

## IRM PROCEDURAL UPDATE

**DATE: 11/13/2024**

**NUMBER: ts-21-1124-1128**

**SUBJECT: Exam Soft Notices**

**AFFECTED IRM(s)/SUBSECTION(s): 21.5.10.4.2**

**CHANGE(s):**

**IRM 21.5.10.4.2 Removed CP 85 verbiage as CP Notice is now obsolete.**

(1) Exam currently issues Soft Notice CP 87 based on rules that apply when two or more taxpayers claim the same individual for the EITC or an exemption under IRC 151.

(2) The Exam Soft Notices inform the taxpayer that they claimed one of the various tax benefits for a qualifying child or exemption. The letters address the following scenarios:

- CP 87A, We Need to Verify Your Dependents or Qualifying Child. Taxpayer claimed an exemption and/or qualifying child for EITC that is duplicated on another return
- CP 87B, Exam DUPE TIN Notice - Please Help Us Confirm You Can Claim Yourself. Taxpayer claimed an exemption for themselves, and another taxpayer also claimed the exemption
- CP 87C, We Need to Verify Your Dependents. Taxpayer claimed an exemption that is claimed on another return. The exemption claimed is over the age of 23 and filed a tax return reporting more than the exemption amount in gross income
- CP 87D, We Need to Verify Your Dependents. Taxpayer claimed an exemption for self and is also claimed on a joint return

**Note:** A Transaction Code (TC) 971, Action Code (AC) 138 generates when one of the Exam soft notices listed above is generated.

(3) The CP 87 is sent for information only. No adjustment is made to the return unless the taxpayer initiates an adjustment. Destroy undeliverable CP 87 notices as classified waste.

(4) Each taxpayer is asked to check his/her tax return (for the tax year indicated on the notice) and ensure the information is correct. If the taxpayer is:

- Entitled - no action is required

- Not entitled to the exemption or Qualifying Child, the notice advises them to file Form 1040-X, Amended U.S. Individual Income Tax Return, for the tax year referenced in the CP Notice, and not to make the same error on his/her next tax return

(5) For inquiries about these letters.

ROW NUMBER	IF	AND	THEN
1	Taxpayer calls	Needs clarification of tax law	Refer to IRM 21.1.1.3 (5) and (6), Customer Service Representative (CSR) Duties, for more information concerning tax law questions.
2	Taxpayer calls	Claims they are a victim of identity theft	Refer to IRM 25.23.12.4.1, Telephone Inquiries Regarding Identity Theft Victim Assistance (IDTVA) Tax-Related Cases, for guidance.
3	Taxpayer calls	Agrees they should not have claimed exemption or EITC	<p>Advise the taxpayer to complete Form 1040-X to correct the original return. Inform the taxpayer they can obtain a copy of Form 1040-X and the instructions by going to "www.irs.gov" and selecting the forms and publication tab and typing 1040-X in the search box. If the taxpayer has no internet access offer to mail the Form 1040-X. Use the Elite tool in AMS to mail taxpayer the form.</p> <p><b>Note:</b> For more information concerning tax law refer to IRM 21.1.1.3, Customer Service Representative (CSR) Duties.</p>
4	Taxpayer calls	Used the wrong Social Security Number (SSN)	<ol style="list-style-type: none"> <li>1. Advise the taxpayer to correct the SSN on future filings. If the taxpayer used a preparer to file the return, advise them to provide the preparer with the correct SSN for future filings.</li> <li>2. Taxpayer does not need to do anything for current tax return.</li> <li>3. Refer to IRM 21.6.1.7, Command Code (CC) DUPED and (CC) DDBCK, to determine if CC DUPED or CC DDBCK can be corrected by the CSR.</li> </ol>

5	Taxpayer calls	Wants to report information on the other taxpayer claiming exemption/EITC, for example both taxpayers are claiming the same dependent and claiming EITC	<ol style="list-style-type: none"> <li>1. Inform the taxpayer the IRS has all the information concerning the other taxpayer and there is no need to take any action at this time.</li> <li>2. Explain that you cannot discuss another taxpayer's income tax return because of disclosure laws and the Privacy Act.</li> </ol>
6	Taxpayer calls	Determines they are entitled to the benefit after a review of the tax law as above	<ol style="list-style-type: none"> <li>1. Explain to the taxpayer that no action is needed if the SSN on the return is correct and, after reviewing the Form 1040 Instructions, they are entitled to claim the exemption or EITC.</li> <li>2. Advise the taxpayer Exam may contact them later to verify the claim.</li> </ol>

(6) For written correspondence:

ROW NUMBER	IF TAXPAYER	AND	THEN
1	Files Form 1040-X	N/A	<ol style="list-style-type: none"> <li>1. Adjust account per IRM 21.5.3, General Claims Procedures.</li> <li>2. Ensure you adjust all related line items, i.e., exemption or EITC.</li> </ol>
2	Sends a signed letter agreeing they should not have claimed the exemption or EITC	N/A	<p>Send the proper letter advising the taxpayer to complete a Form 1040-X to correct the original return. Inform the taxpayer they can obtain a copy of Form 1040-X and the instructions by going to "www.irs.gov".</p> <p><b>Reminder:</b> An assessment/disallowance of credits cannot be made on an account without a signed return, a signed amended return or without the issuance of a statutory notice of deficiency. If the account is a joint account and only one person signed</p>

			the letter, the assessment cannot be made. In addition, a signed letter is not signed under the penalties of perjury. The assessment cannot be made without a statutory notice of deficiency, or an amended return signed by the taxpayers per IRC 6213.
3	Sends a letter stating they are entitled to exemption or EITC	Poses a question	<ol style="list-style-type: none"> <li>1. Send the proper letter thanking them for the information.</li> <li>2. Answer the taxpayer's general question and include the explanation in number 3 below.</li> <li>3. Advise the taxpayer, that even though the SSN entered on the return is correct and the taxpayer has determined (after reviewing the requirements in the Form 1040 Tax Package) that they are entitled to claim the exemption or EITC, Exam may contact the taxpayer later to verify the claim.</li> </ol>
4	<p>Sends documentation claiming they are a victim of identity theft <b>OR</b></p> <p>sends Form 14039, Identity Theft Affidavit, to report on another taxpayer claiming exemption/EITC, for example both taxpayers are claiming the same dependent and claiming EITC</p>	N/A	Refer to IRM 25.23.4.4, Taxpayer Inquiries Involving Identity Theft (IDT), for guidance. Update to the correct IDT category code and reassign per AM Site Specialization Temporary Holding Numbers.
5	Sends a letter stating they are entitled to exemption	Does not pose a question	No further action is required. Treat correspondence as classified waste.
6	Sends a letter stating they used wrong SSN	N/A	<ol style="list-style-type: none"> <li>1. Reply to the taxpayer that they need to correct the SSN on future filings. If the taxpayer used a preparer to file the return, advise them to provide preparer with the correct SSN for future filings.</li> </ol>

			2. Taxpayer does not have to do anything for the current tax return.
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