filing status of married filing joint.
 - c. Make a copy of the return, the attachments, and taxpayer's correspondence for processing as a tentative return.
 - d. Annotate "Tentative Return" below the entity section of the return **copy**; edit the correspondence received date as the received date of the return; attach the original correspondence; and forward for pipeline processing.
 - e. Send the return to the taxpayer for signature along with copies of the original correspondence and blank forms and schedules.

Caution: Take extreme care to ensure that only the material relative to the taxpayer(s) to which the correspondence is addressed is enclosed in the envelope. Refer to IRM 21.3.3.4.24, Breaches of Personally Identifiable Information (PII) Caused by Manual Stuffing Errors, for additional information.

- (4) Advise the taxpayer to file the return and to:
 - a. Verify the accuracy of the return.
 - b. Make any necessary corrections.
 - c. Sign and date the return.
 - d. Keep a copy of the return for the taxpayer's records.
 - e. Return the original with all attachments.
- (5) If the taxpayer files a signed return inconsistent with the tentative return information, resolve the discrepancies.

21.5.3.4.16.5
(05-05-2023)
**Timely Filed Blank
Return**

- (1) If the taxpayer timely files a purported tax return which contains only the taxpayer's signature, title, and date, or is unsigned, the filing requirements have not been satisfied for late filing (delinquency) penalty purposes.
- (2) If the taxpayer files a second return after the filing due date and the later return reports tax, filing the second return results in the generation of a Duplicate Filing Condition.
 - a. Order the original return.

Exception: If the account contains sufficient **timely** payments to cover the tax liability of the second return, no late filing penalty is due. It is not necessary to order the original return in this case. For Form 1065, U.S. Return of Partnership Income, see IRM 20.1.2.3.6, *Assessment/Abatement Procedures*, and for Form 1120-S, U.S. Income Tax Return for an S Corporation, see IRM 20.1.2.6.4, *Procedures for Assessment or Abatement Prior to 01/01/2022*, or IRM 20.1.2.6.4.1, *Procedures for Assessment or Abatement After 01/01/2022*.
 - b. Adjust the account to the correct figures. Assess the late filing penalty (TC 160), and any other applicable penalties, if the original contains only the signature, title and date, or is unsigned. See IRM 20.1.2, *Failure to File/Failure to Pay Penalties*, for more information on the late filing penalty. Update the Assessment Statute Expiration Date (ASED) with TC 560 using command code REQ77 if applicable. See IRM 21.7.9.4.1.1.2, *Two Returns Posted to Same Account, Incorrect Return Posted First, TC 976 Return is Correct Return*.
 - c. Use blocking series 00 to indicate the original return is being refiled with the adjustment.

21.5.3.4.16.6
(10-01-2002)
**Taxpayer Inquiries
Requiring Referral to
Other Functions**

- (1) 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.

21.5.3.4.16.7
(05-19-2025)
**Identifying Frivolous
Returns/Correspondence
and Responding to
Frivolous Arguments**

- (1) The IRS is faced with a growing number of individuals who file frivolous tax returns based upon tax avoidance arguments that are not supported by law. IRC 6702 provides for the assessment of penalties for filing frivolous tax returns or other specified frivolous submissions (namely, a request for a collection due process hearing, or application for an installment agreement, offer-in-compromise, or taxpayer assistance order) that are based on a position which the Secretary has identified as frivolous or reflects a desire to delay or impede the administration of Federal tax law.
- (2) A frivolous argument is used for expressing dissatisfaction with the substance, form, or administration of the tax laws by attempting to illegally avoid or reduce tax liabilities. Recognized frivolous arguments made by both individuals and businesses can be found in *Internal Revenue Bulletin: 2010-17*, located on IRS.gov.
- (3) Accounts with a transaction code (TC) 971 Action Code (AC) 089 indicate that a frivolous return has been received. An F- freeze is generated on all tax periods. The TC 971 AC 089 freezes the entire account. Frivolous returns that

are being audited have open AIMS under Primary Business Code (PBC) 192, Exam Employee Group Code (EGC) 5531, 5532 or 5533.

ALL calls identified with the EGC 5531, 5532, 5533, or cases that have a TC 971(089) or F- Freeze on the tax account or where the caller identifies that they have recently received Letter 3175C, Frivolous Correspondence Response, or Letter 3176C, Frivolous Returns Response, as shown on CC ENMOD, are referred to the Ogden Frivolous Return Program.

Instruct the taxpayer to call 866-883-0235. Provide the taxpayer the hours of operation. Available hours are Monday - Friday from 7:00 AM - 3:30 PM Mountain Standard Time.

Caution: Only refer taxpayers to the FRP toll-free line if the account meets the conditions in paragraph 3 above. Do not refer TC 810-4 to the FRP toll-free line unless a Letter 3176C, Frivolous Correspondence Response, was issued. See IRM 21.5.6.4.10, -E Freeze, to address these calls.

Employees outside of the Ogden Frivolous Return Program do not attempt to handle these calls.

(4) Use the following procedures when referring frivolous claims and/or correspondence to the Ogden Campus Frivolous Return Program (FRP). Before routing an amended return to FRP, refer to IRM 25.25.10.3.1 (2), Cross Functional Account Freeze Cleanup, to determine if the account should be adjusted to remove the questionable credit.

- a. Prepare Form 3210, Document Transmittal. Include the Taxpayer Identification Number (TIN) and tax year for each claim, document or correspondence, along with the releasing official's name and the originator's address. In the remarks box of the Form 3210, indicate whether the document is an amended return or correspondence. Forward the Form 3210 along with the taxpayer's documents to the following address:
Ogden Compliance
1973 N Rulon White Blvd., M/S 4450 OSC
Ogden, UT 84404
Attention: Frivolous Return Program.

Note: If claim is received through CII, route the claim to M/S 4450 OSC in Ogden following the CII reroute procedure in IRM 21.5.1.5.2, Cases Currently Assigned in CII.

Note: If the CII case is MEFA, employees can use fax number 855-853-0251.

- b. Transship trust returns to Ogden/Frivolous Return Program (FRP) if all the following apply:
 - the trust is a simple, complex or grantor type;
 - the entity was created in 1991 or later;
 - the activity on the attached Schedule C is not oil or gas;
 - and the tax is less than \$3,000.
- c. If a non-frivolous claim is received and CC TXMOD shows an open control base to an employee in the FRP (Unit Numbers: 14867, 14868, 14869), transship to Ogden/FRP.
- d. For claims only, input TC 971 with Action Code 013. Enter "Sent to Ogden/FRP" in the remarks area.

- (5) Taxpayers may call complaining about filing and paying taxes. It is our responsibility to educate taxpayers to help them understand and meet their tax obligations. Inform the taxpayer that the IRS administers the tax laws but does not have the authority to change the laws and cannot debate the legality or constitutionality of the laws. Respond to the taxpayers' inquiries on specific tax issues related to their account, but do not debate general tax issues. Determine if the taxpayer has received Publication 2105, Why Do I Have to Pay Taxes? If so, refer the taxpayer to this publication. If not, send the publication to the taxpayer or refer the taxpayer to IRS.gov.
- ALL calls identified with the EGC 5531, 5532, 5533, or cases that have a TC 971(089) or F- Freeze on the tax account or where the caller identifies that they have recently received Letter 3175C, Frivolous Correspondence Response, or Letter 3176C, Frivolous Returns Response, as shown on CC ENMOD, are referred to the Ogden Frivolous Return Program.

Instruct the taxpayer to call 866-883-0235. Provide the taxpayer the hours of operation. Available hours are Monday - Friday from 7:00 AM - 3:30 PM Mountain Standard Time.

Caution: Only refer taxpayers to the FRP toll-free line if the account meets the conditions in paragraph 3 above. Do not refer TC 810-4 to the FRP toll-free line unless a Letter 3176C, Frivolous Correspondence Response, was issued. See IRM 21.5.6.4.10, -E Freeze, to address these calls.

Reminder: Only employees within the Ogden Frivolous Return Program handle these calls.

21.5.3.4.16.8
(10-01-2002)
**Renegotiation of
Government Contracts**

- (1) When contracts with government agencies are renegotiated and the amount of excessive profits is eliminated, the taxpayer is required to pay or repay the contracting agency. Route these cases to the campus Examination Operations.

21.5.3.4.16.9
(10-01-2015)
Receipt of Deposits

- (1) During an examination, a taxpayer may make a deposit against a potential underpayment of tax liability. Pursuant to IRC 6603, the receipt of the deposit stops the running of interest on the potential underpayment. If any portion of the deposit is returned to the taxpayer, the taxpayer may be entitled to interest on the returned amount to the extent the deposit was attributable to disputable tax. Disputable tax means the amount of tax specified at the time of deposit as the taxpayer's reasonable estimate of the maximum amount of any tax attributable to disputable items.
- (2) Upon receipt of a deposit:
- Notify taxpayer of the conditions relating to deposits.
 - Mail Letter 316C, Taxpayer Made Tax Payment in Advance, via certified mail, giving the taxpayer the opportunity to request the return of their deposit if conditions are not satisfactory.
 - The second page of Letter 316C can be used for this request. See IRM 20.2.4.9.2, IRC 6603 Deposits, for additional information.

21.5.3.4.16.10
(10-01-2020)

Request for a Return of Deposit

- (1) When a request from a taxpayer for the return of a deposit is received:
 - a. Perform research to determine if taxpayer has any other outstanding liabilities.
 - b. Research AIMS to determine the status of the examination.
 - c. Request the posting voucher if the payment in question is not posted as a deposit. The Form 3244-A, Payment Posting Voucher – Examination, indicates either a deposit or a cash bond.
 - d. Research to determine whether the taxpayer previously requested the remittance to be treated as a payment of tax.
- (2) Work these requests as expeditiously as possible. See IRM 20.2.4.9.1, Cash Bonds, for additional information.

21.5.3.4.16.10.1
(10-03-2022)

How to Identify a Deposit on the Tax Module

- (1) A deposit may be identified on the tax module by the following items:
 - The posting of a TC 640 with the literal “Cash Bond” displayed.
 - Tax Class 0 - 8.
 - Document Code 17 (19 for Electronic Federal Tax Payment System).
 - Blocking Series 990 - 999.
- (2) The identity of a remittance as a deposit is lost when it is transferred from one account to another. Therefore, the tax examiner must verify the original remittance posting is indeed a deposit (or a cash bond if the remittance was made prior to the enactment of IRC 6603).

21.5.3.4.16.10.2
(10-03-2022)

When Not to Return a Deposit

- (1) Do not return a deposit when IRS has assessed a liability for the type of tax and tax years for which the taxpayer has designated the deposit to be used per Rev. Proc. 2005-18, or if the collection of tax is in jeopardy.
- (2) If there is any question whether a deposit is to be returned to the taxpayer, obtain technical advice following local procedures. If the deposit is not returned for any reason, notify the taxpayer promptly.

21.5.3.4.16.10.3
(10-03-2022)

Honoring Request for Return of Deposits

- (1) Once it is determined the taxpayer is entitled to the return of a deposit:
 - a. Prepare Form 3753, Manual Refund Posting Voucher, according to IRM 3.17.79, Accounting Refund Transactions.
 - b. If Form 3244-A, Payment Posting Voucher - Examination, is requested, attach it and forward it with Form 3753.
 - c. Allow interest on the return of deposits to the extent the deposit is attributable to disputable tax. Disputable tax means the amount of tax specified at the time of deposit as the taxpayer’s reasonable estimate of the maximum amount of any tax attributable to disputable items. See IRM 20.2.4.9.2, IRC 6603 Deposits, for more information regarding interest on deposits.
- (2) Any non-tax liability owed by the taxpayer may be offset by the Bureau of the Fiscal Service (BFS) through the Treasury Offset Program. Refer to IRM 21.4.6.6.4, Injured Spouse Inquiries, for additional information on refund offsets.

21.5.3.4.16.11
(01-28-2014)
**Non-Negotiable
Remittances**

- (1) If Form 1040-X, Amended U.S. Individual Income Tax Return, or other correspondence is received with a non-negotiable remittance attached, process as follows:

- a. Attach a copy of the remittance to the claim and process the claim.
- b. Return the remittance to the taxpayer using the variable paragraph in Letter 315C, Form/Document/Payment Unnecessary; Returned to Taxpayer. Advise the taxpayer to make the remittance payable to the United States Treasury as soon as possible with a copy of the letter.

Caution: Take extreme care to ensure that only the material relative to the taxpayer(s) to which the correspondence is addressed is enclosed in the envelope. Refer to IRM 21.3.3.4.24, Breaches of Personally Identifiable Information (PII) Caused by Manual Stuffing Errors, for additional information.

21.5.3.4.16.12
(11-18-2011)
**Late Election by Real
Estate Professionals -
Revenue Procedures
2011-34**

- (1) *Rev. Proc. 2011-34*, located on IRS.gov, provides guidance for qualified real estate professionals to make a late election to aggregate all interests in rental real estate as a single activity. The procedures in the Rev. Proc. are in lieu of applying for a private letter ruling. The granting of an extension of time to file an election does not automatically mean that the taxpayer satisfies Rev. Proc. 2011-34 eligibility requirements, qualifies as a real estate professional, or materially participates in any activity. Under Rev. Proc. 2011-34, a taxpayer is granted an extension of time to file, if the taxpayer meets **all** the following requirements:

- Failed to make an election solely because the taxpayer failed to timely meet the requirements in Rev. Proc 2011-34.
- Filed returns consistently with having made an election to aggregate and did not file any returns inconsistent with the requested aggregation of activities for all years including and following the year the taxpayer intends the requested aggregation to be effective.
- Timely filed each return that would have been affected by the election if it had been timely made. A return is timely if filed within six months after its due date, excluding extensions.
- Has reasonable cause for its failure to not make a timely election.

If the taxpayer meets all the eligibility requirements of Rev. Proc. 2011-34 above, the taxpayer may make a late election by attaching the statement to an amended return.

Note: There should be no tax deficiency/refund when the late election is filed with an amended return if the taxpayer has consistently filed returns as though they made an election. The taxpayer must also explain the reason for the failure to file a timely election and establish reasonable cause. Correspond with the taxpayer and include the following paragraph "Your amended return is a completed application for request under Revenue Procedures 2011-34."

- (2) If the taxpayer fails any of the eligibility requirements of Rev. Proc. 2011-34, then the taxpayer is not qualified for the relief to make a late election. As such, each rental is treated as a separate rental real estate activity. Follow the "No Consideration" procedures as outlined in IRM 21.5.3.4.6.3, No Consideration Procedures.

21.5.3.4.17
(05-19-2025)
**Amended Economic
Impact Payment (EIP)
Return**

- (1) To assist individuals who have no tax return filing requirement with receiving their Economic Impact Payments (EIP) timely, the "Free File Fillable Form" product was modified to capture minimal individual information designed to determine EIP eligibility and issue payment. Individuals with no tax filing requirement were encouraged to use the *Non-Filers: Enter Payment Info Here Tool* on IRS.gov to provide their Name, SSN, Address, Dependent and Banking information. The submission of this information through the Non-Filers Tool created a basic 2019 Form 1040 filing for the taxpayer. In some cases, individuals with a TY 2019 tax obligation erroneously used the Non-Filers Tool to quickly provide banking information for their EIP. Because the submission of information using the Non-Filers Tool was a Form 1040 filing, the erroneous use of the Non-Filers Tool made it impossible for these individuals thereafter to e-file their accurate 2019 tax return. Taxpayers affected by this issue were instructed to file a paper Form 1040, U.S. Individual Income Tax Return, with "**Amended EIP Return**" noted at the top center of the return. **Amended EIP Returns** are processed as superseding returns following normal procedures as outlined within IRM 21.6.7.4.10, Superseding Returns, ensuring the following are addressed:

- Update the Return Processable Date (RPD) to April 15, 2020 when the amended EIP return is received in processable form on or before the

wise, enter the date the amended EIP return is received in processable form.

Example: If the return received date on the tax module is April 15, 2020, and the amended EIP return is received fully processable on July 15th, 2020, there is no need to input the RPD within your adjustment. If the return received date on the tax module is June 15, 2020, and the amended EIP return is received fully processable on July 15th, 2020, input 04/15/2020 as the RPD within your adjustment. If the return received date on the tax module is April 15, 2020, and the amended EIP return is received fully processable on July 25th, 2020, input 07/25/2020 as the RPD within your adjustment.

Reminder: Refer to IRM 21.5.1.4.2.5, Received Date - Grace Periods, when determining the received date.

Reminder: If the Amended EIP Return is unprocessable, due to a missing form or schedule, refer to IRM 21.5.3.4, General Claims Procedures.

- Input TC 290 to assess any tax.
- Input all appropriate credits.
- Input all appropriate item reference numbers.
- Do not input an "AMD-CLMS-DT" with your adjustment.
- Use a blocking series that indicates the original return is with the adjustment (e.g., 00, 77, or 99). This return is the taxpayer's original filing.
- Update the Assessment Statute Expiration Date (ASED) with TC 560 using command code REQ77, when the Non-Filer Tool return is not valid (i.e., ID Theft). Refer to IRM 25.6.1.6.14, Criteria for Establishing a Statute of Limitations Period, IRM 25.6.1.6.15, When a Document Is Treated As Filed Under the IRC, and IRM 25.6.1.9.5.3, 25% Omission, for information regarding the ASED.

Note: See IRM 21.6.7.4.2.5, Tax Period Changes, for instructions on updating the ASED.

- Use item reference number 871 when necessary, and refer to IRM 20.1.2.2.6.2, Incorrect Tax Shown Recorded, and IRM 20.1.2.2.6.3, Wrong Return Posted First, for additional information. Refer to IRM 20.1.2, Failure to File/Failure to Pay Penalties, and IRM 20.1.3, Estimated Tax Penalties, for additional information on assessing penalties.
- Refer to IRM 21.5.2.4.23.6, Discriminant Index Function (DIF) SCORE or CLASSIFICATION "Send Return(s) to Examination for Review", to determine if a DIF bypass referral is needed. Review for CAT-A criteria. Do not update CC DDBCK.

Note: An "Amended EIP Return" can take up to 16 weeks to process, however, timeframes may be temporarily extended. Refer to the *IRS Operations: Status of Mission-Critical Functions* page on IRS.gov.

Note: Refer to IRM 21.5.6.4.2, -A Freeze, for additional information. If IDRS shows the characteristics that the original return was filed using the Non-Filer Tool (i.e. AGI of \$1.00), there is no need to request the documentation to verify the presence of the literal "Amended EIP Return".

Note: For guidance on how to adjust a 2019 Amended EIP return received or filed after the RSED follow IRM 21.5.3.4.10.1, Non Filer Returns (3).

Reminder: If the Refund Statute Expiration Date (RSED) is expired, input the Refund Statute Control Date (RFSCDT) with the adjustment.

Reminder: For additional information regarding Economic Impact Payments and how to identify returns filed using the "Non-Filers Tool", refer to IRM 21.6.3.4.2.13, Economic Impact Payments.

21.5.3.4.18
(03-06-2023)
**Electronically Filed
Amended Returns**

- (1) Taxpayers have the option to electronically amend 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) are automatically segmented between SP and AM. Review the amended return documentation via the MeF Return Request Display (RRD) application. CR's can identify which return on RRD contains the amended return documentation by locating the document with a literal "A" in the DLN column. Refer to IRM 21.2.1.22, Modernized e-file (MeF/TRDB), and IRM 21.2.2.4.4.9, Modernized e-File Return Request Display (RRD), for additional information.
- (2) These cases can be identified on IDRS by control base category codes. The following category codes are assigned to AM:
 - MEFA (Form 1040-X MeF)
 - MEFC (Carryback 1040-X MeF)
 - MEFI (International 1040-X MeF)
 - MEFR (International Carryback 1040-X MeF)

The return received date for electronically filed amended returns is determined by the MeF application when the amended return is accepted and the case is created. Acceptance of the amended return generates the posting of a TC 971 AC 120 and TC 971 AC 010 on IDRS, which posts with the received date as the Transaction Date (do not update the CII received date if there is a TC 977 on the account and the dates do not match). The return received date information can be verified by reviewing the MeF/RRD application.

- It is unnecessary to correspond for signatures on amended returns that were filed electronically.
- 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. See IRM 21.5.2.4.23.1, Reprocessing Electronic Returns.
- If referring an MeF amended return meeting CAT-A criteria, include in your remarks “MeF Amended Form 1040-X” to indicate that the amended return documentation can be reviewed via the MeF/RRD application. See Exhibit 21.5.3-2, Examination Criteria (CAT-A) General.
- If a copy of the amended return is sent back to the taxpayer, print the amended return documentation from the MeF/RRD application. Make annotations using the Adobe Acrobat Pro software, save the updated document as a PDF and attach the document 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 annotated document associated with your CII case via a CIS association sheet. See IRM 21.5.1.5.6, Incomplete CII Claims.

(3) The CII cases created for these amended returns do not contain a digital image of the amended return. The entry of “1” is still required in the CIS IND> field on CC ADJ54 for these CII cases. See IRM 21.5.1.5.1, CII General Guidelines.

- Do not use blocking series 18 for e-filed returns. Use the applicable blocking series as indicated in the subject specific IRM. See IRM 21.6.6.2.25, Electronic Filing System (e-file).
- When adjusting an account due to an electronically filed amended return, use “NSD” in the remarks section for **most** adjustments. See IRM 21.5.1.5.3, CII Source Documentation.
- For information regarding electronically filed amended returns requesting direct deposit see IRM 21.5.3.4.18.1, Direct Deposit for Amended Returns.
- For information regarding electronically filed amended returns with Taxpayer Protection Program (TPP) involvement, see IRM 21.5.3.4.18.2, Electronically Filed Amended Returns with Taxpayer Protection Program (TPP) Involvement.
- When adjusting accounts refer to the specific subject IRM for that topic.

21.5.3.4.18.1
(10-01-2025)
**Direct Deposit for
Amended Returns**

(1) Direct deposit is available on tax year 2021 and subsequent electronically filed amended returns. A TC 970 AC 001 is posted by MeF with a date matching an amended return received with valid direct deposit information. Item Reference Number (IRN) 872 is used when adjusting the account to designate the amount of refund in the form of a direct deposit.

Note: IDRS does not have the capability to update bank account information.

Note: If an electronically filed amended return posts to the incorrect account (i.e. spouses account) with direct deposit requested, if the TC 970 AC 001 is not reflected on the correct account, send the appropriate C letter informing the taxpayer that the direct deposit cannot be honored.

- (2) Input IRN 872 with the amount of the computed overpayment to be refunded on MFT 30 tax year 202112 and subsequent modules only. The IRN 872 is input as a positive amount. Do not include any math error correction amounts. It is not necessary to recompute or calculate penalties and interest. Do not input IRN 872 if there is no overpayment, if the adjustment results in a balance due, or if the adjustment is not the result of an amended return.

Caution: Check Command Code (CC) IMFOLT for the presence of the TC 970 AC 001 if the amended return was received the same week it is worked.

Caution: A (RJ10 EFT0) next to the TC 970 does not mean the direct deposit will reject. See IRM 2.3.11-75, Command Code TXMOD—Posted TC 970 Transactions, for more information.

Caution: If the taxpayer requests for a amended return direct deposit to be flipped to a paper check and it hasn't been processed, follow IRM 21.4.1.5.7, Direct Deposits — General Information.

Exception: An adjustment releasing a refund on a Carryback claim does not require the input of an IRN 872, as the refund can't be released as a direct deposit.

Exception: The IRN 872 does not bypass a -X freeze. See IRM 21.5.6.4.48, -X Freeze, for processing information and issue a letter to the taxpayer to advise that their direct deposit request cannot be honored.

Note: If the amended return requires multiple adjustments due to the number of IRNs and CRNs needed, include the IRN 872 on the adjustment posting the credit/tax adjustment to ensure it is posted in time to affect the refund issuance.

Reminder: Only the amended additional overpayment amount needs to be input for the IRN 872 if the refund is being held on the account from the original return and the Form 1040-X resulting in an additional refund. The IRN 872 only honors the overpayment resulting from electronic amended return and the original overpayment will honor the original request (direct deposit or paper check).

- (3) If the adjustment results in a refund with credit interest, the credit interest amount may refund in a paper check.
- (4) To correct an IRN 872, or add an omitted IRN 872 after the CC TERUP timeframe has lapsed, take the following action:
- Input a TC 290 for .00
 - Use RC 199
 - Use HC 3
 - Input IRN 872 for the correction amount

- The Amended claims date **must** be used when inputting the RC 199 and the IRN 872.

Example: If the previous IRN 872 amount of \$500.00 is incorrect and should have been \$200.00, then input IRN 872 for 300.00- to correct the direct deposit information.

Note: Corrections to the IRN 872 do not generate a new refund. These procedures are specific to the processing of e-filed amended returns and should not be followed by phone assistants.

Caution: Failure to input IRN 872 results in the taxpayer receiving a paper check and not a direct deposit as they requested.

Note: For guidance on deceased taxpayers refund claims, refer to IRM 21.6.6.2.21.2, Processing Decedent Account Refunds.

21.5.3.4.18.2
(10-01-2025)

**Electronically or Paper
Filed Amended Returns
with Taxpayer Protection
Program (TPP)
Involvement**

- (1) Electronically filed amended returns are reviewed by Return Integrity and Compliance Services (RICS) to identify potential identity theft using the Taxpayer Protection Program (TPP) to ensure the return was filed by the true taxpayer. Those returns identified must be authenticated through TPP before Form 1040-X can be processed.

Caution: All employees who process Form 1040X, Amended, US Individual Income Tax Returns, must do complete research to avoid processing claims incorrectly. There are several high-risk markers placed on accounts that RIVO and/or other areas may add to the account to identify questionable original or amended tax returns. Command codes (CC) IMFOLT, TXMODA, and IRPTR will show one or more of these markers. Employees must research carefully to prevent erroneous adjustments and refund release. Review open control bases. No action can be taken without coordination with the assigned function. For further guidance on identifying these markers, refer to IRM 21.6.3.4.2.2, Withholding (W/H) Tax Credit.

- (2) Amended returns with TPP involvement can be identified with a TC 971 AC 129 with the Form 1040-X MeF DLN. The taxpayer was issued a Letter 4883C, Potential Identity Theft During Original Processing, Letter 5747C, Potential Identity Theft during Original Processing - TAC AUTH ONLY, or Letter 5071C, Potential Identity Theft during Original Processing with Online Option, to the address listed on the MeF Form 1040-X to authenticate their identity.
- (3) Take the following actions:
 - a. If after 45 days from the posting of a TC 971 AC 129 **without** a corresponding TC 972 AC 129, follow procedures in IRM 21.5.3.4.6.3, No Consideration Procedures, and issue Letter 916C to the address on the Form 1040-X. Use "*" in place of the TIN. We are unable to process your request because you did not respond to the authentication letter we previously sent. Once verified, your original return will be processed, then we can process your inquiry. If the account shows an E- freeze with a TC 971 AC 129 marker, refer to IRM 21.5.6.4.9.1, E- Freeze Procedures for Unresolved Taxpayer Protection Program (TPP) Issues.

If **Letter 4883C** was issued, use the following paragraphs:

"You didn't respond to our request to verify your identity and return information. Please call our Taxpayer Protection Program hotline at 800-830-5084 between 7:00 a.m. and 7:00 p.m. local time to confirm you filed the amended tax return. Once you have verified your identity and confirmed you filed the return in question, you may resubmit your return. When you call, you **MUST** have a copy of this letter, the 4883C we issued for identity verification, your Form 1040-X, Amended tax return, your prior year tax return if you filed one (Forms W-2 and 1099 aren't tax returns), and any supporting documents for each year's tax return you filed (e.g., Form W-2, Form 1099, Schedule C, Schedule F, etc.)."

If **Letter 5747C** was issued, use the following paragraphs:

"You didn't respond to our request to verify your identity and return information. If you did file, you must call 844-545-5640 to schedule an appointment at your local taxpayer assistance center. We need more information to verify your identity and tax return information so we can issue the full or remaining refund. We can't process your refund until we hear from you."

If **Letter 5071C** was issued, use the following paragraphs:

You didn't respond to our request to verify your identity and return information. Please call our Taxpayer Protection Program hotline at 800-830-5084 between 7:00 a.m. and 7:00 p.m. local time to confirm you filed the amended tax return. Once you have verified your identity and confirmed you filed the return in question, you may resubmit your return. "When you call, you **MUST** have a copy of this letter, the 5071C we issued for identity verification, your Form 1040-X, Amended tax return, your prior year tax return if you filed one (Forms W-2 and 1099 aren't tax returns), and any supporting documents for each year's tax return you filed (e.g., Form W-2, Form 1099, Schedule C, Schedule F, etc.)."

Note: If the caller has not received the Taxpayer Protection Program (TPP) letter issued to them, or the caller received the letter but lost it, refer to IRM 25.25.6.6.2, Procedures for when the Caller Has Not Received or Lost the Taxpayer Protection Program (TPP) Letter, for guidance.

Note: Do not issue Letter 916C prior to 21 days from the date the Letter 4883C or Letter 5747C was issued.

Note: If it is after 21 days of TPP letter issuance, but before 45 days of the posting of TC 971 AC 129, wait for the TC 971 AC 129 to post before taking action.

Note: Suspend the case pending a TC 972 AC 129 or issuance of the TPP letter.

Note: If you are following no consideration procedures, please close your case after the 916C letter is issued.

Note: If an amended return was received with a payment **AND** the taxpayer has not verified their selected TPP return, use a HC 4 when sending a letter so it does not create an erroneous refund.

- b. If the taxpayer files an amended return and the original return is still unresolved with TPP involvement, and there is no E- freeze or a TC 971 AC 129 prepare Letter Letter 288C, Interim Reply; Adjustment Request Considered, using an "" to replace the taxpayer's TIN. Use the following information in the open paragraph: "We are unable to process your request because you did not respond to the authentication letter we pre-

viously sent. Once your identity is verified, your original return will be processed, and we will then be able to address your inquiry". Reissue the appropriate authentication letter based on the TPP letter indicator and send it to the address the taxpayer provided. If no address was provided, use the address listed on CC ENMOD. Document a detailed history item in AMS, stating that Letter 288C was issued and noting which TPP letter was sent or reissued, if applicable. Close the case using the appropriate category code.

- c. If the account shows an E- freeze, refer to IRM 21.5.6.4.9.1, E- Freeze Procedures for Unresolved Taxpayer Protection Program (TPP) Issues
- d. When the TC 971 AC 129 DLN matches the posted TC 150, and the taxpayer has not completed authentication, follow IRM 21.5.1.4.4.1, Unresolved Taxpayer Protection Program (TPP) Issues for Correspondence and Loose Forms.
- e. If a paper case is received and the 971 129 has not been reversed, but AMS indicates the taxpayer has previously authenticated **and** the AMS history reflects resolution of the TPP issue refer to IRM 21.5.1.4.4.1, Unresolved Taxpayer Protection Program (TPP) Issues for Correspondence and Loose Forms. If the only issue present is an unreversed TPP marker, do not refer to RIVO. If there is no unpostable 126-0, process following normal procedures.
- f. If the taxpayer's account contains a TC 971 AC 129 **with** a corresponding TC 972 AC 129, adjust the account following normal procedures.

21.5.3.4.18.3
(10-01-2025)

**Electronically Filed
Amended Returns with
Potential Withholding
Mismatch TC 971 AC
123**

- (1) MeF Forms 1040-X with potential withholding mismatches can be identified with a TC 971 AC 123 MISC 1040-X INC MISMATCH.
- (2) Take the following actions:
 - a. Follow the procedures outlined in IRM 21.6.3.4.2.2, Withholding (W/H) Tax Credit, for guidance regarding accounts that are Electronically Filed Returns with Potential Without Mismatch TC 971 AC 123.

Caution: When inputting a TC 290 to partially or fully disallow a claim, and there is a RIVO freeze/marker holding the original refund, use a hold code 4 to prevent release of the refund.

21.5.3.4.18.4
(10-01-2025)

**Electronically Filed
Amended Returns with
Potential Bogus
EIN/False Income TC 971
AC 123**

- (1) MeF Forms 1040-X with potential bogus EIN/false income can be identified with TC 971 AC 123 MISC 1040-X INVALID IDOC. Disallow the claim following procedures in IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures.

Exception: If the taxpayer files an amended return to remove some of the questionable income **and** submits a corrected W-2 to substantiate the

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21.5.3.4.18.5
(10-01-2025)

**Electronically Filed
Amended Returns for
Full Year Prisoners TC
971 AC 123**

- (1) MeF Forms 1040-X filed for full year prisoners are identified with a:
 - TC 971 AC 123 MISC - Form 1040-X FYP BOTH - primary and secondary
 - TC 971 AC 123 MISC - Form 1040-X FYP PRIMARY - primary only
 - TC 971 AC 123 MISC - Form 1040-X FYP SECONDARY - secondary only
- (2) Follow normal procedures, however exercise caution when processing these amended returns as some credits may not be allowed.

Caution: Prisoner data markers may not be accurate. Refer to IRM 3.11.6.17.17, Prisoner Returns, to make sure a claim is not incorrectly processed/denied.

Exhibit 21.5.3-1 (10-01-2025)**Claim Processing with Examination Involvement**

This exhibit provides details for processing a claim with Examination involvement.

1. To identify the appropriate information, you must first determine the following:
 - Does the account have a -L freeze and, if so, what is the current status on Audit Information Management System (AIMS)?

Reminder: Check for a -L freeze on both taxpayer's accounts when processing a filing status change from/to married filing jointly. If a -L freeze exists on either account, follow the procedures as outlined below.

Accounts with a -L freeze indicate an account has been selected for a potential audit. The AIMS status (as viewed with Command Code (CC) AMDISA) determines the current status of the potential audit.

Since not all cases with a -L freeze are audited, processing procedures differ based on the AIMS status.

Note: Substitute for Return (SFR) accounts containing a -L freeze and the AIMS information indicates a Primary Business Code (**PBC**) **296** (for MFT 01 and 10 only) or **PBC 212**, regardless of AIMS status: Forward the return to Examination without inputting any adjustments. All other Substitute for Return (SFR) accounts containing a -L freeze, refer to IRM 21.5.3.4.10.1, Non-Filer Returns, for additional information.

- Does the claim meet CAT-A criteria?
CAT-A criteria identifies issues that require a referral to the Examination Classifiers prior to allowing a taxpayer's claim, including protective claims and requests for abatement of CAT-A criteria penalties as identified in Exhibit 21.5.3-2, Examination Criteria (CAT-A) – General, and Exhibit 21.5.3-3, and Examination Criteria (CAT-A) – Credits.
Review IRM 21.5.3.4.7, Processing Claims and Amended Returns with Examination Involvement, prior to referring any cases to Examination.
2. Cases referred to the CAT-A classifiers are returned with processing instructions as outlined in the following table:

If ...	Then ...
1 Exam Classification indicates "selected" or provides instructions to route the claim.	Case is selected for audit – AM employees must: <ol style="list-style-type: none"> 1. Input the necessary audit trail with a TC 971 and Action Code (AC) 013. Use the received date of the amended return for the transaction date. 2. Input any applicable letters to the taxpayer. Refer to IRM 21.3.3.4.2.1, Use of 86C Letter - Referring Taxpayer Inquiry/Forms to Another Office. 3. Route the case if Classification responds with a stop number. See link for further rerouting guidance. <i>Employee Group Code Listing</i> 4. Close the case.

Exhibit 21.5.3-1 (Cont. 1) (10-01-2025)**Claim Processing with Examination Involvement**

If ...	Then ...
2 Exam Classification indicates "disallow". The amended return/claim can't be processed as filed (the issue is not allowable) or lacks documentation to properly consider the items.	AM employees must : <ul style="list-style-type: none"> Reject the claim with a Letter 105C/106C using the citations of law provided by the classifier and request missing forms/scheduled/worksheets (when applicable). Caution: Do not request books or records. Only documents required in form instructions may be requested prior to examination. Input the disallowance or partial disallowance adjustment. Refer to IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures, and IRM 21.5.3.4.3, Tax Decrease and Statute Consideration for further guidance.
3 Exam Classification indicates "accepted."	Classifier determined no examination will be initiated at this time, AM inputs the necessary actions to adjust the account and release any overpayment. Reminder: If the claim is accepted by Exam Classification, math verification is still required.

3. The information below outlines the procedures based on the different combinations of CAT-A criteria and AIMS status codes.

- For accounts without a -L freeze:**
 - If the claim does not meet Category A criteria**, process the claim following normal adjustment procedures.
 - If the claim meets Category A criteria**, forward the claim to CAT-A Exam for classification.
- For accounts with a -L freeze and the AIMS status is 08 or less:**
 - If the claim does not meet CAT-A criteria, process the claim following normal adjustment procedures. If the refund is frozen by Exam, use hold code 1 to ensure the credit balance or the overpayment does not refund. Allow for the CP notice to be issued. Include the appropriate *priority code* to prevent an unpostable. Do not forward the case to Examination.
 - If the claim meets CAT-A criteria, forward to Exam Classification as CAT-A.

Note: If the case is MEFA, follow IRM 21.5.1.5.2, Cases Currently Assigned in CII (7) for further guidance.

- For accounts with a -L freeze and the AIMS status is 09 or more and less than 90:**
 - If the return is a **true duplicate**, input a TC 290 for .00 to release the freeze utilizing **TRUEDUPF** as the activity code when inputting the adjustment. Use hold code 1 if the account reflects a credit balance. Do not forward to Examination unless the return also includes taxpayer correspondence. If correspondence is included, forward to Examination per the AIMS data.
 - For any Form 843 claims filed by individuals requesting a refund of withheld (employee's share) FICA tax showing an open -L freeze on the employer in PBC 212, process the claim using normal procedures. For additional information, see (domestic) IRM 21.7.2.4.4.4.2, Excess Social Security and Medicare Tax Withheld - Employee Claims for Refund, and IRM 21.8.2.7.3, Processing Employee Claims.
- For all other claims/amended returns, regardless of CAT-A criteria, route the case to the Examination group conducting the exam per the AIMS data. See Exam Employee Group Code (EGC) Contacts listing on SERP under Who/Where tab.

Exhibit 21.5.3-1 (Cont. 2) (10-01-2025)**Claim Processing with Examination Involvement**

- For Superseding returns filed by the due date or the extended due dates, these returns must be adjusted first before they are forwarded to the Examination group conducting the exam per the AIMS data. This applies to all superseding forms including Forms 1120S and 1065. Refer to IRM 21.5.2.4.23.6, Discriminate Function (DIF) Score or Classification “Send Return(s) to Examination for Review,” and IRM 21.7.9.3.4.1, Business Master File (BMF) Superseding Tax Return Processing Considerations, for Superseding returns and DIF-Bypass.
- Amended income tax returns that are filed to report a tax increase or credit decrease must be adjusted first before they are forwarded to the Examination group conducting the exam per the AIMS data. The assessment statute (ASED) must be protected first, prior to routing them to the Examination group conducting the audit. This practice helps prevent barred assessments and problems with the field examination audits. If applicable, use the appropriate blocking series. Input hold code 1 or 4 to prevent any letters/refunds from being released to the TP before Exam takes action on the account.

Reminder: If you forward a case to Examination, remember to input TC 971 / AC 013 with the received date as the transaction date.

- For accounts with a -Z freeze, do not suspend as CAT-A. Return the case to AM and follow IRM 21.5.6.4.52, -Z Freeze.

Note: If AIMS status is 90, ignore the -L and process case as if -L freeze not present.

Note: AIMS Status may indicate a future date in the “current status code line” of CC AMDISA. This is the date the case is scheduled to enter the status indicated. Use the correct status code depending on the date of the inquiry. Refer to IRM 21.5.10-2, Audit Information Management System (AIMS) Status Code Guide - Campus Cases, for further information.

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Exhibit 21.5.3-2 (Cont. 2) (10-01-2025)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 3) (10-01-2025)
Examination Criteria (CAT-A) – General

[illegible]

Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 5) (10-01-2025)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 6) (10-01-2025)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 7) (10-01-2025)
Examination Criteria (CAT-A) – General

[illegible]

Exhibit 21.5.3-2 (Cont. 8) (10-01-2025)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 9) (10-01-2025)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 10) (10-01-2025)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 11) (10-01-2025)
Examination Criteria (CAT-A) – General

[illegible]

Exhibit 21.5.3-2 (Cont. 12) (10-01-2025)
Examination Criteria (CAT-A) – General

[illegible]

Exhibit 21.5.3-2 (Cont. 13) (10-01-2025)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 14) (10-01-2025)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 15) (10-01-2025)
Examination Criteria (CAT-A) – General

[illegible]

Exhibit 21.5.3-2 (Cont. 16) (10-01-2025)
Examination Criteria (CAT-A) – General

[illegible]

Exhibit 21.5.3-2 (Cont. 17) (10-01-2025)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 18) (10-01-2025)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 19) (10-01-2025)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 20) (10-01-2025)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 21) (10-01-2025)
Examination Criteria (CAT-A) – General

[illegible]

Exhibit 21.5.3-2 (Cont. 22) (10-01-2025)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 23) (10-01-2025)
Examination Criteria (CAT-A) – General

[illegible]

Exhibit 21.5.3-2 (Cont. 24) (10-01-2025)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 25) (10-01-2025)
Examination Criteria (CAT-A) – General

[illegible]

Exhibit 21.5.3-2 (Cont. 26) (10-01-2025)
Examination Criteria (CAT-A) – General

[illegible]

Exhibit 21.5.3-2 (Cont. 27) (10-01-2025)
Examination Criteria (CAT-A) – General

[illegible]

Exhibit 21.5.3-2 (Cont. 28) (10-01-2025)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-2 (Cont. 29) (10-01-2025)
Examination Criteria (CAT-A) – General

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Exhibit 21.5.3-3 (10-01-2025)
Examination Criteria (CAT-A) – Credits

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Exhibit 21.5.3-3 (Cont. 1) (10-01-2025)
Examination Criteria (CAT-A) – Credits

[illegible]

Exhibit 21.5.3-3 (Cont. 2) (10-01-2025)
Examination Criteria (CAT-A) – Credits

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Exhibit 21.5.3-3 (Cont. 3) (10-01-2025)
Examination Criteria (CAT-A) – Credits

[illegible]

Examination Criteria (CAT-A) – Credits

[illegible][illegible]

Exhibit 21.5.3-3 (Cont. 5) (10-01-2025)
Examination Criteria (CAT-A) – Credits

[illegible]

Exhibit 21.5.3-3 (Cont. 6) (10-01-2025)
Examination Criteria (CAT-A) – Credits

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Exhibit 21.5.3-3 (Cont. 7) (10-01-2025)
Examination Criteria (CAT-A) – Credits

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Exhibit 21.5.3-4 (05-22-2017)**Fraud Referral Claims**

1. This exhibit provides details for processing IMF fraudulent claims that **do not** have an existing treatment stream.
 2. A fraud referral database (FReD) has been created that enables potential tax fraud or non-compliance leads to be disseminated and subsequently acted upon. The database **does not** replace any existing referral methods.
- #

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4. Employees who discover a questionable case refers the case to their lead or manager. The employee maintains an open control base and suspend the case while waiting for a response. Update the IDRS activity to "REF2FRED" after suspending the case to the manager or lead.
 5. The lead or manager reviews the case to ensure fraud referral criteria are met.
 - If criteria are not met, the case is returned to the employee with a message advising why fraud referral criteria were not met.
 - If criteria are met, the lead or manager refers the case information to their local fraud referral coordinator via E-mail indicating why the case was referred and the CII case number. AM Fraud Referral Coordinators can be found on the *Accounts Management Fraud Referral Coordinators* website.

Caution: The case remains in "suspense" inventory for 7 days and if no action is returned to the employee in their "active" inventory. Do not take action on the case until appropriate guidance has been provided.
 6. The fraud referral coordinator reviews the case to ensure fraud referral criteria are met.
 - If not met, the fraud referral coordinator sends an E-mail to the lead / manager advising why the criteria were not met.
 - If met, the fraud referral coordinator accesses *FReD* to see if the issue has already been identified.
 - If the issue has not been identified, access CII, convert the CII case image to a PDF file, submit a new report (from the link above), input the required fields and attach the case information.
 7. Based on the characteristics of the case, the referral team (FReD) gets input from CI, Return Integrity & Verification Operations (RIVO) and / or other impacted functional areas to develop guidance. The referral team respond to the fraud referral coordinator within 3 business days via E-mail.
- Note: The Fraud Referral Coordinator must follow up with the FReD Team if a response is not received within 3 business days.**
8. The fraud referral coordinator forwards the referral team's guidance to the lead / manager within 5 business days of the original submission providing the appropriate actions needed.
 9. The lead / manager attaches the E-mail guidance to the CII case by converting the E-mail to a PDF file.
 10. The lead/manager activates the case back to the employee.
 11. The employee follows the guidance provided to close the case.