

IRM PROCEDURAL UPDATE

DATE: 12/17/2024

NUMBER: ts-21-1224-1232

SUBJECT: Updates to Refund Research

AFFECTED IRM(s)/SUBSECTION(s): 21.4.1

CHANGE(s):

IRM 21.4.1.4(1) - Updated to include time frame for current and prior year refund status and to remove reference to year specific information that can be found on Where's My Refund. Changes made to clarify information.

(1) Taxpayers can use the following IRS automated systems to check their federal refund status:

- Where's my Refund (WMR) provides refund information for the current processing year plus two prior year returns

Note: The refund amount from the original return should always be used when accessing WMR. WMR gives the taxpayer the option of selecting the current or prior two tax years to check their refund status. The refund status will appear approximately: 24 hours after an accepted e-filed a current-year return; 3 or 4 days after an accepted e-filed a prior-year return or 4 weeks after they filed a paper return.

- IRS2GO provides current processing year plus two prior year return information
- Refund Hotline provides refund information for current processing year only

Note: If taxpayer is calling and/or inquiring via correspondence/claim regarding their state refund, refer to State Income Tax Contact Information for the appropriate state agency number.

IRM 21.4.1.4.1.1(1) - Update to separate procedures for paper returns when time frame was met, but no record that a paper return was received. Changes made to clarify information.

(1) Review the following table to determine the required action for **paper returns**. See IRM 21.4.1.4 (3), Refund Inquiry Response Procedure, for normal processing time frames.

If maximum normal processing time is:	Then
Not met	<ul style="list-style-type: none"> • Advise the taxpayer of the normal processing time, and to visit Where's My Refund at IRS.gov, or the IRS2Go (English and Spanish) phone application from a smart phone, for current refund information if the refund is not received within the time frame provided. Where's My Refund can inform the individual taxpayer if the IRS received the original return, and the projected date of the refund. Automated systems are not available for business taxpayers. <p>Note: DO NOT offer the toll-free Refund Hotline, 800-829-1954, as an option unless the taxpayer states they do not have a computer or internet access.</p> <p>Reminder: Where's my Refund (WMR) provides refund information for the current processing year plus two prior year returns and cannot provide any information on Form 1040-X, Amended U.S. Individual Income Tax Return.</p>
Met and the tax module indicates that a paper return was received , but was not processed	<ul style="list-style-type: none"> • Apologize for the delay and advise the taxpayer that we are working returns in the order they were received. • Advise the taxpayer: "In most instances, no further action is needed. Whether you filed electronically or by paper, we will contact you by mail if we need more information or if we made a change to your return." • Advise the taxpayer: To check the current operational status, go to IRS.gov web address and type "processing status" in the search bar, "processing status for tax forms" is the top choice listed in the results. <p>Note: If the taxpayer received a CP 80, follow guidance above. For more information regarding CP 80, see IRM 21.2.4.3.44.2, CP80/CP080 Resolution, and AMRH12 Reply Received.</p> <p>Reminder: WMR provides refund information for the current processing year plus two prior year returns and cannot provide any information on Form 1040-X, Amended U.S. Individual Income Tax Return.</p>
Met, but no record that a paper return was received	<ul style="list-style-type: none"> • If the taxpayer filed on paper more than six weeks ago and is due a refund, and Where's My Refund does not have any information about the status of their return, advise them to resubmit the tax return,

	<p>electronically if possible.</p> <ul style="list-style-type: none"> • If resubmitting electronically, advise the taxpayer to ensure they receive a confirmation email from the e-file provider that the IRS accepted their return for filing. • If resubmitting by paper, make sure the return includes an original signature and all documents submitted with the original return. <p>Reminder: WMR provides refund information for the current processing year plus two prior year returns and cannot provide any information on Form 1040-X, Amended U.S. Individual Income Tax Return.</p>
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IRM 21.4.1.4.1.1(3) - Update to indicate time to wait before refile of amended return and defined WMAR purpose. Change made for IRM consistency.

(3) Review the following table to determine the required action for **amended returns**. See IRM 21.4.1.4 (3), Refund Inquiry Response Procedure, for normal processing time frames.

If maximum normal processing time is:	Then
Not met	<ul style="list-style-type: none"> • Advise the taxpayer of the normal processing time, and to visit Where's My Amended Return at IRS.gov, or by telephone, using the toll-free number 866-464-2050 (must use a touch-tone phone). • Where's My Amended Return (WMAR) provides automated access to the processing status of Form 1040-X, US Amended Return for the current year and up to three prior years. They must wait three weeks after filing the form before using WMAR. Consistent messages are provided by the phone and web versions of WMAR. • Automated systems are not available for business taxpayers.
Met and the tax module indicates that a Form 1040-X was received , but was not processed (e.g., TC 971 AC 120)	<ul style="list-style-type: none"> • Apologize for the delay and advise the taxpayer that we are working returns in the order they were received. • Advise the taxpayer: "In most instances, no further action is needed. Whether you filed electronically or by paper, we will contact you by

	<p>mail if we need more information or if we made a change to your return."</p> <ul style="list-style-type: none"> • If the taxpayer filed electronically, advise them if they received an acknowledgement, they do not need to take any further action other than promptly responding to any requests for information. If no acknowledgement received, advise them to refile.
Met, but no record that a Form 1040-X was received	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, electronically if possible. If resubmitting by paper, make sure the amended return includes an original signature and all documents submitted with the original amended return.

For more information, see IRM 21.5.3.3.1, Locating Amended Returns (Form 1040X), and IRM 21.2.1.59 Where's My Amended Return (WMAR).

IRM 21.4.1.4.1.2.2(3) - Updated to remove outdated procedures for transcription errors on returns processed during 2019. Changes made to remove outdated scenario.

(1) If during account research, the following return processing errors are identified on a current year paper return (prior year paper returns may be impacted if processed during the current year):

- CC TRDBV/RTVUE shows tax return posted with partial or zero amounts (standard deduction amount present, partial to no income, or gross child credit amounts with all other lines left blank)
- CC IMFOLT/TXMOD will show a TC 150 for .00 (if it's a balance due return, some accounts may have TC 610/TC 430 or other payments that may or may not have been refunded erroneously, if refunded you'll see TC 846)
- The transcription errors are not ERS or math error related (if the return shows math error(s), review CC TRDBV/RTVUE for partial or zero amounts, as stated in first bullet)

Conduct research to determine if any alerts/updates have been issued regarding processing errors during filing season or other issues that may have impacted how the tax return posted.

(2) A copy of the tax return will be required in order to adjust the taxpayer's account. The taxpayer may submit a copy of the return via fax or it can be ordered via CC

ESTAB. Follow the chart below for procedures on **refund or balance due returns** meeting transcription error criteria.

Note: Due to the original return processing error, the referrals must be treated as **priority** work. Once the case has referred, ICT will follow scanning procedures and scan the cases as Priority Code 1 under category code SPC5.

If	And	Then
<p>CC TRDBV/RTVUE shows partial or zero/blank return information, such as income, credits etc. (i.e., CC TRDBV/RTVUE shows no income or withholding or partial income amounts, with standard deduction and/or gross child other dependent credit amounts)</p>	<p>taxpayer confirms the return is wrong or incomplete and what is posted is not what they filed and they can submit a copy of their tax return via fax/EEFax while on the call</p>	<ul style="list-style-type: none"> • Provide the taxpayer with the fax/EEFax number and advise they must stay on the phone to confirm receipt of the complete tax return. • Once the return is received, the CSR must conduct a quick review for any missing/incomplete documentation: <ul style="list-style-type: none"> a. Form 1040 page 1 and 2 b. Required signature(s), if joint return c. Taxpayer Identification Numbers (for all) d. Income documents (i.e., W-2) e. Schedules (i.e., Sch 1 for self-employment tax) f. Credits - (i.e., Form 8812) g. The list is not all inclusive • If there is any missing documentation, advise the taxpayer. If they are unable to submit the required documentation while on the phone, advise the taxpayer to call back or offer to order the tax return to adjust the account (follow the next If/Then section below). • If the taxpayer provides all required documentation, complete a Form 4442/e-4442, Inquiry Referral. • Select Referral Type "IRM"

		<p>with Category - "Other Write-In". For Write-In description use "IRM 21.4.1.4.1.2.2 - Return Found - Processing Errors Identified" and for Reason select "Other or Complex Issue/Training Specialization". Under notes section add:</p> <ul style="list-style-type: none"> a. Copy of tax return is attached b. Return was reviewed for required documentation c. Any other pertinent information <ul style="list-style-type: none"> • Verify taxpayer's telephone number and address. • Advise the taxpayer they will be contacted if any missing documentation is identified subsequently. • Advise the taxpayer of 30 day time frame. • The Form 4442/e-4442 must be treated as priority and reviewed the same day. The lead or designated individual must review and forward the referral and tax return copy to the <i>Fresno Referral Coordinator</i> using efax # 855-885-7866 for CII case SPC5 creation and processing. • The Fresno coordinator will review Form 4442/e-4442 and reject it to the originator if it does not meet criteria.
<p>CC TRDBV/RTVUE shows partial or zero/blank return information, such as income, credits etc. (i.e., CC TRDBV/RTVUE shows no income or withholding or partial</p>	<p>taxpayer confirms the return is wrong or incomplete and what is posted is not what they filed and they can't provide a copy of the return</p>	<ul style="list-style-type: none"> • Apologize to the taxpayer • Advise the taxpayer the copy of the original tax return must be ordered to correct the tax account. • Complete "IRM" Form 4442/e-4442 using "ESTABD" category then select "89-Fresno-Electronic"

<p>income amounts, with standard deduction and/or gross child other dependent credit amounts)</p>		<ul style="list-style-type: none"> • Add the following in Notes section - "Priority, ESTAB (S) required, and include the return DLN • If your function does not utilize e-4442 referral process, forward a paper Form 4442 to the Fresno Accounts Management e-fax number under Form 4442 Referral Fax Numbers. • Advise the taxpayer it could take up to 60 days for entire process <p>Note: If the taxpayer meets hardship criteria, refer to IRM 21.1.3.18, Taxpayer Advocate Service (TAS) Guidelines, and IRM 13.1.7.4, Exceptions to Taxpayer Advocate Service Criteria, before referring to TAS.</p>
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Reminder: If an erroneous refund is identified during research, see IRM 21.4.5, Erroneous Refunds.

Note: The procedures for tax returns involving transcription errors are outlined in IRM 21.5.2.4.3.1, Adjustments Not Requiring an Amended Return or Taxpayer Documentation.

IRM 21.4.1.4.6(3) - Updated to include procedures when closing trace control due to Bank Lead in progress. Change made for missing procedure.

(3) When an External Bank Lead is in progress, a refund trace cannot be input because it negatively impacts our partnership with banks that have returned funds and our ability to protect revenue. A refund trace is for locating lost/stolen refunds. An External Bank Lead where the taxpayer was advised by the financial institution the refund was returned to the IRS does **NOT** meet refund trace criteria and a refund trace should **NOT** be started. If a Form 3911 is received, and the account meets the criteria described in IRM 25.25.8.7, Responding to Taxpayer Inquiries, then update AMS Notes with the following information if found on Form 3911: name and contact information of the taxpayer, name of the financial institution, and signature date of Form 3911. **Do NOT** input a refund trace, instead follow procedures in IRM 21.5.1.4.10, Classified Waste and destroy the Form 3911. The External Bank Leads

program will notify the taxpayer when or if the refund is released. Close the trace control base, use **CWBNKLDPRG** in the activity field.

IRM 21.4.1.5.6.1(4) - Updated information regarding command code to use and account where input of TC 770 .00 should be placed. Changes made to clarify information.

(4) Follow the chart below to determine if credit interest should be paid when reversing the credit.

If the taxpayer states	And	Then
The overpayment was entered correctly on the refund line.	You have ordered the return and found no entry on the credit line	<ol style="list-style-type: none"> 1. Reverse the credit and allow credit interest to compute. 2. Input a credit transfer transaction using CC ADD/ADC48. 3. Use TC 832 to reverse the posted TC 836 or TC 830. 4. Use TC 712 to reverse the posted TC 710 or TC 716. 5. Do not input secondary TC 770 for .00.
Taxpayer erred, but is entitled to the refund	no content	<ol style="list-style-type: none"> 1. Reverse the credit. 2. Input Transaction Code (TC) 290 and TC 770 for .00 using CC REQ54/ADJ54 to restrict credit interest on the receiving module. 3. To input the reversal, use CC ADD/ADC48. Debit with TC 712, credit with TC 832 (if moving the credit back to where it came from) or TC 710 (if moving to a different module). <p>Exception: If reversing credit elect to offset taxes subsequently assessed on a superseding return, input secondary TC 570 to hold the refund before transferring the credit to the correct module, if necessary.</p>

IRM 21.4.1.5.7.1(2) - Updated to include direction to leave an AMS narrative when advising the taxpayer of the FI deposit location. Changes made to clarify information.

(2) Research CC IMFOBT (CC RTVUE and CC TRDBV can also be used) for the exact RTN and account numbers to verify they match the taxpayer's information.

Reminder: Direct deposit refunds are held one week if this is a first time filer, or the first time the current last name is being used, or the taxpayer has not filed a return in the past 10 years.

Note: If either routing or account numbers provided by the taxpayer differ from those on the return, provide the account information shown for the taxpayer's refund deposit. Use the link in Exhibit 21.4.1-2, Most Common Banks that Offer Refund Transfer Products (RAL/RAC), to find the financial institution (FI) contact information. Provide the FI contact information and advise the taxpayer to immediately contact the FI. Leave an AMS narrative of the information provided to the taxpayer. IRS employees cannot change the routing or account numbers. If the direct deposit is rejected by the financial institution, a paper check will normally be issued within 4 weeks from the RFND-PAY-DATE located below the TC 846 date of the direct deposit refund. Add 1 week to this for mail delivery, and the taxpayer should have the check within 5 weeks.

Example: The TC 846 date for a direct deposit is 03/21/2024. The actual direct deposit date, as indicated by the RFND-PAY-DATE field below the TC 846, is 03/07/2024. If the direct deposit is rejected, the refund check should be delivered by 04/11/2024.

IRM 21.4.1.5.7.1(3) - Updated to include new IRM for Direct Deposit Refund Advance Product (RAL/RAC). Changes made to clarify information.

(3) Taxpayer inquiries concerning direct deposit will be treated as any other refund inquiry.

Exception: Refunds issued through a Refund Advance Product (RAL/RAC) have special procedures. For more information see IRM 21.4.1.5.7.2, Direct Deposit Refund Advance Product (RAL/RAC).

IRM 21.4.1.5.7.1(6) - Updated to simplify IF/THEN chart and separate IDT from non-IDT procedures. Changes made to clarify information.

(6) Check RTN, account type, and the account number.

Note: If the taxpayer indicates their TIN has been misused to obtain the Economic Impact Payments, see IRM 25.23.12.4.10, Identity Theft - Economic Impact Payments (EIP).

Row	If	And	Then
1	Date of deposit is less than 5 calendar days prior.	no content	<ol style="list-style-type: none"> 1. Provide the date of deposit. 2. Advise taxpayer to contact the bank or financial institution. 3. Advise taxpayer refund trace cannot be initiated until after 5 calendar days from the scheduled date of deposit.
2	5 or more calendar days have passed since scheduled date of deposit.	no content	<p>Ask if the taxpayer has contacted the financial institution.</p> <ul style="list-style-type: none"> • If NO - advise to do so and leave an AMS narrative with direction given to taxpayer • If YES - continue with the steps below
3	Taxpayer states that the bank shows no record of the deposit and it has been 5 or more calendar days since the scheduled date of deposit	The bank does NOT indicate that the refund was returned to the IRS.	<ol style="list-style-type: none"> 1. Initiate a refund trace. 2. Refer to IRM 21.4.2, Refund Trace/Limited Payability. <p>Caution: # [REDACTED]</p> <p># [REDACTED]</p> <p>Refer to IRM 21.5.6.4.35.3, -R Freeze Overview For Accounts With Return Integrity Verification Operations (RIVO) Involvement, or IRM 25.25.8.7, Responding to Taxpayer Inquiries, to determine if a referral (Form 4442/e-4442) is required.</p>
4	Taxpayer states that the bank has returned the deposit or states the account was closed before the refund was deposited which will also result in the bank returning the deposit.	no content	<ol style="list-style-type: none"> 1. Do not initiate a refund trace. 2. Advise the taxpayer of the following: <ul style="list-style-type: none"> ○ It will take approximately 3 weeks for the IRS to receive the funds back from the bank and can be identified by TC 841. ○ Once the funds are received back from the bank, the refund will be reissued in the

			<p>form of a paper check.</p> <ul style="list-style-type: none"> ○ Taking into account the mail delivery time, the taxpayer should receive their paper check within 5 weeks from the RFND-PAY-DATE of the original TC 846. ○ If their paper check is not received within 5 weeks from the date of the TC 846, the taxpayer should contact us again and a refund trace will be initiated. <p>Caution: If research indicates Direct Deposit Reject Reason Code 58 or 59, the direct deposit was rejected. Advise the taxpayer of the additional 10-week time frame from the date of the rejection. See IRM 21.4.1.5.8.1, Direct Deposit Reject Reason Codes, for additional information. Refer the taxpayer to the Form 1040 instructions or IRS.gov "Get Your Refund Status" page for information on direct deposit rules.</p>
5	The refund was direct deposited into the wrong account because an IRS employee did not timely input a TC 971 AC 850 when required.	There is no indication of identity theft on the account. Reminder: A list of identity theft action codes can be found in IRM 25.23.2, Identity Protection and Victim Assistance - General Case Processing.	<ol style="list-style-type: none"> 1. Input a TC 971 AC 850 if not already on the account. 2. Initiate a refund trace. 3. Refer to IRM 21.4.2, Refund Trace/Limited Payability. 4. Leave an AMS narrative of any information provided to you by the taxpayer.
6	The refund was direct deposited into the wrong account	There is an indication of identity theft on the account.	See IRM 25.23.12.4.1, Telephone Inquiries Regarding Identity Theft Victim Assistance (IDTVA)Tax-Related Cases, for further guidance.

		<p>Reminder: A list of identity theft action codes can be found in IRM 25.23.2, Identity Protection and Victim Assistance - General Case Processing.</p>	
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Note: If the taxpayer closes the bank account before the second direct deposit, the refund will be returned via the Automated Clearing House (ACH) file to BFS. BFS will return the credit to the IRS to post to the taxpayer's account.

IRM 21.4.1.5.7.1(7) - Updated to remove Refund Advance Product (RAL/RAC) and move to new IRM sub section. Changes made to clarify information.

(7) If the taxpayer claims that their return preparer changed the bank RTN and/or bank account number, or altered the return in any way, see IRM 25.24.1.3, Identifying Potential RPM Issues For Telephone Assistors/Taxpayer Assistance Center (TAC) Assistors, for guidance.

IRM 21.4.1.5.7.2 - Updated to add new sub section for Refund Advance Product (RAL/RAC). Changes made to clarify information.

Direct Deposit Refund Advance Product (RAL/RAC)

(1) A Refund Advance Product (RAL/RAC) allows a taxpayer to borrow against an anticipated income tax refund. These products are made by banks but are often offered by tax preparers, in conjunction with preparation of the tax return. If the refund is in the form of a RAL or RAC, taxpayer must be referred to the financial institution (FI) or Tax Return Preparer prior to a refund trace being input.

Note: If the taxpayer requested their tax preparation fees be taken from their refund, this is also considered a bank product. Advise the taxpayer to contact their tax preparer before a trace can be conducted.

(2) Research CC IMFOBT to find the bank to which the RAL/RAC was deposited. Bank account numbers for RAL or RAC refunds **commonly** display the taxpayer's SSN as the last nine digits, or displays the SSN in reverse order, in the account number on CC IMFOBT. IRS cannot confirm the ultimate bank account. Only the preparer or FI can confirm the ultimate bank account for the refund.

Note: The ultimate bank account is defined as the account where the final deposit will be made after fees to the preparer or FI have been paid.

(3) For a list of most common Refund Anticipation Loan (RAL) Financial Institutions, see Exhibit 21.4.1-2, Most Common Banks that Offer Refund Transfer Products (RAL/RAC).

(4) Follow the procedures in the table below when a taxpayer requested a RAL/RAC which has not been received:

Row	If the taxpayer states:	And	Then
1	They didn't file the return that resulted in the RAL/RAC	no content	Refer to IRM 25.23.12.4, Tax-Related Identity Theft, for codes to be input and additional information.
2	They were impacted by a data breach or preparer data breach	no content	Refer to IRM 21.4.1.4.6, External Leads Program or Other Questionable Refund Inquiries.
3	They requested the Refund Advance Product (RAL/RAC)	Did not receive the funds	<ul style="list-style-type: none"> • Provide the FI contact information and advise the taxpayer to contact the preparer or FI prior to initiating a trace. • Enter a narrative in AMS with the FI contact information given to the taxpayer. • Advise TP to call back if refund cannot be located. • See IRM 21.4.1.5.7 (2), Direct Deposits - General Information, for information on RAL/RAC criteria.
4	They have contacted their preparer or the FI	The taxpayer, preparer or FI requests proof of deposit and it has been 5 calendar days from the date of the direct deposit	Initiate a refund trace, see IRM 21.4.2, Refund Trace and Limited Payability.
5	They have contacted their preparer or the FI	The taxpayer, preparer or FI requests proof of deposit and it has not been 5	<ul style="list-style-type: none"> • Advise the taxpayer the IRS cannot take any action until after 5 or more calendar days have passed.

		calendar days from the date of the direct deposit	<ul style="list-style-type: none"> Enter a narrative in AMS with the FI contact information given to the taxpayer.
6	They have not contacted their preparer or the FI	The taxpayer, preparer or FI requests proof of deposit and it has been 5 calendar days from the date of the direct deposit	<ul style="list-style-type: none"> They must be advised to contact the preparer or FI prior to initiating a trace. Enter a narrative in AMS with the FI contact information given to the taxpayer. Advise TP to call back if refund cannot be located.
7	They want to bypass the RAL or the RAC due to economic hardship	no content	<ul style="list-style-type: none"> Consider whether to refer the case to TAS. See IRM 21.1.3.18 (3), Taxpayer Advocate Service (TAS) Guidelines. See IRM 21.4.1.3.1, PATH Act Refunds, for returns meeting PATH Act criteria. See IRM 21.4.4, Manual Refunds, and IRM 3.17.79.6.4.2, Certifying Automated Clearing House (ACH)/Direct Deposit Hardship Refunds.

Reminder: See IRM 21.4.3.5.4, Returned Refund Check Procedures, for guidance to send the RAL/RAC to the IRS.

(5) If the RAL/RAC direct deposit does not pass normal pipeline validation, or a TC 971 AC 850 was input to bypass the RAL/RAC, the refund will be issued by check directly to the taxpayer. If the taxpayer requested a RAL/RAC, the taxpayer may be contacted by the bank that issued the short-term loan requesting repayment. Refer the taxpayer to the FI listed on CC IMFOBT.

IRM 21.4.1.5.7.6 - Updated to revise procedures when EIP is not received for misdirected direct deposit or limited pay. Changes made to clarify information.

(1) If the taxpayer requested but did not receive a direct deposit refund, compare the routing transit number (RTN) and the account number on the tax return to IDRS and the FS Form 150.1/TCIS.

Note: The FS Form 150.1 may contain possible Personally Identifiable Information (PII) and cannot be sent to the taxpayer.

Note: When necessary, employees must order the return to verify the direct deposit account information. Use information available through IDRS research to make the determination (i.e., use MeF data for e-filed returns, CC TRDBV, etc), prior to initiating a document request (CC ESTAB).

Note: When bank account information has been updated through Get My Payment (GMP) or other sources, the entity module is marked with a TC 971 AC 199 with "EF" in the last two positions of the MISC field. The DLN for GMP includes 99999 (GMP Bank Account information); other sources include 888XX (if XX is 77 then an Industry supplied the bank account information. If XX is 88 then BFS or Non-filer: SSI; SSA; RRB; VA or Foreign supplied bank account information).

Note: The FS Form 150.1 is an official request from the Department of the Treasury to the bank on behalf of the taxpayer to search for the Electronic Funds Transfer. After the initial response to the FS Form 150.1, the Department of the Treasury may issue the "R06" letter to the banking institution. If the FS Form 150.1 contains a message such as, "R06 sent", "send R06" or TCIS contains notes that an R06 letter was issued, this is an indication of a suspense action at BFS. Both the FS Form 150.1 **and** the bank's response to the R06 letter must be scanned to TCIS before the case can be closed at BFS and listed on the IRS Daily Closure Report. If the FS Form 150.1 contains any of the "R06" indicators mentioned previously, **and** the account information does **not** match, continue with procedures as indicated below regardless of the "R06" indication.

(2) Follow the procedures in paragraphs (3) through (6) if information provided on the FS Form 150.1 or any contact with the bank or financial institution, does not resolve the issue for the taxpayer. Depending on the information provided by the bank on the FS Form 150.1 annotate the account as follows:

If	Input
IRS error caused the incorrect deposit	TC 971 AC 851
Preparer/taxpayer caused the incorrect deposit	TC 971 AC 852
Bank error caused the incorrect deposit	TC 971 AC 853

(3) If either the RTN, account number, and/or taxpayer name of the deposited refund does not match the information found in TCIS, IDRS or the tax return information, or if TCIS does not match IDRS and the IRS caused the error, complete the following:

- a. Issue a manual refund to the correct taxpayer as soon as possible to make the taxpayer whole and limit credit interest.

Exception: For issues arising from Economic Impact Payments (EIP) or Advance Child Tax Credit (AdvCTC) payments, do not issue a manual refund. After completing procedures in 3b and 3c below, follow procedures in paragraph 4, 5 or 6 as appropriate.

Note: IRS employees are not permitted to contact the bank to request the identity of the account owner who received the erroneous refund. Use CC IMFOBN to confirm the identity of the account owner who received the erroneous refund as indicated on FS Form 150.1, see IRM 2.3.51-32, Command Code IMFOB Output Display — Direct Deposits.

- b. Contact the financial institution (FI) by telephone and request their assistance in recovering the funds. You may provide the taxpayer's name, refund amount, the date, the routing transit number and the account number to the financial institution. If the bank recovers the direct deposit refund, request they return it to BFS through normal procedures. If the bank does not respond within 15 calendar days, contact the bank again. Allow an additional 15 calendar days for the bank to respond. If the bank does not respond, follow erroneous refund procedures in IRM 21.4.5, Erroneous Refunds.
- c. If the financial institution requests a letter from IRS before returning the funds, Refund Inquiry should send the letter in Exhibit 21.4.1-4, Bank Letter to Recover Direct Deposits, that has been approved by Chief Counsel for use by Accounts Management. It is not a "letter of indemnity", so if the bank will not accept it, follow the guidance above to complete your case. If the bank does not respond within 15 calendar days of the letter, contact the bank by phone to determine the status of the request.

Note: IRS employees are not permitted to contact the bank to request the identity of the account owner who received the erroneous refund.

(4) Do not issue a replacement check for the first, second or third round of Economic Impact Payments.

Note: EIPs 1 and 2 are located on 202012 tax module and EIP 3 can be located on the 202112 tax module.

Note: These procedures will be used for both misdirected direct deposits and Limited Pay checks when EIP is involved.

- a. If the taxpayer **has** filed their 2020 (EIPs 1 and 2) or 2021 (EIP 3) tax return, and claimed the Recovery Rebate Credit then follow procedures in IRM 21.6.3.4.2.14.1, Recovery Rebate Credit - Adjusting the Credit, to allow the Recovery Rebate Credit to generate a refund to the taxpayer. Then, follow IRM 21.6.3.4.2.13.3, Economic Impact Payments - Manual Adjustments, to reverse the EIP credit (if not done systemically).
- b. If the taxpayer **has** filed their 2020 (EIPs 1 and 2) tax return, and **did not** claim the Recovery Rebate Credit then follow procedures in IRM 21.6.3.4.2.13.3, Economic Impact Payments - Manual Adjustments, to

reverse the EIP credit (if not done systemically). Use a Letter 916C, Claim Incomplete for Processing; No Consideration, as your closing letter for your refund inquiry case. Include an open or floating paragraph to advise the taxpayer of the following:

We are no longer authorized to reissue your Economic Impact Payment (EIP). To claim the Rebate Recovery Credit, you must have filed your 2020 tax return and claimed the credit. The deadline to file a return claiming a refund for 2020 was May 17, 2024.

- c. If the taxpayer has **not** filed their 2020 (EIPs 1 and 2) tax return, but EIP was issued, follow IRM 21.6.3.4.2.13.3, Economic Impact Payments - Manual Adjustments, to reverse the EIP credit (if not done systemically). Use a Letter 916C, Claim Incomplete for Processing; No Consideration, as your closing letter for your refund inquiry case. Include an open or floating paragraph to advise the taxpayer of the following:

We are no longer authorized to reissue your Economic Impact Payment (EIP). To claim the Rebate Recovery Credit, you must have filed your 2020 tax return and claimed the credit. We have not received a tax return from you for the 2020 tax year. The deadline to file a return claiming a refund for 2020 was May 17, 2024.

- d. If the taxpayer **has** filed their 2021 (EIP 3) tax return, and **did not** claim the Recovery Rebate Credit then follow procedures in IRM 21.6.3.4.2.13.3, Economic Impact Payments - Manual Adjustments, to reverse the EIP credit (if not done systemically). Use a Letter 206C, Refund Inquiry; Copy of Check Requested or provided/Check Being Traced Form 13818, as your closing letter for your refund inquiry case. Include an open or floating paragraph to advise the taxpayer of the following:

We are no longer authorized to reissue your Economic Impact Payment (EIP). To claim the Rebate Recovery Credit, you must file a Form 1040-X, Amended U.S. Individual Income Tax Return, for the 2021 tax year and claim the credit. The deadline to file a return claiming a refund for 2021 is April 15, 2025.

- e. If the taxpayer has **not** filed their 2021 (EIP 3) tax return, follow IRM 21.6.3.4.2.13.3, Economic Impact Payments - Manual Adjustments, to reverse the EIP credit (if not done systemically). Use a Letter 206C, Refund Inquiry; Copy of Check Requested or provided/Check Being Traced Form 13818, as your closing letter for your refund inquiry case. Include an open or floating paragraph to advise the taxpayer of the following:

We are no longer authorized to reissue your Economic Impact Payment (EIP). To claim the Rebate Recovery Credit, you must file a Form 1040, U.S. Individual Income Tax Return, for the 2021 tax year and claim the credit. The deadline to file a return claiming a refund for 2021 is April 15, 2025.

- f. Whether the taxpayer **has or has not** filed a 2020 or 2021 tax return, if the financial institution will not return the misdirected funds, follow IRM 21.4.5.11.1, IRS Error Direct Deposit, paragraph 4, so the balance created by the EIP reversal does not negatively impact these taxpayers.

(5) Do not issue a replacement check for the Advance Child Tax Credit (AdvCTC) Payments, instead follow procedures in IRM 21.6.3.4.1.24.2.2, Reconciling Advance Child Tax Credit (AdvCTC) Payments - REFUND INQUIRY EMPLOYEES ONLY

(6) If either the RTN account number, and/or taxpayer name of the deposited refund does not match the tax return information, and the taxpayer or their representative caused the error, or the taxpayer alleges preparer misconduct, take the following actions:

- a. Contact the financial institution by telephone and request their assistance in recovering the funds. You may provide the amount, the date, the routing transit number and the account number to the financial institution. If the bank recovers the direct deposit refund, request they return it to BFS through normal procedures. If the bank does not respond within 15 calendar days, contact the bank again. Allow an additional 15 calendar days for the bank to respond. If the bank does not respond, follow procedures in (d) below.

Note: The financial institution is not required to return the funds unless it was their error that caused the deposit into the wrong account.

- b. If the financial institution complies with our request to return the credit, monitor the account for the posting of the credit and issue a manual refund if it is not released systemically. Close case when module reaches zero balance.
- c. If the financial institution requests a letter from IRS before returning the funds, Refund Inquiry should send the letter in Exhibit 21.4.1-4, Bank Letter to Recover Direct Deposits, that has been approved by Chief Counsel for use by Accounts Management. It is not a "letter of indemnity", so if the bank will not accept it, continue with the guidance directly below. If the bank does not respond within 15 calendar days of the letter, contact the bank by phone to determine the status of the request.
- d. If the financial institution does not respond or is unable to return the credit, send a letter to the taxpayer explaining what happened to the requested direct deposit. Include the following paragraph:

SAMPLE LETTER

Our records show on DATE, your refund of \$ AMOUNT, was deposited directly into account number ACCT. NOS. at BANK NAME, as you requested on your Form 1040. Because the account number shown on your return was incorrect, you must contact the financial institution to resolve the erroneous deposit. The Internal Revenue Service does not have the authority to demand the return of the refund from the designated financial institution because the refund deposit went into the account listed on your tax return.

Note: While the IRS will conduct a trace for the disposition of the refund, the restoration of the refund to the taxpayer may become a civil matter.

Note: If return preparer misconduct is claimed, refer to IRM 25.24.1.3, Identifying Potential RPM Issues For Telephone Assistors/Taxpayer Assistance Center (TAC) Assistors, for guidance.

(7) If the RTN and account number match the return, but the taxpayer did not request direct deposit, and there are other indications that the direct deposit was diverted as a means of theft by an IRS employee or someone impersonating an IRS employee, refer the case to the Treasury Inspector General for Tax Administration (TIGTA). TIGTA will confirm receipt with the taxpayer within 10 days.

Reminder: Before referring the case to TIGTA, request the block of work to ensure this is not a "slipped block" which would indicate an IRS error. See IRM 3.14.1.6.9.7, Slipped Blocks and Mixed Data Blocks, for additional information on slipped blocks.

- a. Gather necessary information and hold for TIGTA contact. This information must include (but is not limited to) research showing the RTN, statement from the taxpayer stating they did not request a direct deposit, Form 3911, Taxpayer Statement Regarding Refund, and FS Form 150.1, and documentation of any attempts made by the taxpayer to retrieve the funds from the bank.
- b. Secure the original return and compare it with the taxpayer's information. Provide a copy to TIGTA.
- c. If the return was electronically filed, obtain a copy from the taxpayer and compare it with the transmitted return. Provide copies of both returns to TIGTA.
- d. Complete an online report at Report a Crime or IRS Employee Misconduct - U.S. Treasury Inspector General for Tax Administration (TIGTA). Select **IRS Employee Crime or Misconduct** as the issue.
- e. Provide the Hotline phone number to the taxpayer for subsequent inquiries: 800-366-4484.

Note: Current law allows BFS to replace refunds only in cases of forgery of a paper check or IRS error. The outcome of the TIGTA investigation will determine whether a replacement refund is possible or if the taxpayer will need to recover the refund through civil procedures. See items 3 and 5 in this subsection.

Note: If this is a Refund Advance Product (RAL/RAC) issue, refer taxpayer back to their Preparer.

(8) When TIGTA completes their investigation, they will reply back to the initiating Refund Inquiry Unit for proper disposition.

Note: A finding by TIGTA that the taxpayer did not receive the refund does not mean that IRS can automatically issue the taxpayer a refund. If the original refund was for

a direct deposit, BFS cannot use the Check Forgery Insurance Fund (31 USC 3343) to reissue a refund to the taxpayer. If the original refund was for a paper check, and BFS makes a forgery determination, BFS can issue a new refund check using the Check Forgery Insurance Fund. This subsequent refund does not appear on the tax account.

Note: If TIGTA determines the IRS should settle with the taxpayer, follow manual refund procedures in IRM 21.4.4.5.1, Preparation of Form 5792, IDRS Generated Refund, and procedures in IRM 21.4.5.6 (5), Category D Erroneous Refund Procedures, to satisfy the balance due created by the manual refund.

IRM 21.4.1.6(1) - Updated to remove reference to year specific information that can be found on Where's My Refund. Changes made to clarify information.

(1) Part of the IRS modernization initiative is to provide taxpayers with an additional method of accessing account information. Internet refund fact of filing (IRFOF) is an Internet application that provides Form 1040 series taxpayer access to the status of their refunds via the Internet. Taxpayers who visit IRS.gov can click on "Get My Refund Status" on the home page to check their current tax year refund status. IRFOF will give taxpayers the option of selecting any of the last three tax years to check their refund status.