

IRM PROCEDURAL UPDATE

DATE: 07/22/2024

NUMBER: ts-21-0724-0860

SUBJECT: Blocking Series Clarifications for Certain ERC Form 94XX Claims

AFFECTED IRM(s)/SUBSECTION(s): 21.7.2

CHANGE(s):

IRM 21.7.2.7.8.1(6) Revised first and second rows of the table to add cross reference clarifying blocking series usage.

(6) After applying the guidance in (5) above, continue handling **processable** Forms 94XX identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria for missing Forms W-2 as follows:

If	And	Then
The Form 94XX reports only changes to ERC		Disallow the claim: <ol style="list-style-type: none"><li data-bbox="841 1052 1375 1289">1. Complete a TC 290 .00 adjustment in Blocking Series 98 or 99 as appropriate (see (2) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) to record a full disallowance of the claim.<li data-bbox="841 1293 1375 1845">2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in an open paragraph: "Employee Retention Credit (ERC) is only available for eligible employers that paid qualified wages to employees between March 13, 2020, and December 31, 2021. Our records show that your business did not file Forms W-2, Wage and Tax Statement, for tax years ended December 31, 2020, or December 31, 2021, reporting the payment of

		any wages to employees."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do not meet CAT-A criteria when considered separately from the ERC changes reported	<p>Partially disallow the claim:</p> <ol style="list-style-type: none"> 1. Complete a TC 29X adjustment in Blocking Series 18 or 00 as appropriate (see (3) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) with appropriate IRNs/CRNs to record the allowable portion of the correction requested on the Form 94XX. 2. Send Letter 106C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in an open paragraph: "Employee Retention Credit (ERC) is only available for eligible employers that paid qualified wages to employees between March 13, 2020, and December 31, 2021. Our records show that your business did not file Forms W-2, Wage and Tax Statement, for tax years ended December 31, 2020, or December 31, 2021, reporting the payment of any wages to employees."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do meet CAT-A criteria when considered separately from the ERC changes reported	<p>The ERC Math Verification Worksheet must be executed before the CAT-A referral is completed:</p> <ol style="list-style-type: none"> 1. Follow handling guidance in (13) and (14) of IRM 21.7.2.7.6.3 Form 94XX — Employee Retention Credit (ERC) — Claims and Adjustments Cleared for Processing (Accepted) by RAAS, to execute the worksheet and to document the results. 2. Complete the CAT-A referral as usual. 3. Take action to complete processing of the Form 94XX based on instructions received from Exam Classification when the case is

		<p>returned including (as appropriate):</p> <ul style="list-style-type: none"> • Completing the ERC Math Verification Worksheet again. • Completing an adjustment as per guidance in other rows of this table to record a full or partial disallowance. • Issuing an appropriate 105C or 106C full/partial disallowance letter with text as per guidance in other rows of this table or as instructed by Exam Classification.
<p>The CII case notes indicate multiple RAAS disallowance filters were met</p>		<p>Each failed filter must be considered:</p> <ol style="list-style-type: none"> 1. As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. 2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. 3. When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s). <p>Note: If a secondary failed filter notation "Establishment Date" is present, insert the following text in two open paragraphs: "Employee Retention Credit (ERC) is only available for eligible employers that paid qualified wages to employees between March 13, 2020, and December 31, 2021." "Our records show that your business was established after December 31, 2021. Our records also show that your business did not file Forms W-2, Wage and Tax Statement, for tax years ended December 31, 2020, or December 31, 2021, reporting</p>

		the payment of any wages to employees."
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IRM 21.7.2.7.8.2(6) Revised first and second rows of the table to add cross reference clarifying blocking series usage.

(6) After applying the guidance in (5) above, continue handling **processable** Forms 94XX identified to AM by RAAS as having been filed for accounts meeting the specified filtering criteria for entity establishment dates as follows:

If	And	Then
The Form 94XX reports only changes to ERC		Disallow the claim: <ol style="list-style-type: none"> 1. Complete a TC 290 .00 adjustment in Blocking Series 98 or 99 as appropriate (see (2) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) to record a full disallowance of the claim. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in an open paragraph: "Employee Retention Credit (ERC) is only available for eligible employers that paid qualified wages to employees between March 13, 2020, and December 31, 2021. Our records show that your business was established after December 31, 2021."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do not meet CAT-A criteria when considered separately from the ERC changes reported	Partially disallow the claim: <ol style="list-style-type: none"> 1. Complete a TC 29X adjustment in Blocking Series 18 or 00 as appropriate (see (3) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) with appropriate IRNs/CRNs to record the allowable portion of the correction requested on the Form 94XX.

		<p>2. Send Letter 106C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in an open paragraph: "Employee Retention Credit (ERC) is only available for eligible employers that paid qualified wages to employees between March 13, 2020, and December 31, 2021. Our records show that your business was established after December 31, 2021."</p>
<p>The Form 94XX reports other tax or credit changes in addition to ERC changes</p>	<p>The other changes do meet CAT-A criteria when considered separately from the ERC changes reported</p>	<p>The ERC Math Verification Worksheet must be executed before the CAT-A referral is completed:</p> <ol style="list-style-type: none"> 1. Follow handling guidance in (13) and (14) of IRM 21.7.2.7.6.3 Form 94XX — Employee Retention Credit (ERC) — Claims and Adjustments Cleared for Processing (Accepted) by RAAS, to execute the worksheet and to document the results. 2. Complete the CAT-A referral as usual. 3. Take action to complete processing of the Form 94XX based on instructions received from Exam Classification when the case is returned including (as appropriate): <ul style="list-style-type: none"> • Completing the ERC Math Verification Worksheet again. • Completing an adjustment as per guidance in other rows of this table to record a full or partial disallowance. • Issuing an appropriate 105C or 106C full/partial disallowance letter with text as per guidance in other rows of this table or as instructed by Exam Classification.
<p>The CII case notes indicate multiple RAAS disallowance filters</p>		<p>Each failed filter must be considered:</p> <ol style="list-style-type: none"> 1. As appropriate, consider handling

<p>were met</p>		<p>guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters.</p> <ol style="list-style-type: none"> 2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. 3. When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s). <p>Note: If a secondary failed filter notation "No W2 filed" is present, insert the following text in two open paragraphs: "Employee Retention Credit (ERC) is only available for eligible employers that paid qualified wages to employees between March 13, 2020, and December 31, 2021." "Our records show that your business was established after December 31, 2021. Our records also show that your business did not file Forms W-2, Wage and Tax Statement, for tax years ended December 31, 2020, or December 31, 2021, reporting the payment of any wages to employees."</p>
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IRM 21.7.2.7.8.5(6) Revised first and second rows of the table to add cross reference clarifying blocking series usage.

(6) After applying the guidance in (5) above, continue handling **processable** Forms 94XX identified to AM by RAAS as having been filed an entity with payment/depositing patterns indicative of a lack of employment activity and/or business activity as follows:

If	And	Then
The Form 94XX reports only changes to ERC		<p>Disallow the claim:</p> <ol style="list-style-type: none"> 1. Complete a TC 290 .00 adjustment in Blocking Series 98 or 99 as appropriate (see (2) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) to record a full disallowance of the claim. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in an open paragraph: "Based on our records, we have determined you are not an Eligible Employer or did not pay qualified wages for purposes of the Employee Retention Credit (ERC). ERC is a credit only against the employer's portion of social security or Medicare tax. We have no record you made employment tax deposits required for employers operating a trade or business from 2019 through 2022."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do not meet CAT-A criteria when considered separately from the ERC changes reported	<p>Partially disallow the claim:</p> <ol style="list-style-type: none"> 1. Complete a TC 29X adjustment in Blocking Series 18 or 00 as appropriate (see (3) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) with appropriate IRNs/CRNs to record the allowable portion of the correction requested on the Form 94XX. 2. Send Letter 106C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "We recorded the other changes reported on your Form [specify

		<p>form]. However, based on our records, we have determined you are not an Eligible Employer or did not pay qualified wages for purposes of the Employee Retention Credit (ERC)."</p> <p>"ERC is a credit only against the employer's portion of social security or Medicare tax. We have no record you made employment tax deposits required for employers operating a trade or business from 2019 through 2022."</p>
<p>The Form 94XX reports other tax or credit changes in addition to ERC changes</p>	<p>The other changes do meet CAT-A criteria when considered separately from the ERC changes reported</p>	<p>The ERC Math Verification Worksheet must be executed before the CAT-A referral is completed:</p> <ol style="list-style-type: none"> 1. Follow handling guidance in (13) and (14) of IRM 21.7.2.7.6.3 Form 94XX — Employee Retention Credit (ERC) — Claims and Adjustments Cleared for Processing (Accepted) by RAAS, to execute the worksheet and to document the results. 2. Complete the CAT-A referral as usual. 3. Take action to complete processing of the Form 94XX based on instructions received from Exam Classification when the case is returned including (as appropriate): <ul style="list-style-type: none"> • Completing the ERC Math Verification Worksheet again. • Completing an adjustment as per guidance in other rows of this table to record a full or partial disallowance. • Issuing an appropriate 105C or 106C full/partial disallowance letter with text as per guidance in other rows of this table or as instructed by Exam Classification.
<p>The CII case notes indicate multiple RAAS disallowance filters were met</p>		<p>Each failed filter must be considered:</p> <ol style="list-style-type: none"> 1. As appropriate, consider handling guidance provided in this subsection

		<p>as well as any applicable guidance in other subsections based on the identified failed filters.</p> <ol style="list-style-type: none"> 2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. 3. When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s).
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IRM 21.7.2.7.8.6(6) Revised first and second rows of the table to add cross reference clarifying blocking series usage.

(6) After applying the guidance in (5) above, continue handling **processable** Forms 94XX identified to AM by RAAS as having been filed by an ineligible government entity as follows:

If	And	Then
The Form 94XX reports only changes to ERC		<p>Disallow the claim:</p> <ol style="list-style-type: none"> 1. Complete a TC 290 .00 adjustment in Blocking Series 98 or 99 as appropriate (see (2) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) to record a full disallowance of the claim. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in an open paragraph: "You aren't eligible to claim a 2020 Employee Retention Credit because you are a Federal, State

		or local government entity (or instrumentality thereof) according to your previous filings."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do not meet CAT-A criteria when considered separately from the ERC changes reported	<p>Partially disallow the claim:</p> <ol style="list-style-type: none"> 1. Complete a TC 29X adjustment in Blocking Series 18 or 00 as appropriate (see (3) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) with appropriate IRNs/CRNs to record the allowable portion of the correction requested on the Form 94XX. 2. Send Letter 106C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in an open paragraph: "We recorded the other changes reported on your Form [specify form]. However, you aren't eligible to claim a 2020 Employee Retention Credit because you are a Federal, State or local government entity (or instrumentality thereof) according to your previous filings."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do meet CAT-A criteria when considered separately from the ERC changes reported	<p>The ERC Math Verification Worksheet must be executed before the CAT-A referral is completed:</p> <ol style="list-style-type: none"> 1. Follow handling guidance in (13) and (14) of IRM 21.7.2.7.6.3 Form 94XX — Employee Retention Credit (ERC) — Claims and Adjustments Cleared for Processing (Accepted) by RAAS, to execute the worksheet and to document the results. 2. Complete the CAT-A referral as usual. 3. Take action to complete processing of the Form 94XX based on instructions received from Exam Classification when the case is

		<p>returned including (as appropriate):</p> <ul style="list-style-type: none"> • Completing the ERC Math Verification Worksheet again. • Completing an adjustment as per guidance in other rows of this table to record a full or partial disallowance. • Issuing an appropriate 105C or 106C full/partial disallowance letter with text as per guidance in other rows of this table or as instructed by Exam Classification.
The CII case notes indicate multiple RAAS disallowance filters were met		<p>Each failed filter must be considered:</p> <ol style="list-style-type: none"> 1. As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. 2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. 3. When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s).

IRM 21.7.2.7.8.7(6) Revised first and second rows of the table to add cross reference clarifying blocking series usage.

(6) After applying the guidance in (5) above, continue handling **processable** Forms 94XX identified to AM by RAAS as having been filed by a dormant entity as follows:

If	And	Then
The Form 94XX reports only changes to ERC		<p>Disallow the claim:</p> <ol style="list-style-type: none"> 1. Complete a TC 290 .00 adjustment in Blocking Series 98 or 99 as

		<p>appropriate (see (2) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) to record a full disallowance of the claim.</p> <p>2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in an open paragraph: "Based on a review of IRS records, we have determined you aren't an Eligible Employer for purposes of the Employee Retention Credit (ERC) because you weren't operating a trade or business during the period(s) shown above. Only employers operating a trade or business (including tax-exempt organizations and certain government entities operating in 2021) are eligible for ERC."</p>
<p>The Form 94XX reports other tax or credit changes in addition to ERC changes</p>	<p>The other changes do not meet CAT-A criteria when considered separately from the ERC changes reported</p>	<p>Partially disallow the claim:</p> <ol style="list-style-type: none"> 1. Complete a TC 29X adjustment in Blocking Series 18 or 00 as appropriate (see (3) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) with appropriate IRNs/CRNs to record the allowable portion of the correction requested on the Form 94XX. 2. Send Letter 106C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "We recorded the other changes reported on your Form [specify form]. However, based on a review of IRS records, we have determined you aren't an Eligible Employer for purposes of the Employee Retention Credit (ERC) because you weren't

		<p>operating a trade or business during the period(s) shown above." "Only employers operating a trade or business (including tax-exempt organizations and certain government entities operating in 2021) are eligible for ERC."</p>
<p>The Form 94XX reports other tax or credit changes in addition to ERC changes</p>	<p>The other changes do meet CAT-A criteria when considered separately from the ERC changes reported</p>	<p>The ERC Math Verification Worksheet must be executed before the CAT-A referral is completed:</p> <ol style="list-style-type: none"> 1. Follow handling guidance in (13) and (14) of IRM 21.7.2.7.6.3 Form 94XX — Employee Retention Credit (ERC) — Claims and Adjustments Cleared for Processing (Accepted) by RAAS, to execute the worksheet and to document the results. 2. Complete the CAT-A referral as usual. 3. Take action to complete processing of the Form 94XX based on instructions received from Exam Classification when the case is returned including (as appropriate): <ul style="list-style-type: none"> • Completing the ERC Math Verification Worksheet again. • Completing an adjustment as per guidance in other rows of this table to record a full or partial disallowance. • Issuing an appropriate 105C or 106C full/partial disallowance letter with text as per guidance in other rows of this table or as instructed by Exam Classification.
<p>The CII case notes indicate multiple RAAS disallowance filters were met</p>		<p>Each failed filter must be considered:</p> <ol style="list-style-type: none"> 1. As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. 2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e.,

		<p>did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX.</p> <p>3. When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s).</p>
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IRM 21.7.2.7.8.8(5) Deleted (5) which duplicated information found in (3). Subsequent paragraphs renumbered accordingly.

(3) Only Recovery Startup Businesses (RSBs) were eligible to claim ERC for the fourth quarter of 2021. And, RSBs reporting ERC amounts on Forms 941-X for the fourth quarter of 2021 were required to mark box 31b of Form 941-X even if corresponding Line 18 was marked on the original Form 941 filed. Accordingly, Forms 941-X filed claiming ERC for the fourth quarter of 2021 without Line 31b being checked are disallowance criteria.

(4) Cases identified by RAAS for disallowance handling per guidance in this subsection will be identified to AM as follows:

- IDRS Number: **0230281088**
- CII case notation: **"RiskedERC-Disallow"** and **"Not RSB in 202112"**

Note: CII case notes for these cases will also indicate the EIN and MFT that was identified during data transcription for RAAS analysis. This information is a factor in processing validation described in (5) below.

Note: CII case notes for these cases may indicate multiple filtering criteria as having been met. If so, the first case notation is deemed the **primary** indicator and controls handling. Additional filtering notes are deemed secondary indicators and are potentially a factor in handling as discussed in the last row of the table in (6) below.

(5) All other Form 94XX processing guidelines and requirements also apply to fourth quarter 2021 Forms 94XX reporting changes to ERC that have been identified to AM by RAAS as having been filed by a non-RSB employer. Forms 94XX so identified by RAAS have generally **not** been reviewed for completeness (e.g., presence of signature, certification block(s) marked, etc.) and processability (e.g., prior figures match, mathematically correct, etc.). As such, all preliminary reviews to ensure the Form 94XX is complete for processing **must** be conducted **before** taking action to

disallow a fourth quarter 2021 Form 94XX on the basis of it having been filed by a non-RSB employer. As usual:

- Review the Form 94XX for completeness and processability (e.g., for a Form 941-X claim, see (2) and (3) in IRM 21.7.2.4.7.6.2, *Form 941-X Tax Decrease — Claim*). Perfect or reject any unprocessable Forms 94XX as appropriate.
- Review for account conditions that require special handling (i.e., open CAT-A or AIMS status, RICS/RIVO/IDT, etc.) which must be addressed prior to taking further action on the Form 94XX. Suspend, route, or otherwise address the account condition encountered as appropriate.
- **In addition**, compare the EIN and tax period entered on the Form 941-X to the EIN and tax period specified in CII case notes releasing the case to be worked.

Caution: If the tax period or EIN shown on the form do not match CII case controls **or** the tax period or EIN specified in CII case notes releasing the case to be worked do not match CII case controls, the case **must** be returned to RAAS for additional analysis. Take the following actions to refer such a case for further RAAS consideration:

- 1) Correct case controls as necessary and appropriate.
- 2) Enter/update the case with **Priority Code 6**.
- 3) Enter the appropriate case note as follows: "EIN mismatch" or "Tax Period mismatch" or "EIN and Tax Period mismatch"
- 4) Reassign the case to IDRS number **0230281416**.

Note: Procedures found in (6) below do not apply to Form 94XX cases rejected or "no-considered" as the result of following guidance in (5) above and such cases **do not** require further RAAS consideration.

Caution: Form 94XX cases released to be worked by AM after RAAS analysis may include assessment cases in addition to claims, including net credit/refund or zero balance cases reporting tax increase items along with refundable credit changes. Although suspended inventory was reviewed for statute imminent 2020 account situations prior to normal ASER expiration on April 15, 2024, there is heightened risk of encountering statute barred assessments in this work. Consider guidance in (2) of IRM 25.6.1.13.2.6, *Routing and Controlling Form 9355*, if such cases are identified.

IRM 21.7.2.7.8.8(6) is being renumbered due to deletion of (5). Revised first and second rows of the table to add cross reference clarifying blocking series usage.

(6) After applying the guidance in (5) above, continue handling **processable** fourth quarter 2021 Forms 94XX identified to AM by RAAS as having been filed by a non-RSB employer as follows:

If	And	Then
The Form 94XX reports only changes to ERC		<p>Disallow the claim:</p> <ol style="list-style-type: none"> 1. Complete a TC 290 .00 adjustment in Blocking Series 98 or 99 as appropriate (see (2) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) to record a full disallowance of the claim. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in an open paragraph: "Only employers which are recovery startup businesses are eligible for the Employee Retention Credit for wages paid in the fourth quarter of 2021. Your Form 941-X did not indicate on Line 31b that you were a recovery startup business."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do not meet CAT-A criteria when considered separately from the ERC changes reported	<p>Partially disallow the claim:</p> <ol style="list-style-type: none"> 1. Complete a TC 29X adjustment in Blocking Series 18 or 00 as appropriate (see (3) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) with appropriate IRNs/CRNs to record the allowable portion of the correction requested on the Form 94XX. 2. Send Letter 106C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in an open paragraph: "We recorded the other changes reported on your Form [specify form]. However, only employers which are recovery startup businesses are eligible for the Employee Retention Credit for wages paid in the fourth quarter of

		2021. Your Form 941-X did not indicate on Line 31b that you were a recovery startup business."
The Form 94XX reports other tax or credit changes in addition to ERC changes	The other changes do meet CAT-A criteria when considered separately from the ERC changes reported	<p>The ERC Math Verification Worksheet must be executed before the CAT-A referral is completed:</p> <ol style="list-style-type: none"> 1. Follow handling guidance in (13) and (14) of IRM 21.7.2.7.6.3 Form 94XX — Employee Retention Credit (ERC) — Claims and Adjustments Cleared for Processing (Accepted) by RAAS, to execute the worksheet and to document the results. 2. Complete the CAT-A referral as usual. 3. Take action to complete processing of the Form 94XX based on instructions received from Exam Classification when the case is returned including (as appropriate): <ul style="list-style-type: none"> • Completing the ERC Math Verification Worksheet again. • Completing an adjustment as per guidance in other rows of this table to record a full or partial disallowance. • Issuing an appropriate 105C or 106C full/partial disallowance letter with text as per guidance in other rows of this table or as instructed by Exam Classification.
The CII case notes indicate multiple RAAS disallowance filters were met		<p>Each failed filter must be considered:</p> <ol style="list-style-type: none"> 1. As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. 2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX.

		3. When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as well as any text provided in other subsections applicable to the other failed filter(s).
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IRM 21.7.2.7.8.9(6) Revised first and second rows of the table to add cross reference clarifying blocking series usage.

(6) After applying the guidance in (5) above, continue handling **processable** Forms 94XX identified to AM by RAAS as having been filed by an employer who was not eligible to claim ERC based on an analysis of their gross receipts as follows:

If	And	Then
The Form 94XX reports only changes to ERC		Disallow the claim: <ol style="list-style-type: none"> 1. Complete a TC 290 .00 adjustment in Blocking Series 98 or 99 as appropriate (see (2) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) to record a full disallowance of the claim. 2. Send Letter 105C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in two open paragraphs: "Based on a review of IRS records, we have determined you are not an Eligible Employer for purposes of the Employee Retention Credit (ERC)during the period(s) shown above. Only employers that experienced a full or partial suspension of operations due to a government order related to COVID-19 or who experienced the required decline in gross receipts are Eligible Employers." "Our records indicate there were no

		<p>government orders related to COVID-19 in effect during the quarter(s) you claimed ERC which could have fully or partially suspended your trade or business. Our records also show you do not meet the required decline in gross receipts."</p>
<p>The Form 94XX reports other tax or credit changes in addition to ERC changes</p>	<p>The other changes do not meet CAT-A criteria when considered separately from the ERC changes reported</p>	<p>Partially disallow the claim:</p> <ol style="list-style-type: none"> 1. Complete a TC 29X adjustment in Blocking Series 18 or 00 as appropriate (see (3) in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i>) with appropriate IRNs/CRNs to record the allowable portion of the correction requested on the Form 94XX. 2. Send Letter 106C as per instructions in IRM 21.5.3.4.6.1, <i>Disallowance and Partial Disallowance Procedures</i> and insert the following text in an open paragraph: "We recorded the other changes you reported. However, we determined you are not an Eligible Employer for the Employee Retention Credit (ERC) during the period(s) shown above. Only employers that experienced a full or partial suspension of operations due to a government order related to COVID-19 or who experienced the required decline in gross receipts are Eligible Employers." "Our records indicate there were no government orders related to COVID-19 in effect during the quarter(s) you claimed ERC which could have fully or partially suspended your trade or business. Our records also show you do not meet the required decline in gross receipts."

<p>The Form 94XX reports other tax or credit changes in addition to ERC changes</p>	<p>The other changes do meet CAT-A criteria when considered separately from the ERC changes reported</p>	<p>The ERC Math Verification Worksheet must be executed before the CAT-A referral is completed:</p> <ol style="list-style-type: none"> 1. Follow handling guidance in (13) and (14) of IRM 21.7.2.7.6.3 Form 94XX — Employee Retention Credit (ERC) — Claims and Adjustments Cleared for Processing (Accepted) by RAAS, to execute the worksheet and to document the results. 2. Complete the CAT-A referral as usual. 3. Take action to complete processing of the Form 94XX based on instructions received from Exam Classification when the case is returned including (as appropriate): <ul style="list-style-type: none"> • Completing the ERC Math Verification Worksheet again. • Completing an adjustment as per guidance in other rows of this table to record a full or partial disallowance. • Issuing an appropriate 105C or 106C full/partial disallowance letter with text as per guidance in other rows of this table or as instructed by Exam Classification.
<p>The CII case notes indicate multiple RAAS disallowance filters were met</p>		<p>Each failed filter must be considered:</p> <ol style="list-style-type: none"> 1. As appropriate, consider handling guidance provided in this subsection as well as any applicable guidance in other subsections based on the identified failed filters. 2. If the Form 94XX is deemed processable after all applicable guidance has been considered (i.e., did not meet rejection or "no consideration" criteria), then take action as appropriate to fully or partially disallow the Form 94XX. 3. When issuing the appropriate 105C or 106C disallowance letter, insert text into the letter as described in the previous rows of this table as

		well as any text provided in other subsections applicable to the other failed filter(s).
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