

IRM PROCEDURAL UPDATE

DATE: 12/16/2015

NUMBER: WI-21-1215-1807

SUBJECT: Oral Statement Authority; BFS Phone Number

AFFECTED IRM(s)/SUBSECTION(s): 21.4.2

CHANGE(s):

IRM 21.4.2.1(1) Caution - Changed link from IRM 21.6.2.4.2.1 to IRM 25.23.4.4.1.

1. When a refund check is lost, stolen, destroyed or not received by the taxpayer, a refund trace can be initiated. This section of the IRM provides information and instructions for tracing.

NOTE: Many U.S. Post Offices will forward the refund check if the taxpayer has a forwarding address on file with the local post office. If this is the case, advise the taxpayer to allow 2 additional weeks to the IDRS refund payment date for receipt of the check. If the check is not received by the end of those 2 weeks, follow normal refund trace procedures.

CAUTION: If the taxpayer states he/she did not receive their refund and there is some indication identity theft may be involved, see IRM 25.23.4.4.1, *Telephone/Paper Inquiries Regarding MXEN, MXSP, IDT(X), IDS(X), and Scrambled Cases*, for additional information.

IRM 21.4.2.3(1) Note - Changed link from IRM 21.6.2.4.2.1 to IRM 25.23.4.4.1.

1. The refund trace process is as follows:
 - a. The taxpayer contacts the IRS and states his/her refund was received but then lost, stolen, destroyed, or states it was never received.

NOTE: If the taxpayer states he/she did not receive their refund and there is some indication identity theft may be involved, see IRM 25.23.4.4.1, *Telephone/Paper Inquiries Regarding MXEN, MXSP, IDT(X), IDS(X), and Scrambled Cases*, for additional information.

- b. An IRS employee inputs the trace to IDRS using CC CHKCL if oral statement criteria is met, or sends a Form 3911, *Taxpayer Statement Regarding Refund*, to the taxpayer (CC CHKCL is input when the taxpayer returns the Form 3911).

- c. CC CHKCL initiates the refund trace inquiry to the BFS (formerly FMS).
- d. The original check is replaced or a photocopy of the cashed check along with a claim form is sent to the payee (taxpayer).

EXCEPTION: If more than 4 weeks have passed since the TC 846 posted, or there is no TC 846 or TC 840, and the taxpayer is in bankruptcy, instruct the taxpayer to call the Centralized Insolvency Operation (CIO) at 1-800-973-0424. See IRM 5.19.1.4.2.1, *Contacts Involving Insolvency Issues*, for additional guidance.

IRM 21.4.2.4.1(1) Caution - Changed link from IRM 21.6.2.4.2.1 to IRM 25.23.4.4.1.

- 1. If the contact does not meet oral statement criteria:
 - a. If the refund time frame prescribed in IRM 21.4.1.3.4, *Refund Issued But Lost, Stolen, Destroyed or Not Received*, has been met, send taxpayer a Form 3911, *Taxpayer Statement Regarding Refund*. Use of the IAT Missing Refund (CHKCL) tool is mandatory when sending the Form 3911 to the taxpayer. Be sure to verify the taxpayer's mailing address. If taxpayer has moved since filing their return and their current address is not on record (CC ENMOD), send Form 3911, or follow procedure in "b)" below. **DO NOT UPDATE ADDRESS ON CC ENMOD unless the taxpayer meets oral statement criteria.** See IRM 3.13.5.28, *Oral Statement/Telephone Contact Address Change Requirements*.

CAUTION: Do not initiate a refund trace over the phone if there is IDT involvement on the module. When providing a pre-populated Form 3911, *Taxpayer Statement Regarding Refund*, verify all information is for the correct taxpayer. See IRM 25.23.4.4.1, *Telephone/Paper Inquiries Regarding MXEN, MXSP, IDT(X), IDS(X), and Scrambled Cases*, for additional information.

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- b. Advise the taxpayer that Form 3911 is available through the internet on irs.gov. See IRM 21.3.6.4.2, *Other Methods of Obtaining Forms and Publications*.

- c. Advise taxpayers they must sign the Form 3911. If joint return, both taxpayers must sign.
- d. Advise taxpayer they can either mail or fax their request. Provide the address and fax number of your servicing Refund Inquiry function. Advise the taxpayer they will be contacted within 30 days of the date they return the Form 3911. For fax numbers and addresses, see Refund Inquiry Unit Addresses, located on SERP under the Who/Where tab.
- e. Using the Integrated Automation Technologies (IAT) Missing Refund (CHKCL) tool or Account Management Services (AMS), input the following history item on the account - "H,39112TP. "
- f. If forwarding the Form 3911 to another campus with an open Refund Inquiry Unit control, create a history item stating - 39112SC - using command code (CC) ACTON.

IRM 21.4.2.4.3(1) Caution - Changed link from IRM 21.6.2.4.2.1 to IRM 25.23.4.4.1.

1. When CC CHKCL is input, the request is sent electronically to the RFC. The request is then forwarded to Philadelphia, PA, where BFS (formerly FMS) determines the status of the check, cashed or not cashed. Trace requests for direct deposits are processed at RFC. Refer to the table below for resulting action.

CAUTION: Do not initiate a refund trace over the phone if there is IVO involvement on the module. When providing a pre-populated Form 3911, verify all information is for the correct taxpayer. See IRM 25.23.4.4.1, *Telephone/Paper Inquiries Regarding MXEN, MXSP, IDT(X), IDS(X), and Scrambled Cases*, for additional information. Also see IRM 21.5.6.4.35.3, *-R freeze Modules With Integrity & Verification Operation (IVO) or Taxpayer Protection Program (TPP) Involvement*, for additional information.

If	And	Then
Check has not been cashed.	Check is less than one year old.	Credit is returned to the taxpayer's account and a new refund is issued.
	Check is more than one year old.	Check is automatically cancelled (TC 740) and reissued.
Check has been cashed.	Check is less than one year old.	BFS will send photocopy and claim Form FMS 1133 to the taxpayer.
	Check meets Limited Payability criteria.	A photocopy of the cashed check is sent to the Refund Inquiry Unit to determine forgery.

NOTE: Unlike the processing of regular check traces, "Limited Payability" procedures do not apply to direct deposit cases. It does not matter if the direct deposit is older than 14 months old. A "Non-receipt Code" of "N" should

be used regardless of the age of the direct deposit.

REMINDER: When a taxpayer states he is inquiring about his refund and the refund was a **RAL** or a **RAC**, refer taxpayer to their preparer or the financial institution where their refund was deposited. See IRM 21.4.1.4.7.1(8), *Direct Deposit Refunds*, for additional information.

CAUTION: Remember, all taxpayer authentication rules and security requirements are the same for all refund accounts. It does not make a difference how the refund was issued, either direct deposit to the taxpayer's account, a "**RAL or RAC**" from the preparer, or issued via paper check.

CAUTION: If the refund was based on an injured spouse claim as evidenced by the indicators below, and the overpayment will offset to the non-injured spouse obligation, input CC CHKCL with non-receipt code "H" to set the P-freeze and hold the refund for manual processing. See IRM 21.4.6.5.10.6, *Issuing the Injured Spouse Refund*, and IRM 21.4.4, *Manual Refunds*, for additional information.

- TC 150 with blocking series 920–929, or
- TC 971 AC 071

IRM 21.4.2.4.4(1) Table - Added a reference to oral statement authority and a link to IRM 21.4.3.4.4.

1. The taxpayer may subsequently inquire after initiation of a refund trace on their missing refund check or non-receipt of a direct deposit refund. Use the following table in your attempt to resolve the taxpayer's issues.

If	Then
Taxpayer calls to check the status of his/her case.	<ol style="list-style-type: none"> 1. Research IDRS to determine the Disposition Code of the claim. 2. CSR should only refer case to the tax examiner with control if after complete research, he/she cannot answer the taxpayer's inquiry.
Taxpayer finds his/her refund after Form 3911, <i>Taxpayer Statement Regarding Refund</i> , was sent, or a refund trace was initiated per oral statement authority.	<p>Check the Disposition and Status Codes to determine if the taxpayer can cash the check. See Exhibit 21.4.2-2, <i>Disposition Code Chart Non-Receipt Claims CHKCL Claims Only</i>.</p> <p>NOTE: A refund trace cannot be interrupted if the campus deadline to "DQ" the trace has passed. Per IRM 2.4.23.1(5), <i>General Overview for Command Code</i></p>

	<p>CHKCL/CHKCLR, CC TERUPC can only be done on the same day of input. If it is too late to cancel the trace and the trace was valid, advise the taxpayer to wait for a replacement check and return the original when the replacement is received.</p>
<p>More than three weeks from the History item "3911TORDCC".</p>	<ol style="list-style-type: none"> 1. Advise taxpayer you are checking the status of their claim. 2. Advise taxpayer he/she will receive a contact within 30 days. 3. Prepare an e-4442, <i>Inquiry Referral</i>, and send to the responsible Refund Inquiry function.
<p>Six weeks after taxpayer sends Form 3911, <i>Taxpayer Statement Regarding Refund</i>, or a refund trace was initiated per oral statement authority.</p>	<ol style="list-style-type: none"> 1. Research IDRS for the claim status. 2. Determine the latest disposition or status code. Frequently used disposition and status codes are described in Exhibit 21.4.2-5, <i>Disposition and Status Codes - Additional Action Time Frames</i>. 3. If you are a CSR at a call site and you cannot resolve the taxpayer's inquiry, you may need to refer (FAX) the case to the Refund Inquiry Unit which either now controls or had a prior control on the account. Advise the taxpayer to expect a response within 15 days.
<p>Taxpayer received Form FMS 1133 and check was cashed by someone other than the taxpayer.</p>	<p>Advise the taxpayer to complete the claim form (Form FMS 1133) and return it to BFS (Formerly FMS) to pursue the claim.</p>
<p>Taxpayer received Form FMS 1133 and does not wish to pursue the claim.</p>	<p>Advise the taxpayer no further action is required. Taxpayer may keep the copy of the check for personal records.</p>
<p>Taxpayer finds the original check and also receives a replacement.</p>	<p>Advise the taxpayer to return the original as soon as possible. See IRM 21.4.3.4.4, <i>Returned Refund Check Procedures</i>, for information. Input a History Item on CC TXMOD:H:CHKFOUND.</p>

IRM 21.4.2.4.6(4) Table 2nd Then box - Changed link from IRM 21.6.3.6.6 to IRM 21.6.3.5.6.

4. Depending on the Status of the refund check one of the following occurs:

If non-receipt (or stop reason) code is	And	Then	Generated Code at BFS (formerly FMS)
"N", "L", "D", "S", or "E".	Check is outstanding.	A recertified refund is automatically issued.	D
"H" or "X"	Check is outstanding.	Sets "P" Freeze. Credit must be released (i.e., manual refund, credit transfer). NOTE: If a prior trace involved an Economic Stimulus Payment, refer to IRM 21.6.3.5.6, <i>Refund Issues</i> . If the trace involves an injured spouse condition, refer to IRM 21.4.6.5.10.6, <i>Issuing the Injured Spouse Refund</i> , and IRM 21.4.4, <i>Manual Refunds</i> .	D
"P" for Photocopy request for spousal dispute.	Check outstanding Disposition "33".	Send Letter 1219C, <i>Refund Inquiry; (Joint Form 3911) Requires Certification: Form 1040</i> , with appropriate paragraphs.	K
"P" for Photocopy request for taxpayer's records.	Check outstanding Disposition "33".	<ol style="list-style-type: none"> 1. Send appropriate "C" letter. 2. Advise the taxpayer the check has not been paid. 3. Include a Form 3911, <i>Taxpayer Statement Regarding Refund</i>. 4. Advise the taxpayer if they wish to request a replacement check 	K

		to complete the Form 3911 and return it to the center which issued the check. 5. If an open control base, close with Activity Code "3911TOTP".	
"C".	Check Cashed	BFS sends Certified photocopy of the cashed check.	L
Any code except "C" or "P."	Refund less than 14 months old and check cashed.	BFS sends photocopy and Form FMS 1133 Claim Form to taxpayer.	D
"P" and Limited Payability. NOTE: Use of any other non-receipt code on a Limited Payability check will cause a Disposition 18 and BFS will not send a check copy.		1. BFS sends photocopy only to the campus. 2. The campus determines whether the check was forged or sends a Form 13818, <i>Limited Payability Claim</i> , and the check photocopy to the taxpayer.	K

Exhibit 21.4.2-2 Disposition status code 53 - corrected the BFS phone number.

The Disposition Code can be located in the Activity Field of the IDRS Control History. The Disposition Code is displayed as the first 2 digits of the Activity Code followed by the date BFS (formerly FMS) provided the Disposition in YYYYMMDD format (i.e., 0120130324 = Disposition 01 provided by BFS on March 24, 2013).

DISPOSITION STATUS CODE	CATEGORY CODE	DEFINITION	FOLLOW UP ACTION
53	OOPS	Reject - Duplicate Stop	Contact BFS Check Information Section at 855-868-0151 Option 1.

