Section 6 - Initiating and Monitoring Refund Check Tracing Action

1 Nature of Changes

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2 Background

Taxpayers who claim an IRS refund check was stolen, not received, lost, or destroyed must complete Form 3911, Taxpayer Statement Regarding Refund Check. This form is processed by Campus refund inquiry function. IRM 21.4, Refund Transactions, provide specific instructions.

3 Command Code "CHKCL"

Reference IRM 21.4.2

After verifying the information on Form 3911, the refund inquiry function initiates tracing action on the check using command code (CC) "CHKCL". This action generates a request for "stop payment" on the check to the Financial Management Service (FMS). (A review of Treasury programs resulted in FMS, a separate agency, assuming sole responsibility for processing claims for lost or stolen refund checks.) Following input of CC "CHKCL", all cases must be monitored to ensure the proper actions take place to resolve the refund inquiry. Although no transaction code will show on the module, disposition and status codes will generate/update in the activity portion of the control base history. These codes can assist other functional areas and area office personnel when monitoring refund inquiry cases and in responding to taxpayer inquiries.

Note: Do not input CC CHKCL if TC 898(s), TOP offset with the same transaction date as the TC 840/846, posted for the full amount of the refund you are tracing. Inform the TP that a TOP offset occurred and that if an offset notice was not received; they must contact the FMS Help Desk to determine the status of the partial payment.

4 Disposition Codes

The first event to be monitored is receipt of a stop pay disposition code. Disposition codes are generated and/or updated by the computer and will indicate whether the stop pay was accepted. If the check is still outstanding, FMS will stop payment and issue the credit back to IRS for subsequent to manual refund to the taxpayer. If the check was negotiated (paid), a photocopy of the check will generally follow or additional action will be necessary.

Note: Asterisked (*) codes below indicate a single digit code followed by a blank.

Disposition Code	Definition
01	Claim processed by RFC (acknowledgment)
04	Previously processed. TC740 or 841 should post within 6 weeks.
06	Previous claim.
07	No payment issued or unprocessed claim.
10	Invalid "CHKCL" - Stop Reason Code.
2*	Invalid "CHKCL" - Amount Difference.
3*	Invalid "CHKCL" - Claim Submitted Too Early.

Disposition Code	Definition
4* 5* 6*	Duplicate claim submitted. Invalid direct deposit information submitted. Duplicate check issued.
7*	Photocopy request processed by RFC on date shown.
9*	Direct deposit trace input with Non-receipt code "P" no FMS 150.1 will generate.
12	Date of event subsequent to date of payment (STOP CODES "E", "T", and "U" only).
13	PAID – DCC reclamation no photocopy
22	Insufficient agency information.
70	TOP Offset - initial disposition code indicating that a TOP offset was associated with the particular refund. Subsequent disposition code to follow.
71	TOP Full Refund Offset - Indicates that the particular refund was offset in full.
72	TOP Partial Refund Offset - indicates that the particular refund was partially offset. The amount that was offset will appear in the secondary amount field. BFS will determine the status of the partial payment.

5 Status Codes

Status codes are generated by computer based on information from the Financial Management Service. Rarely are they input manually by refund inquiry employees using CC ACTON. This enables them to act on cases needing follow-up action by utilizing IDRS Aged Case Listings. Once the disposition code is available, the case is monitored for status update. The "action required", shown below, is for refund inquiry purposes only. The timeframe for each is the average number of days which will elapse before the action is complete. These codes and explanations are not all-inclusive and are only briefly explained. Complete explanations are available in IRM 21.4.2-3.

Status Code	Explanation/Action Required	Days Timeframe
11	Check paid-photocopy and claim to follow/monitor for package.	30
14	Check paid-photocopy to follow/monitor for copy.	30
15	Check paid-certified photocopy to follow/monitor for copy.	30
16	Check paid-status only requested/deny claim.	—
17	Check paid-photocopy and claim to follow/monitor for package.	30
18	Check paid-claim submitted after limited payability cutoff date for check claim to follow/monitor for package.	
20	Payment declined - due to alteration of check-photocopy and claim to follow/monitor for package.	30
24	Rejected-RFC to correct/monitor-reinput after 30 days	30
25	Check paid-no further information available-modified claim form to taxpayer/deny claim.	—
26	Limited payability-mass cancellation (check negotiation attempted after 6 months of issue)/allow claim.	—
27	Previously processed as Limited Payability Check Cancellation and refund credit (TC 740) was returned by the Regional Finance Center.	
31	Check outstanding. Regional Finance Center will issue recertified check.	
32	Check outstanding-cancelled credit will be returned to IRS via magnetic tape to MCC/monitor for TC841/740.	30
33	Check outstanding-third party photocopy request/allow claim.	—
34	Check outstanding-status only requested/allow claim.	—
51	Rejected-previous claim resulted in issuance of substitute check/reinput code "J".	21
52	Rejected-unacceptable use of stop reason code/reinput or contact User Support function.	21
53	Rejected-duplicate stop/Prepare FMS 3864	—
56	Rejected-stop reason code "J" used and no substitute check was issued/contact BFS.	21
65	Replacement check issued as a result of non-receipt of claim and original check subsequently cashed. Non-receipt code other than "E/ See" IRM 21.4.	21
90	Payment referred to FMS department (DCC)/contact BFS.	—

6   Regional Finance Centers

Financial Center	Check Symbols & Office No.	Campus Served
Austin P.O. Box 149058 Austin, TX 78714-9058	2200-2219 220	Austin
Birmingham P.O. Box 2451 Birmingham, AL 35021-2451	3490-3529 349	Atlanta Memphis
Chicago P.O. Box 8670 Chicago, IL 60680-8670	2088 307	Cincinnati Kansas City
Kansas City P.O. Box 3329 Kansas City, KS 66103-0329	3085 3109 310	Kansas City
Philadelphia RFC PO Box 51313 Philadelphia, PA 19115	3030-3069 303	Andover Brookhaven Philadelphia
San Francisco P.O. Box 3858 San Francisco, CA 94119-3858	3120-3129 3140-3159 312	Ogden, Fresno
Washington P.O. Box 2229 Washington, DC 20013-2229	3000-3009 3011-3019 3021-3029 300	A/C International Philadelphia

7   Initiating and Monitoring Manual Refunds

It is imperative that initiators closely monitor manual refunds. Duplicate and/or erroneous refunds are caused because initiators failed to monitor accounts weekly to intercept any computer-generated subsequent transactions (e.g., PN TC 846). Offices responsible for causing erroneous refunds will receive feedback from the Center Director.

Procedures for preparing manual refund posting documents appear in IRM 3.17.79, Refund Transactions.

8   Verify Account & Research Outstanding Liabilities

Research the records of accounts (outstanding balances for which a taxpayer (filing joint or single) may be liable if they filed a joint return in a prior year). Use CC INOLE to check for any cross-reference TIN's. Specific instructions for preparing manual refund documentation appear in IRM 21.4.4, Manual Refunds.

9   Exceptions

Debit modules must be satisfied prior to issuing refunds except in the following cases:

- Do not transfer money to accounts in installment status 14.

- Do not transfer money to a module containing a freeze condition which would prevent the computer from offsetting, unless you are transferring a misapplied payment (e.g. V-, -V, -Z, etc.).

10   Research Prior to Issuing Manual Refunds

Research CC IMFOL/BMFOL and TXMOD the day a manual refund is processed to verify that a duplicate refund (TC 846 or PV TC 840) will not be issued. CC IMFOL indicates the Campus where the account is being monitored. Universal IDRS can be researched to verify that a refund is not also being issued by another Campus.

11   Input Hold and Action Codes

Use Hold Code 1, 2 or 4, as applicable, on adjustments to accounts where manual refunds are issued to prevent erroneous refunds and notices. Input Action Code and TC 971, as applicable. **Do not close control base.**

12   Monitoring the Taxpayer's Account for Posted TC 840

The account must be monitored by the initiator until the TC 840 posts on Master File. Do this monitoring Monday-Wednesday of each week. If during monitoring a computer-generated (TC 846) or pending refund posts to the account, initiate necessary action to stop the refund (CC NOREF) or call Notice Review in the center (refer to IRM 21.4, Customer Service).

13   Closing the Control Base

It may take between 4-6 weeks for the manual refund (TC 840) to post if processed on Form 3753, Manual Refund Posting Voucher. Once the TC 840 posts to the account, close the control base. Initiators of manual refunds must take all actions needed to prevent erroneous refunds.

User Notes